P. I. E. INDUSTRIAL BERHAD

(co.no. 424086-X)

Annual Report 2014

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ahmad Murad Bin Abdul Aziz
Chairman/ Senior Independent Non-Executive Director

Mui Chung Meng
Managing Director

Chen, Chih-Wen
Executive Director

Cheung Ho Leung
Executive Director

Cheng Shing Tsung
Non-Independent Non-Executive Director

Loo Hooi Beng
Independent Non-Executive Director

Khoo Lay Tatt
Independent Non-Executive Director

AUDIT COMMITTEE

Loo Hooi Beng
Chairman/Independent Non-Executive Director

Ahmad Murad Bin Abdul Aziz
Senior Independent Non-Executive Director

Khoo Lay Tatt
Independent Non-Executive Director

NOMINATING COMMITTEE

Ahmad Murad Bin Abdul Aziz
Chairman/ Senior Independent Non-Executive Director

Loo Hooi Beng
Independent Non-Executive Director

Khoo Lay Tatt
Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE (established on May 23, 2014)

Loo Hooi Beng
Independent Non-Executive Director

AUDITORS

KPMG
(Chartered Accountants)

COMPANY SECRETARIES

How Wee Ling (MAICSA 7033850)
Ooi Ean Hoon (MAICSA 7057078)

INTERNET HOMEPAGE

www.pieib.com.my

PRINCIPAL BANKERS

Public Bank Berhad
Citibank Berhad
RHB Bank Berhad
CIMB Bank Berhad
Malayan Banking Berhad
Bangkok Bank Public Company Limited
United Overseas Bank Limited Co.

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector: Industrial Products
Stock Name: PIE
Stock Code: 7095
(Listed since 7 July 2000)

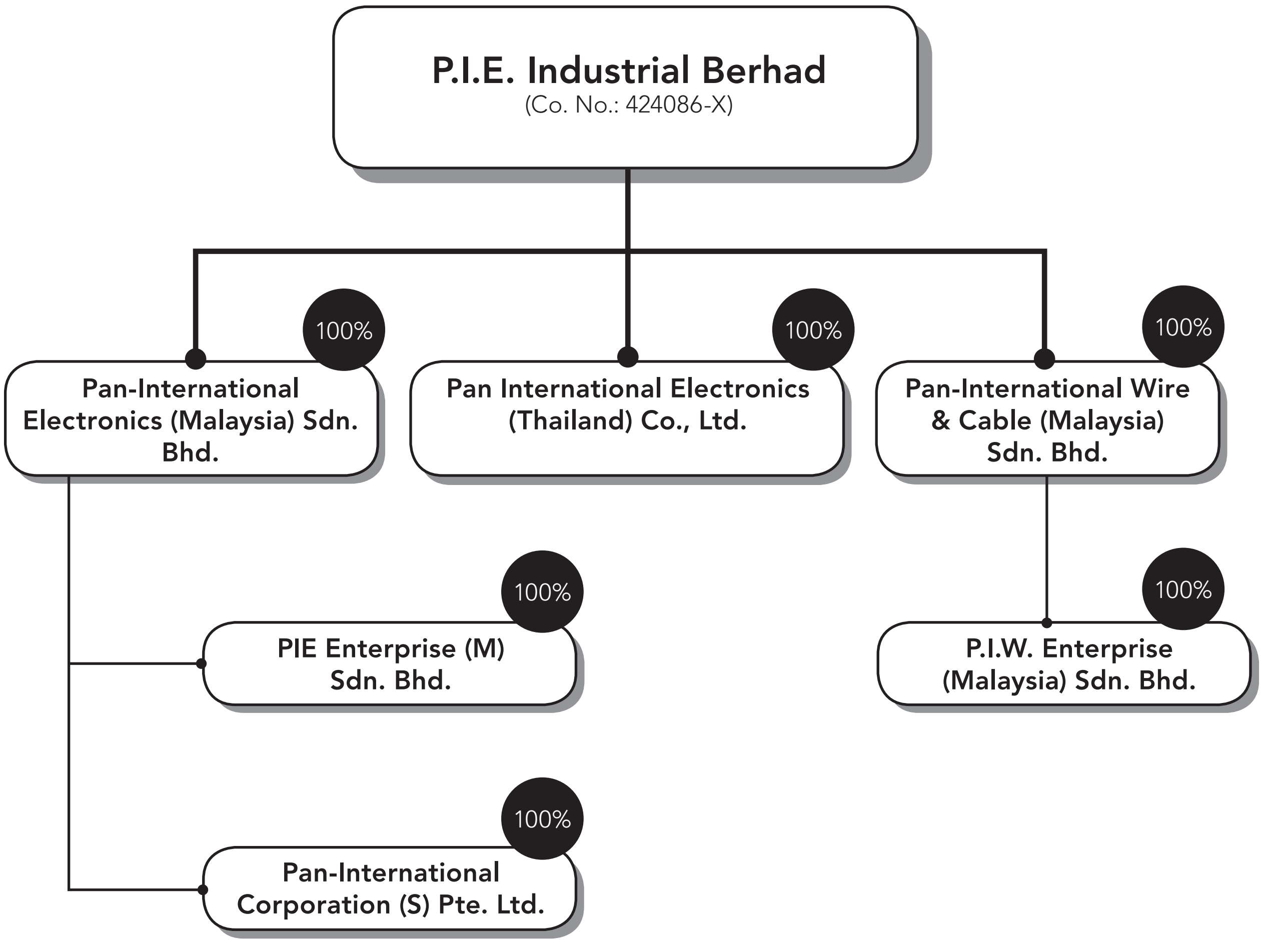
REGISTERED OFFICE

57-G Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang
Tel : 04-6408933
Fax : 04-6438911

SHARE REGISTRAR

Tricor Investor Services Sdn. Bhd.
(Company No. 118401-V)
Level 17 The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-22643883
Fax: 03-22821886

GROUP CORPORATE STRUCTURE



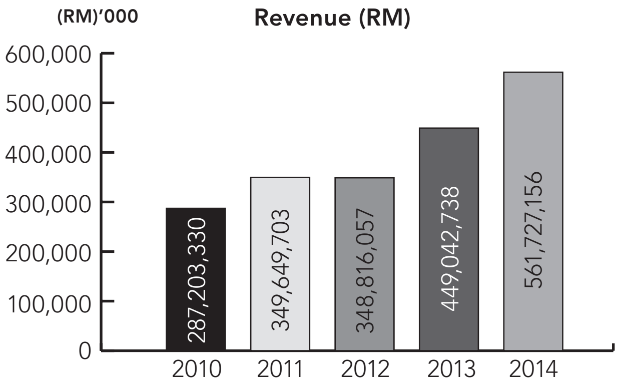
GROUP FINANCIAL HIGHLIGHTS

Five Years Financial Summary					
	Year ended 31 December				
	2010# RM	2011# RM	2012 RM	2013 RM	2014 RM
Revenue	287,203,330	349,649,703	348,816,057	449,042,738	561,727,156
Profit before taxation	31,131,831	47,184,241	44,215,174	49,230,910	50,773,777
Net profit after taxation	25,663,247	38,198,862	34,349,701	38,031,597	38,510,555
Shareholders' equity	229,464,624	250,088,378	265,612,078	287,933,659	317,662,660
Issued and fully paid-up share capital of RM 1.00 each	64,007,000 *	64,007,000 ^	64,007,000 σ	64,007,000 Ω	76,808,397 ∞
Net assets per share	3.59	3.91	4.15	4.50	4.14
Proforma weighted average number of shares	76,788,717 §	76,776,090 §	76,775,640 §	76,756,336 §	76,774,384
Basic earnings per ordinary share (Sen)	33	50	45	50	50
Net dividend per share (Sen)	26.25	29.25	24.00	20.00	25.00 @
Bonus Share	–	–	–	1 for 5	–

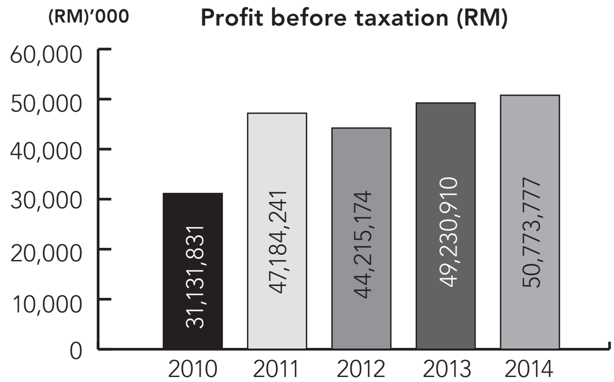
* The issued and fully paid-up share capital of RM64,007,000 is divided into 64,007,000 Ordinary Shares of RM1.00 each including 26,700 shares held as treasury shares.
^ The issued and fully paid-up share capital of RM64,007,000 is divided into 64,007,000 Ordinary Shares of RM1.00 each including 27,300 shares held as treasury shares.
σThe issued and fully paid-up share capital of RM64,007,000 is divided into 64,007,000 Ordinary Shares of RM1.00 each including 27,300 shares held as treasury shares.
Ω The issued and fully paid-up share capital of RM64,007,000 is divided into 64,007,000 Ordinary Shares of RM1.00 each including 73,900 shares held as treasury shares.
∞ The issued and fully paid-up share capital of RM76,808,397 is divided into 76,808,397 Ordinary Shares of RM1.00 each
@ Subject to shareholders' approval at the forthcoming Annual General Meeting
# Restated as a result of retrospective application of MFRS. For FYE 2010, only relevant balance sheet items have been restated to position as at 1 January 2011.

§ Restated to reflect the followings:
bonus issue of 12,801,397 new ordinary shares of RM1.00 each on the basis of one (1) new ordinary share of RM1.00 each for every five (5) existing ordinary shares of RM1.00 each held, completed in financial year ended 2014.

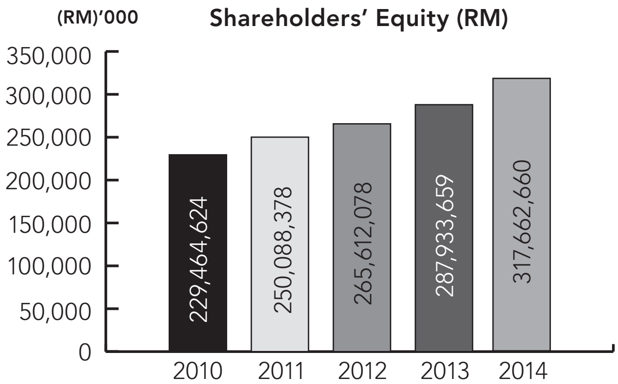
Revenue (RM)



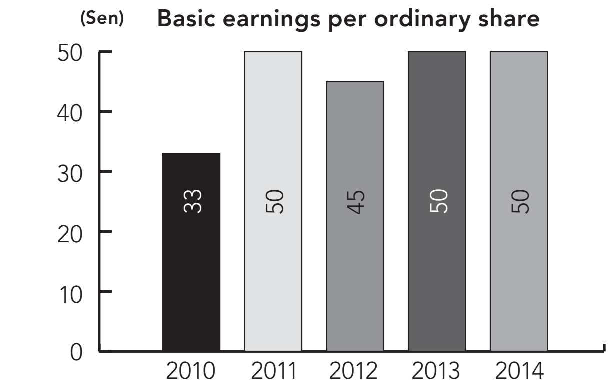
Profit before taxation (RM)



Shareholders' Equity (RM)



Basic earnings per ordinary share



DIRECTORS' PROFILE

AHMAD MURAD BIN ABDUL AZIZ
Chairman / Senior Independent Non-Executive Director
Malaysian, aged 56

Ahmad Murad Bin Abdul Aziz, appointed to the Board on 2 June 1997, was re-designated as Senior Independent Non- Executive Chairman on 2 November 2009. He graduated with a law degree from University of Malaya in 1982. He is a lawyer by profession and has more than thirty (30) years of working experience in legal practice. He was a Senior Partner of Murad & Foo from 1990 to 1999. Prior to that, he worked as a legal assistant with Kadir, Tan & Ramlee from 1983 to 1985 and a partner of Murad and Leong from 1985 to 1989. He is currently a partner of Murad Yee Partnership.

He is also the Chairman of the Nominating Committee and a member of the Audit Committee.

MUI CHUNG MENG
Managing Director
Malaysian, aged 63

Mui Chung Meng, was appointed to the Board on 10 May 2000. He graduated from the University of Singapore majoring in Electronics in 1974 and was an Associate Member of the Institute of Electrical Engineers in 1977. He also obtained a Diploma in Plastic and Rubber Technology (UK) in 1988 under the guidance of Universiti Sains Malaysia and the Rubber Research Institute of Malaysia. Mr. Mui joined Pan International Electronics (Thailand) Co., Ltd. in 1993 and was subsequently promoted to General Manager of the South East Asian Division of Pan-International Industrial Corporation. From 1974 to 1980, he was attached to Siemens and Intel, which are involved in semiconductor electronic manufacturing, as Production Engineer in-charge of transistors and optoelectronic products manufacturing and QA Engineer in-charge of quality control activities of the entire assembly plant respectively. From 1981 to 1992, he was the operation manager of Kayel Rubber Products and Polynic Industry who handled the overall operations of rubber and plastic products manufacturing. Through these experiences, Mr. Mui gained extensive knowledge in the fields of electronics, plastics and rubber.

CHEN, CHIH-WEN
Executive Director
Taiwanese, aged 58

Chen, Chih-Wen, was appointed to the Board on 10 May 2000. He graduated with a Bachelor of Science Degree in Accounting from Feng-Chia University, Taiwan in 1980. Prior to joining PIE Group in 1991, he was involved in the electronic industry for five (5) years with listed companies in Taiwan and four (4) years in the cement-related industry. He is responsible for the corporate finance affairs, treasury and accounting functions of the Group.

CHEUNG HO LEUNG
Executive Director
American, aged 58

Cheung Ho Leung, was appointed to the Board on 15 March 2005. He graduated with a Bachelor of Science Degree with Honors Class II in Electrical Engineering from University of Birmingham, UK in 1979. Upon graduation, Mr. Cheung began his career in 1979 as an Engineer in Lucas CAV Ltd. in London, England. In 1981, he joined Apple Computer International Ltd. in Singapore as a Test Engineer. He worked for Apple for 16 years and left in 1997 as a Senior Vice President & General Manager of Apple Performa Division.

Subsequently, he had attached to several companies from 1997 to 2002 before joining Hon Hai Precision Co., Ltd. (Hon Hai). Hon Hai is the world largest electronics manufacturing service (EMS) provider and is the major contract manufacturer for customers such as HP, Apple, Sony, Dell, Ciso and Sun Microsystem.

He was the General Manger of Integrated Digital Products Business Group (iDPBG) and responsible for building up the Apple contract manufacturing business for Hon Hai. Apple products built included iPhone, Ipod, iMac and Macbook. Under his leadership, iDPBG has become the world's No.1 manufacturer, in term of volume, of the digital photo frame. Subsequently, he was promoted to Corp Vice President and General Manager of the newly formed Technology Merging Services Business Group (TMSBG) under Hon Hai. TMSBG is formed to provide services beyond traditional EMS.

DIRECTORS' PROFILE (cont'd)

He is currently a co-founder of NxEra and the company's charter is to leverage Powerall Networks' inter-cloud technology as a foundation to integrate strategic partner's business model to become market leader in their field of play.

CHENG SHING TSUNG
Non-Independent Non-Executive Director
Singaporean, aged 77

Cheng Shing Tsung, was appointed to the Board on 10 May 2000. He obtained a Diploma from Radio Communication College, Hong Kong in 1960. Mr. Cheng started his career in Sony Corporation Hong Kong Ltd. at the end of 1960 as an Assistant Engineer. In 1965, he joined Atlas Electronic Corp. as Material Chief. Two years later, he was transferred to Electronic Industrial Ltd., a subsidiary of General Electric USA (Audio Division), in Hong Kong as Purchasing Leader. In early 1974, he was promoted as Procurement Manager who controlled all purchasing activities of General Electric Television & Appliance Pte. Ltd. in Singapore.

He is currently the Consultant of Foxconn Singapore Pte. Ltd., the subsidiary company of Hon Hai Precision Industry Co. Ltd..

LOO HOOI BENG
Independent Non-Executive Director
Malaysian, aged 49

Loo Hooi Beng, was appointed to the Board on 1 July 2009. He obtained the Bachelor Degree of Accounting from Universiti Kebangsaan Malaysia in 1992, Master Degree of Science (Management) from Universiti Utara Malaysia in 1998 and Master Degree of Advanced Business Practice from University of South Australia in 2011. After his graduation in 1992, Mr. Loo began his career in an audit firm until year 1995 and later attached to several companies as senior executive.

He is a Chartered Accountant of Malaysian Institute of Accountants, Associate Member of Malaysian Institute of Taxation, Certified Member of Financial Planning Association of Malaysia and Certified Practicing Accountant of CPA Australia.

He is also the Chairman of the Audit Committee and Risk Management Committee and a member of the Nominating Committee.

KHOO LAY TATT
Independent Non-Executive Director
Malaysian, aged 42

Khoo Lay Tatt, was appointed to the Board on 2 November 2009. He graduated from Tunku Abdul Rahman College with an Institute of Chartered Secretaries and Administrators (ICSA) Professional Degree and a Diploma in Commerce (Business Management) in 1996.

Upon graduation, he started his career in May 1996 as Company Secretarial Officer in the Corporate & Legal Division of a commercial bank. He left the bank as an Executive cum Company Secretary of its subsidiaries in 2000. He joined a Secretarial Services firm in Penang as the Assistant Manager and left the said firm in 2005 as a Senior Manager. During his tenure, he was involved in numerous initial public offerings and corporate exercises undertaken by listed companies.

He is a Chartered Secretary by profession and also a Certified Financial Planner (CFP) and a Certified Member of the Financial Planning Association of Malaysia (FPAM). He is also a Fellow member of the Institute of Chartered Secretaries and Administrators (ICSA / MAICSA).

Currently, he sits on the Board of two public companies listed on the Main Market of Bursa Securities, namely, Dufu Technology Corp. Berhad as Senior Independent, Non-Executive Director and Saudee Group Berhad as Independent, Non-Executive Director.

He is also a member of the Audit Committee and Nominating Committee.

DIRECTORS' PROFILE (cont'd)

ADDITIONAL INFORMATION ON THE DIRECTORS

Family relationship with any director and/or major shareholder
The above Directors have no family relationship with any other Directors and/or major shareholders of P.I.E. Industrial Berhad.

Convictions for offences (within the past 10 years other that traffic offences, if any)
None of the Directors have any convictions for offences other than traffic offences within the past 10 years.

Conflict of Interest
The Directors have not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company.

Securities held in the Company
The details are disclosed on page 101 of this Annual Report.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am delighted to present to you the Annual Report and Audited Financial Statements of the P.I.E. INDUSTRIAL BERHAD ("Company" or "PIE") and its group of companies ("Group") for the financial year ended 31 December 2014.

Financial Performance

The Group had a record-breaking revenue in 2014 despite the prolonged uncertainty in the global market, escalating operating costs and weaker local currency. Under these challenging conditions, the Group recorded higher revenue but earnings remained at the same level. Group's revenue and net profit were RM561.73 million (2013: RM449.04 million) and RM38.51 million (2013: RM38.03 million) respectively.

Bonus Shares

The issued and paid up share capital of the Company was increased from 64,007,000 ordinary shares of RM1 each to 76,808,397 ordinary shares of RM1 each in 2014 by way of a bonus issue of 12,801,397 new ordinary shares of RM1 each on the basis of one (1) new ordinary share for every five (5) existing ordinary shares held in the Company. The bonus issue was capitalised from share premium.

Dividend

On 11 June 2014, the Company paid a first and final single tier dividend of 12 sen per share and a special single tier dividend of 8 sen per share amounting to RM7,680,840 and RM5,120,560 respectively for the financial year ended 31 December 2013.

The Board of Directors has recommended a special single tier dividend of 13 sen per share and a first and final single tier dividend of 12 sen per share, in respect of the financial year ended 31 December 2014 for the approval of shareholders at the forthcoming 18th Annual General Meeting. The entitlement and payment date of the above recommended dividends are as announced in this Annual Report.

We will continue to adopt a balanced dividend policy which will not only conserve adequate funds to meet the Group's future investment and expansion programme, but also reward our shareholders with satisfactory dividend payout in line with the performance of the Group.

Operation Review

Electronics Manufacturing Services (EMS) and Raw Wire and Cable Manufacturing remain as the core businesses and main revenue contributor to the Group for the financial year ended 31 December 2014.

The EMS division has contributed approximately 82.4% of the Group's revenue which resulted from enhancement of integration of new capabilities in manufacturing, engineering and distribution under the concept of a fully integrated one stop turnkey electronics manufacturing service provider. This division is expected to continue positive contribution to the revenue of the Group where there are good opportunities ahead to secure more potential business from new and existing customers in the selected niche market.

The contribution by the Raw Wire & Cable Manufacturing and Wire Harness division to the Group's revenue for the financial year under reviews was 17.2%. This division will continue its effort to enhance vertical integration of manufacturing capability and develop new marketplace for its high value-added signal cable. The Group expects this division to continue its contribution to the Group's revenue in the coming years through diversified supply of products to multinational corporations in Thailand and Malaysia.

The contribution of Trading Activity was 0.4% to the Group's revenue due to the lack of attractive products.

Prospect and Outlook

The Group remains cautious due to the volatility of the industry and other factors such as effects of foreign currency fluctuations in export business and implementation of GST.

On a corporate level, we are well-placed to grab future opportunities for expansion and growth. The Group not only has stable cash flows, strong balance sheet, an experienced management team with a proven track record, but also has more customers' base & new product development scheme. We will focus on our core competencies to enhance global competition and continue our efforts to broaden our product mix and revenue base in the continuing trend for outsourcing of manufacturing activities from new and existing customers.

The Group expects to continuously secure more orders from new and existing customers within 2015~2016. Barring unforeseen circumstances, the Group anticipates better performance in both revenue and profit in coming years.

Acknowledgment

On behalf of the Board of Directors, I would like to record my sincere appreciation and gratitude to the management and staff of the Group for their dedication, loyalty and commitment in improving strategic and operational measures needed to be resilient during these challenging times. Further, I would like to thank all our valued customers, suppliers, business associates, investors, the relevant authorities, financiers and bankers for their continuous support and contribution to our Group. Last but not least, I would also like to thank all our fellow Directors for their advice, guidance and support rendered during the year just ended.

AHMAD MURAD BIN ABDUL AZIZ
Chairman

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the Audit Committee Report for the financial year ended 31 December 2014.

1. AUDIT COMMITTEE

The Audit Committee was established by a resolution of the Board on 20 May 2000.

Chairman : Loo Hooi Beng (Independent Non-Executive Director)

Member : Ahmad Murad Bin Abdul Aziz (Senior Independent Non-Executive Director)
Khoo Lay Tatt (Independent Non-Executive Director)

2. ATTENDANCE OF MEETINGS

The details of attendance of each member at the Audit Committee meetings held during the financial year under review are as follows:

Name of Director	No. of Meetings Held	No. of Meetings Attended
Loo Hooi Beng	5	5
Ahmad Murad Bin Abdul Aziz	5	4
Khoo Lay Tatt	5	5

3. TERMS OF REFERENCE

Objectives

The primary objectives of the Audit Committee are:
(a) To assist the Board in discharging its duties and responsibilities relating to the Group and the Company's management of principal risks, internal controls, financial reporting and compliance of statutory and legal requirements.
(b) To maintain effective communication between the Board of Directors, senior management, internal auditors and external auditors in order to provide assurance that the information presented by management is relevant, reliable and timely.

Composition of Audit Committee

The Committee shall be appointed by Board from amongst its members and shall at all times consist of not less than three (3) directors, exclusively Non-Executive Directors of whom majority shall be the Independent Directors and at least one of them must be:
1. a member of the Malaysian Institute of Accountants; or
2. if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and
   (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
   (ii) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
3. fulfils such other requirements as prescribed or approved by the Bursa Securities.

No alternate director shall be appointed as a member of the Audit Committee. The Chairman shall be selected by the members of the Audit Committee and should be an Independent Director. The Company Secretary shall act as the Secretary of the Audit Committee.

In the event that the number of Audit Committee members is reduced to below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

AUDIT COMMITTEE REPORT (cont'd)

3. TERMS OF REFERENCE (cont'd)

Composition of Audit Committee (cont'd)

The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

Duties and Responsibilities

- Consider and recommend the appointment and remuneration of external auditor and to deal with matters relating to the resignation or dismissal.
- Review with the external auditors the scope of audit plan, system of internal accounting controls and their reports thereon.
- Review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.
- Review the effectiveness of internal audit procedures, consider the major findings of internal audit investigations and ensure co-ordination between the internal and external auditors.
- Review with management the audit reports issued by the internal and external auditors and the implementation of audit recommendations.
- Review any related party transactions that may arise within the Group.
- Review the quarterly results and year-end financial statements prior to submission to the Board of Directors for approval.
- Review the accounting policies adopted, any changes in accounting principles or practices and the level of prudence applied in areas requiring judgment.
- Review arrangements established by management for compliance with any regulation or other external reporting requirements.
- Perform such other functions as may be agreed by the Committee and the Board of Directors.

Authority

The Committee shall, in accordance with a procedure determined by the Board of Directors and at the cost of the Company:
(a) have authority to investigate any matter within its terms of reference;
(b) have the resources which are required to perform its duties;
(c) have full and unrestricted access to any information pertaining to the Group and the Company;
(d) have direct communication channels with the external auditors and persons carrying out the internal audit function or activity;
(e) be able to obtain professional or other advice; and
(f) be able to convene meetings with the external auditors, the person(s) carrying out the internal audit function or activity or both, excluding the attendance of the other Directors and employees of the Company, whenever deemed necessary.

Meetings

Meetings shall be held once every quarter. The Chairman shall call a meeting of the Committee if requested to do so by any Committee member, the management or the internal or external auditors. The Committee may invite the members of the Board, the management, the internal auditors and the representative of the external auditors to attend any of its meetings, as it deems necessary.

The quorum for a meeting of the Committee shall be two (2) members who shall be Independent Directors.

A meeting with external auditors shall be held at least twice a year without the presence of executive Board members.

The Company Secretary is also responsible for keeping the minutes of the meeting of the Committee, circulating them to the Committee members and to the other members of the Board and following up on outstanding matters.

AUDIT COMMITTEE REPORT (cont'd)

4. ACTIVITIES OF THE AUDIT COMMITTEE

The following activities were carried out by the Committee during the financial year ended 31 December 2014 on discharging of its duties and responsibilities:

- Reviewed the draft quarterly results and year-end financial statements prior to submission to the Board for approval.
- Reviewed the risk assessment reports of major subsidiaries and approved the internal audit plan prepared by internal auditor
- Reviewed the audit reports and related party transaction reports issued by the external auditors and the implementation of audit recommendations.
- Reviewed the compliance on the Bursa Malaysia Securities Berhad Main Market Listing Requirements (LR), Malaysian Code on Corporate Governance and other statutory requirements.
- Discussed with the external auditors before the audit commences, the nature and scope of the audit.
- Reviewed the external auditors' management letter and management's response.

5. INTERNAL AUDIT FUNCTION

The Group has engaged the services of an external professional firm to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control. The internal auditors report directly to the Audit Committee.

The primary role of the internal auditors is to inter-alia, assist the Audit Committee on an ongoing basis to:

- review the risk management framework
- evaluate the state of compliance with the LR, Malaysian Code on Corporate Governance and other statutory requirements
- provide independent, systematic and objective evaluation on the state of internal control within the Group
- review recurrent related party transactions
- perform such other functions as requested by the Audit Committee

The costs incurred for the internal audit function for financial year 2014 was RM36,652. During the financial year, the internal auditors have assisted the Audit Committee to:

- conduct the internal audit for financial year ended 2014
- review the state of corporate governance of the Group
- review and document the risk management framework of the Group
- review the state of internal control of various operating cycles within the Group

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

This statement is made pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (LR), which requires public listed companies to include a statement in their annual reports on the state of risk management and internal control within the Group.

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies should maintain a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets.

This Statement on Risk Management and Internal Control has been prepared in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" (the "Guidelines") issued by the Task Force on Risk Management and Internal Control.

Responsibility

The Board recognises the importance of maintaining a sound risk management framework and internal control system to cover controls relating to risk management, financial, operational and compliance to achieve the following objectives:

a) Safeguard the shareholders' interest and assets of the Group
b) Identify and manage risks affecting the Group
c) Ensure compliance with regulatory requirements
d) Ensure the effectiveness and efficiency of operations to achieve objectives of the Group
e) Ensure the integrity and reliability of financial information

The system of risk management and internal control is designed to cater for the Group's needs and manage the risks to which the Group is exposed. It should be noted that such system is designed to manage rather than eliminate the risk of failure to achieve objective and can only provide reasonable but not absolute assurance against material misstatements of management and financial information and records or against financial losses or fraud.

The Board had received assurance from the Managing Director and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group. The representations made by all Group's subsidiaries in respect of their risk management and internal control systems have been taken into consideration by the Board in issuing this statement. Based on the assurance and the representations, the Board is of the view that the Group's risk management and internal control system is satisfactory to meet the Group's needs and has not resulted in any material losses, contingencies or uncertainties that require disclosure in the Group's annual report.

System of Risk Management and Internal Control

The Groups' system of risk management and internal control comprised of the following key elements:

- The Group has adopted the Enterprise Risk Management ("ERM") framework for all major subsidiaries. With the ERM, departments of the said subsidiaries are required to identify risks and evaluate control within key functions/activities of their business processes. A report has been provided to the management of the respective subsidiaries to enable them to review, discuss and monitor the risk profiles and implementation of action plans.
- The risk profiles and status of the action plans are reviewed on a yearly basis by the Risk Management Committee with the business/operations heads.
- The Group's Audit Committee reviews internal control issues identified by the internal auditors, the external auditors, regulatory authorities and management, and evaluate the adequacy and effectiveness of their risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope and frequency of audits and the adequacy of resources. The minutes of the Audit Committee meetings are tabled to the Board on periodic basis. Further details of the activities undertaken by the Audit Committee are set out in the Audit Committee Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

System of Risk Management and Internal Control (cont'd)

- Professional service firm is engaged by the Board as internal auditors to review compliance with policies and procedures and the effectiveness of their risk management and internal control systems and report any significant non-compliance. Audits are carried out on major subsidiaries, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report on operational and management activities of these subsidiaries. The annual audit plan is reviewed and approved by the Audit Committee. The audit findings are submitted to the Audit Committee for review at their periodic meetings. The system of risk management and internal control is reviewed regularly to ensure that its functions are carried out as planned and remains effective and applicable given the passage in time and change in business scenarios. The cost incurred for the internal audit function for financial year 2014 was RM36,652
- There are guidelines within the Group for hiring and termination of staff, formal training programmes for staff and annual performance appraisals to enhance the level of staff competency in carrying out their duties and responsibilities.
- The Board receives and reviews reports from management on a regular basis. These reports include the accounts and financial information reports which are tabled to Board at their periodic meetings.
- There are authority limits imposed on executive directors and management within the Group in respect of the day-to-day operation, investment, acquisitions and disposal of assets.
- Policies and procedures are set out in operations manuals, guidelines and directives issued by the Group which are updated from time to time to ensure compliance with internal controls and the relevant laws and regulations.

The Board confirms that the above elements are in place throughout the financial year under review and up to the date of approval of this annual report and financial statements. The Board is of the opinion that the existing system of risk management and internal control accords with the "Guidelines" and that it is adequate to achieve the Group's objectives stated above.

Conclusion

The Board remains committed towards operating a sound system of risk management and internal control and therefore recognises that the system must continuously evolve to support the Group's businesses and the size of the Group's operations. As such, the Board, in striving for continuous improvement will put in place appropriate actions and plans, when necessary, to further enhance the Group's system of risk management and internal control.

This statement was made in accordance with a resolution of the Board dated 15 April 2015.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of P.I.E. Industrial Berhad ("PIE" or "the Company") is committed to ensure that good corporate governance is being practised by the Group in order to safeguard stakeholders' interests as well as enhancing shareholders' value.

This Statement sets out the manner in which the Group has applied and the extent of compliance with the undermentioned principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012" or "the Code"):-

1. Establish Clear Roles and Responsibilities
2. Strengthen Composition
3. Reinforce Independence
4. Foster Commitment
5. Uphold Integrity in Financial Reporting
6. Recognise and Manage Risks
7. Ensure Timely and High Quality Disclosure
8. Strengthen Relationship Between Company and Shareholders

The Board has assessed the level of corporate governance practiced in the Group and confirms that unless otherwise stated in this Statement, the Group has complied with all the principles and recommended best practices throughout the financial year ended 31 December 2014 ("FYE2014").

1) Establish Clear Roles and Responsibilities

i) Board Roles and Responsibilities

The Board recognised its stewardship responsibility to lead the Group towards the highest level of corporate governance, strategic decisions and standard of conducts. To ensure the effective discharge of its function and responsibilities, the Board established an internal governance model for delegating of specific powers of the Board to the relevant Board Committees, the Managing Director (MD) and the Senior Management of the Company. The Board has direct access to Senior Management and has unrestricted and immediate access to information relating to the Group's business and affairs in the discharge of their duties. The Board will consider inviting the Senior Management to attend meetings for reporting on major issues relating to their respective responsibility.

In general, the Non-Executive Directors are independent of Management. Their roles are to constructively challenge Management and monitor the success of Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have free and open contact with Management at all levels, and they engage with the external and internal auditors to address matters concerning Management and oversight of the Company's business and operations.

The Board delegates the day-to-day management to the MD and Senior Management, but reserves for its consideration significant matters such as following:
- Approval of financial results
- Declaration of dividends

The Board has approved a board charter ("Board Charter") which sets out a list of specific functions that are reserved for the Board. The Board Charter addresses, which include amongst others, the Board obligations and liabilities, Directors' Code of Ethics, role of the Board, Chairman and Managing Director, appointment of new directors, the right balance and composition of the Board, remuneration policy and the establishment of Board Committees together with the required mandate and activities.

The Board will review the Board Charter periodically to ensure their relevance and compliance. The Board has made available its Board Charter on the corporate website.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

1) Establish Clear Roles and Responsibilities (cont'd)

i) Board Roles and Responsibilities (cont'd)

There is a clear division of responsibilities between the Chairman and the MD to ensure that there is a balance of power and authority. The Chairman is not related to the MD. The Chairman is responsible for the Board's effectiveness and conduct. He also promotes an open environment for debate and ensures effective contributions from Non-Executive Directors. The Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board and Management. At a general meeting, the Chairman plays a role in fostering constructive dialogue between shareholders, Board and Management. The MD has overall responsibilities over the operating units, organisation effectiveness and implementation of Board's policies and decisions.

The Board promotes good corporate governance in the application of sustainability practices throughout the Group, the benefits of which are believed to translate into better corporate performance. A report on sustainability activities, demonstrating PIE's commitment to the global environmental, social, governance and sustainability agenda, is detailed in the Corporate Social Responsibility Statement of this Annual Report.

ii) The Balance and Composition of the Board

The present Board of Directors, headed by the Chairman is comprised of:
- 3 Executive Directors
- 1 Non-Independent, Non-Executive Director
- 3 Independent, Non-Executive Directors

The composition of the Board is in compliance with the Main Market Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Code. It also balanced to reflect the interests of the major shareholders, management and minority shareholders. Collectively, the Directors bring a wide range of business and financial experience relevant to the direction of the Group.

The Board is well balanced with the presence of Independent Non-Executive Directors who are of caliber and collectively provide independent assessments and judgments in the decision making process of the Board.

The profiles of the members of the Board are set out on page 5 to 7 of this Annual Report.

iii) Directors' Code of Ethics

The Code of Ethics for Directors includes principles relating to their duties, conflict of interest and dealings in securities are available at the Company's website.

Presently, the Group does not have the Whistleblower Policy and Procedures (WPP). As a measure to govern the conduct of its employees, the Management would be guided by its Employees Hand Book. The Board recognized that the WPP is to foster an environment where integrity and ethical behavior are maintained and any illegal or improper action and/or wrongdoing in the Group may be exposed. As such, the Board is in the midst of reviewing an effective framework on whistle-blowing for an extensive fraud prevention and detection.

iv) Board Meetings

The Board governs the operations of the Group. The Board meets regularly, at least once in a quarter, with additional meetings held as necessary to formulate and adopt strategic business plan for the Group, to evaluate the impact of risks affecting the operations of the Group and to formulate appropriate risk management system.

Agenda and documents relevant to the Board meetings are circulated at least 7 days in advance to the Directors for their review before the meetings to ensure the effectiveness of the Board meetings. Any additional information requested by the Directors will be provided in timely manners.

The Chairman of the Audit Committee would inform the Directors at Board meeting, of any salient audit findings deliberated at the Audit Committee meetings and which require the Board's notice or direction.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

1) Establish Clear Roles and Responsibilities (cont'd)

iv) Board Meetings (cont'd)

During the financial year, the Board met four (4) times and the attendance of each director during the financial year is as follows:

	Number of Board Meetings	Percentage of Attendance
Name of Director	Attended / Held	
Ahmad Murad Bin Abdul Aziz	3 / 4	75%
Mui Chung Meng	4 / 4	100%
Chen, Chih-Wen	4 / 4	100%
Cheung Ho Leung	3 / 4	75%
Cheng Shing Tsung	4 / 4	100%
Loo Hooi Beng	4 / 4	100%
Khoo Lay Tatt	4 / 4	100%

v) Board Committees

a) Audit Committee

The Audit Committee of PIE is comprised of:

Chairman: Loo Hooi Beng (Independent Non-Executive Director)
Members: Ahmad Murad Bin Abdul Aziz (Senior Independent Non-Executive Director)
Khoo Lay Tatt (Independent Non-Executive Director)

The Audit Committee meets at least once every quarter.

The terms of reference ("ToR") and the report of Audit Committee are as set out on pages 9 to 11 of this Annual Report.

b) Nominating Committee

The Company has on 22 February 2013 established the Nominating Committee and comprises exclusively of Non-Executive Directors with a majority of whom must be independent, as follows:

Chairman: Ahmad Murad Bin Abdul Aziz (Senior Independent Non-Executive Director)
Member: Loo Hooi Beng (Independent Non-Executive Director)
Khoo Lay Tatt (Independent Non-Executive Director)

Details of the ToR for Nominating Committee are available at its corporate website.

c) Risk Management Committee

The Company has on 23 May 2014 established the Risk Management Committee and its members comprised of:

Chairman: Loo Hooi Beng (Independent Non-Executive Director);
Member: representative from each major business units to be identified by the Management from time to time;
Secretary: to be assumed by the Internal Auditors

Details of the framework for Risk Management Committee are available at its corporate website.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

1) Establish Clear Roles and Responsibilities (cont'd)

vi) Supply of Information

The Chairman ensures that all Directors have full and timely access to information with an agenda on matters requiring Board's consideration issued with appropriate notice and in advance of each meeting to enable Directors to obtain further explanations during the meeting, where necessary.

The Directors meet to review and approve all corporate announcements, including the announcement of the quarterly interim financial reports, before releasing them to the Bursa Securities.

All Directors have direct access to the advice and services of the Company Secretaries. The Company Secretaries, whose appointment and removal is the responsibility of the Board collectively, are qualified professionals with the necessary experience to advise the Board. The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries support the Board by ensuring that all Board meetings are properly conducted and deliberations at the Board and Board Committee meetings are well captured and recorded. The Company Secretaries also keep the Board update on new statutes and directives issued by the regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities.

When necessary, the Directors could request for the service of independent professional advisors at the cost of the Company.

In leading and controlling the operations of the Group, the Board is assisted by the Board of Directors of each individual subsidiary that is primarily responsible to carry out decisions made by the Board. The Executive Directors of the Company also participate in management meeting of certain subsidiaries to ensure that decisions made by the Board are disseminated and delegated effectively to the management of the subsidiaries.

2) Strengthen Composition

i) Nominating Committee

The Company strives to have a Board comprising members with suitable academic and professional qualifications, skills, expertise and wide exposure.

The Company has in place its procedures and criteria for appointment of new directors. All candidates for appointment are first considered by the Nominating Committee, taking into account the mix of skills, competencies, experience, professionalism and other relevant qualities required to well manage the business, with the aim to meet the current and future needs of the Board composition. The Nominating Committee also evaluates the candidates' character and ability to commit sufficient time to the Group. Other factors considered for appointment of Independent Director will include the level of independence of the candidates. During the financial year ended 31 December 2014, no new director was appointed.

The Nominating Committee has also established a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, each Board Committee and reviewing the performance of the Board as a whole. The criteria for assessment of Directors shall include attendance record, intensity of participation at meetings, quality of interventions and special contributions.

On 27 February 2015, an assessment of the effectiveness of the Board, respective Board Committee and Independence ("the Assessment") were carried out in respect of the financial year ended 31 December 2014. Appraisal form which comprising quantitative and qualitative performance criteria to evaluate the performance of each member of the Board as well as each Board Committee, were being circulated at the Meeting for assessment. The Nominating Committee reviewed the required mix of skills, experience and other qualities of the Board and Board Committee and agreed that it has the necessary mix of skill, experience and other necessary qualities to serve effectively.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

2) Strengthen Composition (cont'd)

ii) Appointment and Re-election of Director

a) Appointment of Directors

The Code requires a formal and transparent procedure to be established for appointment of new Directors to the Board. The Code also endorses the establishment of a nominating committee, comprised exclusively of Non-Executive Directors, a majority of whom are Independent to propose new nominees to the Board and to assess directors on an on-going basis.

The Nominating Committee had been established on 22 February 2013 by the Board. The Nominating Committee is responsible for assessing the nominee(s) for directorship and Board Committee membership and thereupon submitting their recommendation to the Board for decision. Procedures and criteria for appointment of new directors are disclosed in item 2 (i) aforesaid.

b) Re-election of Directors

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over the age of 70 years shall retire at every annual general meeting and may offer themselves for re-appointment to hold office until next annual general meeting.

In accordance with the Company's Articles of Association ("Articles"), all Directors are subject to election at the AGM following their appointment.

The Articles also provide that at least one-third of the remaining Directors be subject to re-election by rotation at each AGM.

The current terms of all directors are less than three years. This is in compliance with the provision of the requirement of the Code that all directors are required to submit themselves for re-election at regular intervals and at least every three years.

The performance of those Directors who are subject to re-appointment and re-election of Directors at the AGM will be assessed by the Nominating Committee whereupon recommendations are submitted to the Board for decision on the tabling of the proposed re-appointment or re-election of the Director concerned for shareholders' approval at the next AGM.

Also, during the Assessment, the Nominating Committee recommended to the Board on those Directors who retire pursuant to Article 98 (1) of the Articles, being eligible, to seek re-election during the Annual General Meeting to be held on 25 May 2015.

Notwithstanding the recommendation of the Code, the Board is presently of the view that there is no necessity to fix a specific gender diversity policy. The Board is also of the view that it is a challenge to the Group to get a female director with relevant experience and qualification in the wire and cable manufacturing industry. However, the Board will endeavor to tap talent from human capital market from time to time with the aim to have at least one female director in its Board in future.

c) Directors' Remuneration.

It is vital for the Group to attract and retain Directors of the necessary caliber to run the Group successfully. In line with requirements of the Code, the Group has established a remuneration policy for the Directors.

Given the present size of the Board, the Board has decided not to set up a remuneration committee as recommended by the Code. As an alternative, the Board formulated the following policy for fixing remuneration packages of each Director:

1. Determination of remuneration of Directors remained a collective decision of the Board.
2. The remuneration package of Executive Directors shall be determined based on the performance of the Group, the responsibilities, the experience required and the contribution by each individual Director in comparison to the industry norm.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

2) Strengthen Composition (cont'd)

ii) Appointment and Re-election of Director (cont'd)

c) Directors' Remuneration (cont'd)

3. The remuneration of Non-Executive Directors should be reflective of their experience, level of responsibilities and the contribution by each individual Director.
4. All Directors are entitled to directors' fee that is subject to shareholders' approval.
5. Other than directors' fee, Executive Directors shall be entitled to salary and bonus, statutory contribution and other allowances incidental to the performance of their duties.
6. The Board shall meet at least once in a financial year to deliberate on the remuneration packages for the Directors.
7. In determining the remuneration package of each Director, the Director concerned will abstain from the discussion.
8. The Board may obtain independent professional advice in formulating the remuneration package of its Directors.

Details of Directors' remuneration for the FYE2014 are as follows:

1. Aggregate remuneration of the Directors categorised into appropriate components:

Category	Fee (RM)	Salaries (RM)	Bonus (RM)	Others (RM)	Total (RM)
Executive Directors	0	255,588	1,985,577	51,818	2,292,983
Non-Executive Directors	72,000	0	0	7,200	79,200
Total	72,000	255,588	1,985,577	59,018	2,372,183

2. The number of Directors whose total remuneration fall within the following bands:

	Number of Directors	
Range of Remuneration	Executive	Non-Executive
Below RM50,000	1	4
RM450,001 to RM500,000	1	0
RM1,800,001 to RM1,850,000	1	0

Details of the remuneration of each Director are not disclosed as the Board is of the view that the transparency and accountability aspects of corporate governance on disclosure of Directors' remuneration are appropriately served by the above disclosures.

3) Reinforce Independence

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management as well as the daily business of PIE. They bring an external perspective, constructively challenge and assist the Company to develop corporate strategy, scrutinize the performance of Management in meeting approved goals and objectives, and monitor the risk profile of the Company's business.

The Nominating Committee played an important role to assist the Board in assessing the independence of Non-Executive Directors of the Company on annual basis. The Nominating Committee develops the criteria to assess independence of Independent Director, include but not limited to directors' background, family relationships, interest of shareholdings in the Company and related party transactions with the Group. Each of the 3 Independent Non-Executive Directors has provided an annual confirmation of their independence to the Nominating Committee and the Board in FYE2014.

Based on the Assessment conducted by the Nominating Committee, the Board is generally satisfied and concluded that each of the 3 Independent Non-Executive Directors continues to demonstrate conduct and behavior that are essential indicator of independence, and that each of them continues to fulfill the definition of independence as set out in LR

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

3) Reinforce Independence (cont'd)

En. Ahmad Murad Bin Abdul Aziz is the Senior Independent Non-Executive Director and Chairman of the Company who has served the Company for more than nine years. In accordance with the Malaysian Code on Corporate Governance 2012 (Code), the tenure of an independent director should not exceed a cumulative term of nine years. After having assessed the independence of En. Ahmad Murad and also the Assessment by the Nominating Committee, the Board is satisfied that En. Ahmad Murad during his tenure as Senior Independent Non-Executive Director and Chairman of the Company has neither clouded his judgment nor his assessment, and has not prejudiced his objectivity in the discharge of his role and responsibilities as an Independent Director. The length of his service on the Board does not in any way interfere with his exercise of independent judgment and ability to act in the best interests of the Group. En. Ahmad Murad has been demonstrably independent in carrying out his roles as Member of the Audit Committee, notably in fulfilling his roles as Chairman of the Board and Nominating Committee. In addtion, he also has the necessary knowledge of the business and operations of the Group and has the experience to make informed decision and participate actively and contribute positively during deliberations or discussions at Board Meetings. The Board has assessed and with the recommendation of the Nominating Committee, strongly recommend to the members of the Company to vote in favour of the resoluion for Ahmad Murad Bin Abdul Aziz to continue to serve as Senior Independent Non-Executive Director of the Company.

Notwithstanding the recommendation of the Code, the Board is presently of the view that there is no necessity to fix a maximum tenure limit for Directors as there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and knowledge of the Company's businesses and affairs. Similarly, the Board does not set a time-frame on how long an Independent Director should serve on the Board, mainly for the following reasons:-

- The ability of a Director to serve effectively as an Independent Director is very much dependent on his calibre, qualification, experience and personal qualities, particularly his integrity and objectivity, and has no real connection to his tenure as an Independent Director.
- Nominating Committee would conduct an annual assessment of Independent Directors in respect of inter-alia their skills, experience and contributions, and whether the Independent Directors are able to discharge their duties with unbiased judgment. Furthermore, the Nominating Committee also would review the Directors Profile of Independent Directors and assess its family relationship, interest of shareholdings in the Company and related party transactions with the Group (if any).

4) Foster Commitment

i) Discharged of Duties

All the Non-Executive directors have committed sufficient time to carry out their duties for the tenure of their appointments, whether as members of standing Board Committees or whether required to carry out special duties as members of Ad-Hoc Board Committees.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of PIE. This is evidenced by the attendance record of the Directors at Board meetings as disclosed in Item (1)(iv) aforesaid.

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated in Q4 to all Directors before the beginning of every year.

The Directors are required to submit an update on their other directorships from time to time for monitoring of the number of directorships held by the Directors of PIE and for notification to Companies Commission of Malaysia accordingly.

ii) Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by Bursatra Sdn. Bhd. to enhance their skills in the area of corporate governance.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

4) Foster Commitment (cont'd)

ii) Directors' Training (cont'd)

The Directors are mindful that they should continue to attend training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast with the changing regulatory and corporate governance developments.

In FYE2014, the members of the Board had attained training on areas relevant to their duties and responsibilities as Directors by attending external seminars/talks and internally facilitated sessions and through reading materials.

Seminars and training programmes attended by Directors in 2014 are as per below:

<u>Corporate Governance/Risk Management</u>
Risk Management & Internal Control : Workshop For Audit Committee Members – 13 October 2014
Audit Committee Institute Breakfast Roundtable - The Impact of Cyber Security at Board Levels – 16 December 2014

<u>Economy</u>
Affin Investment Conference Series 2014 – Look East Policy 2.0 – 8 April 2014
Discover Market Insight – Reading Market Trends – 8 May 2014

<u>Business and Industry</u>
Personal Data Protection Act 2010 and Competition 2010: Their Impact on Your Business – 24 March 2014

<u>Accounting and Taxation</u>
An Overview of GST – 24 November 2014
2015 Budget Seminar – 25 November 2014

<u>Leadership</u>
Success in Recruitment and Selection : Through Behavioural and Competency-based Models – 18 & 19 June 2014

5) Uphold Integrity in Financial Reporting

In presenting the annual financial statements and quarterly announcement of interim financial results to the shareholders, the Board aims to provide and present a balanced and understandable assessment of the Group's financial performance and prospects. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting. At the same time, the Audit Committee is assisting the Board in ensuring the accuracy, adequacy and completeness of the financial information to be disclosed. The financial reports will be reviewed and approved by the Audit Committee prior to tabling them to the Board for approval.

The following activities were carried out by the Audit Committee during the FYE2014 on discharging of its duties and responsibilities, amongst others:

- Reviewed the draft quarterly results and year-end financial statements prior to submission to the Board for approval;
- Reviewed the risk assessment reports of major subsidiaries and approved the internal audit plan prepared by internal auditor;
- Discussed with the external auditors before the audit commences, the nature and scope of the audit.
- Reviewed the external auditors' management letter and management's response.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

5) Uphold Integrity in Financial Reporting (cont'd)

The Board maintains a transparent relationship with external auditors. Members of the Audit Committee meet the external auditors at least twice a year without the presence of the executive Board members to discuss the results and concerns arising from their audit. Two discussion sessions between the Audit Committee and the external auditors were held on 4 April 2014 and 14 November 2014 respectively.

The Audit Committee had obtained written assurance from its external auditors, Messrs. KPMG, confirmed that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Details of the Directors' Responsibility in the preparation of the Group's financial statements are disclosed in page 25 of this Annual Report.

6) Recognise and Manage Risks

The Board is fully aware of its responsibility to safeguard and enhance the value of shareholders in the Group. Since the listing of the Company, the Board has continuously placed emphasis on the need for maintaining a sound system of risk management and internal control.

In this regard, major internal control systems are documented and followed by the management of the Group. To enhance the effectiveness of risk management and internal control systems, the Board had in March 2002, established an internal audit function with the assistance of an external professional firm.

The internal auditors will be able to provide additional independent review on the state of risk management and internal control of the Group and has an independent reporting channel to Audit Committee. The Audit Committee reviews, deliberates and decides on the next course of action and evaluates the effectiveness and efficiency of the risk management and internal control systems in the organization.

With the expertise of internal auditor, the Groups' system of risk management and internal control comprised of the following key elements:

- The Group has adopted the Enterprise Risk Management ("ERM") framework for all major subsidiaries. With the ERM, departments of the said subsidiaries are required to identify risks and evaluate control within key functions/activities of their business processes. A report has been provided to the management of the respective subsidiaries to enable them to review, discuss and monitor the risk profiles and implementation of action plans;
- The risk profiles and status of the action plans are reviewed on a yearly basis by the Risk Management Committee;
- The Group's Audit Committee reviews internal control issues identified by the internal auditors, the external auditors, regulatory authorities and management, and evaluate the adequacy and effectiveness of their risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope and frequency of audits and the adequacy of resources. Further details of the activities undertaken by the Audit Committee are set out in the Audit Committee Report on page 11 of this Annual Report;
- Professional service firm is engaged by the Board as internal auditors to review compliance with policies and procedures and the effectiveness of their risk management and internal control systems and report any significant non-compliance. Audits are carried out on major subsidiaries, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report on operational and management activities of these subsidiaries. The annual audit plan is reviewed and approved by the Audit Committee. The audit findings are submitted to the Audit Committee for review at their periodic meetings. The system of risk management and internal control is reviewed regularly to ensure that its functions are carried out as planned and remains effective and applicable given the passage in time and change in business scenarios;
- There are guidelines within the Group for hiring and termination of staff, formal training programmes for staff and annual performance appraisals to enhance the level of staff competency in carrying out their duties and responsibilities;
- The Board receives and reviews reports from management on a regular basis. These reports include the accounts and financial information reports which are tabled to Board at their periodic meetings;
- There are authority limits imposed on executive directors and management within the Group in respect of the day-to-day operation, investment, acquisitions and disposal of assets;

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

6) Recognise and Manage Risks (cont'd)

- Policies and procedures are set out in operations manuals, guidelines and directives issued by the Group which are updated from time to time to ensure compliance with internal controls and the relevant laws and regulations.

A Risk Management Committee's Meeting chaired by Mr. Loo Hooi Beng was held 17 June 2014, to discuss and review on the risks of the major subsidiaries as set out in the Risk Management Report dated April 2014, with the business/operations heads and the internal auditors.

The risk management and internal control systems are designed to manage and mitigate rather than eliminate the risk of failure in achieving the Company's corporate objective and safeguarding the Company's assets as well as investors' interests.

On 6 March 2015, the Board received assurance from the Managing Director and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Statement on Risk Management and Internal Control set out on pages 12 to 13 of this Annual Report provides an overview of the state of risk management and internal controls within the Group.

7) Ensure Timely and High Quality Disclosure

The Board exercise close monitoring of all price sensitive information potentially required to be released to Bursa Securities and makes material announcements to Bursa Securities in a timely manner as required. In line with best practices, the Board strives to disclose price sensitive information to the public as soon as practicable through Bursa Securities and the Company's website.

Price sensitive information is defined as any information that on becoming generally available would tend to have a material effect on the market price of the Company's listed security. The Company Secretary is responsible to compile such information for the approval of the Board soonest possible and release such information to the market as stipulated by Bursa Securities.

The Company will enhance the disclosures on its website for broader and effective dissemination of information to its stakeholders from time to time.

8) Strengthen Relationship Between Company and Shareholders

PIE dispatches its notice of AGM to shareholders more than 21-days before the AGM, in advance of the notice period as required under the Companies Act, 1965 and LR. The additional time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

In line with the requirement of the LR and the Code, material information is disseminated to shareholders and investors on a timely basis. The Group maintains a corporate website at www.pieib.com.my which provides information, include:

1. Quarterly results
2. Annual reports
3. Announcements
4. Circular to shareholders
5. Other important announcements

The above information also could be accessed through Bursa Securities website at www.bursamalaysia.com

The Articles of the Company further accord proxies the same rights as members to speak at the general meeting. Essentially, a corporate representative, proxy or attorney is entitled to attend, speak and vote both on a show of hands and on a poll as if they were a member of the Company. In addition to the above, time will be allocated during AGM for dialogue with shareholders to address issues concerning the Group.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

8) Strengthen Relationship Between Company and Shareholders (cont'd)

At the 17th AGM of the Company held on 23 May 2014, no substantive resolutions were put forth for approval, thus, the resolutions were voted on by a show of hands.

The Board will consider adopting electronic voting to facilitate greater shareholder participation at general meetings, and to ensure accurate and efficient outcomes of the voting process.

In compliance with the recommended best practice by the Code, the Board has appointed En. Ahmad Murad Bin Abdul Aziz as a Senior Independent Non-Executive Director to whom minority shareholders could convey their concern over the operations of the Group. His contact information is as follows:

P.I.E. Industrial Berhad
Plot 4, Jalan Jelawat 1
Seberang Jaya Industrial Estate,
13700 Prai, Penang, Malaysia
Tel: 04-399 0401 Fax: 04-399 5669

This statement was made in accordance with a resolution of the Board dated 15 April 2015.

STATEMENT ON DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Board has the overall responsibility to prepare the financial statements for each financial year as required by the Companies Act, 1965. The financial statements should be prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia and the relevant provisions of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (LR) so as to present a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and statements of cash flows for the year then ended.

In this regard, the Directors will, with the assistance of the Audit Committee:

- Ensured that suitable accounting policies are used and applied consistently
- Ensured that new and revised Malaysian Financial Reporting Standards and Issues Committee Interpretations issued by Malaysian Accounting Standards Board that are relevant to the Group's operations and effective for accounting are fully adopted
- Ensured proper accounting records are kept
- Ensured adequate system of risk management and internal control exist to safeguard the assets of the Group to prevent and detect fraud and other irregularities
- Ensured that the financial statements presents a balanced and understandable assessment of the financial position of the Group and of the Company
- Made appropriate enquiries to the senior management of the Group to ensure that the Group have adequate resources to continue in operational existence in the foreseeable future
- Ensured that the accounting estimates included in the financial statements are reasonable

The financial statements for the year ended 31 December 2014 had been approved by the Board on 25 March 2015.

This statement was made in accordance with a resolution of Board dated 15 April 2015.

DISCLOSURE REQUIREMENTS PURSUANT TO THE BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

UTILISATION OF PROCEEDS
During the financial year, there were no proceeds raised by the Company from any corporate proposals.

SHARE BUY-BACK
During the financial year 31 December 2014, the Company did not buy back any of its shares from the open market. The details of the treasury shares resold by the Company during the same financial year were as follows:-

Month	Number of Shares	Unit Cost (RM)			Total Received* (RM)
		Lowest	Highest	Average	
May 2014	73,900	7.91	7.92	7.91	582,437.92

* Amount received for the shares sold is after deducting of brokerage, clearing house fee and stamp duty.

There has been no cancellation of treasury shares by the Company during the financial year ended 31 December 2014. As at 31 December 2014, the Company does not hold any treasury shares.

EMPLOYEE SHARE SCHEME
There was no Employee Share Scheme implemented by the Company during the financial year.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES
The Company did not issue any options, warrants or convertible securities exercised during the financial year.

AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME
During the financial year, the Company did not sponsor any such programme.

IMPOSITION OF SANCTIONS AND/OR PENALTIES
There were no material sanction and/or penalties imposed on the Company and its subsidiary companies, Directors or management by the regulatory bodies.

NON-AUDIT FEES
The amount of non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year by the Company's auditors, or a firm or corporation affiliated to the auditors' firm is RM25,100.

MATERIAL CONTRACT
There were no material contract entered into by the Company and its subsidiary companies involving directors' and substantial shareholders' interest other than those entered into in the ordinary course of business as disclosed in the financial statements.

PROFIT ESTIMATE, FORECAST OR PROJECTION
There was no profit estimate, forecast or projection announced for the financial year. There is no significant variance between the results for the financial year and the unaudited results previously released by the Company.

PROFIT GUARANTEES
There were no profit guarantees given by the Company for the financial year.

CORPORATE SOCIAL RESPONSIBILITY (CSR)
The Group is driven by the belief that in pursuit of any business objective, we need to strike a balance between profitability and contributions to the social and environmental responsibilities. With such belief, the Group is committed and uses its best endeavour, on ongoing basis, to integrate CSR practices into its day to day business operations i.e. constantly reviewing the staff benefits to enhance the quality of life of its employees and adopting eco-friendly practices such as minimizing the use of hazardous compound in its manufacturing process to protect the environment.

RECURRENT RELATED PARTY TRANSACTIONS
The details of Recurrent Related Party Transactions and their actual amount entered into during the financial year ended 31 December 2014 are disclosed on page 74 and 75 of the Annual Report.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

Principal activities

The Company is principally involved in investment holding and provision of management services. The principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit for the year attributable to owners of the Company	38,510,555	6,904,729

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid :

i) a special single tier dividend of 8 sen per ordinary share totaling RM5,120,560 in respect of the financial year ended 31 December 2013 on 11 June 2014; and

ii) a first and final single tier dividend of 12 sen per ordinary share totaling RM7,680,840 in respect of the financial year ended 31 December 2013 on 11 June 2014.

Directors of the Company

Directors who served since the date of the last report are :

Ahmad Murad Bin Abdul Aziz
Mui Chung Meng
Chen, Chih-Wen
Cheng Shing Tsung
Cheung Ho Leung
Loo Hooi Beng
Khoo Lay Tatt

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

Directors' interests in shares

The interests and deemed interests in the shares of the Company and its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' shareholdings are as follows :

	Number of ordinary shares of RM1 each				
	At 1.1.2014	Bonus Issue	Bought	Sold	At 31.12.2014
Interest in the Company					
Direct Interest					
Ahmad Murad Bin Abdul Aziz - own	1	–	–	–	1
Cheng Shing Tsung - own	10,000	2,000	–	–	12,000
Loo Hooi Beng - own	8,000	1,000	15,000	(3,000)	21,000
Khoo Lay Tatt - own	–	–	16,000	(16,000)	–
Mui Chung Meng - others*	410,000	82,000	–	–	492,000
Chen, Chih-Wen - others*	160,000	32,000	–	(40,000)	152,000

* Reference is made in accordance with Section (134)(12)(c) of the Companies (Amendment) Act, 2007 for shares held by the spouses of Directors.

None of the other Directors holding office at 31 December 2014 had any interest in the shares of the Company and its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full-time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

During the financial year, the issued and paid up share capital of the Company was increased from 64,007,000 ordinary shares of RM1 each to 76,808,397 ordinary shares of RM1 each by way of a bonus issue of 12,801,397 new ordinary shares of RM1 each on the basis of one (1) new ordinary share for every five (5) existing ordinary shares held in the Company. The bonus issue was capitalised from share premium.

There were no changes in the authorised share capital of the Company and no debentures were issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that :

i) all known bad debts have been written off and adequate provision made for doubtful debts; and

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

Other statutory information (cont'd)

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances :

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent; or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist :

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except as disclosed in Note 32 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events

Details of the significant events are as disclosed in Note 32 to the financial statements.

Subsequent events

Details of the subsequent events are as disclosed in Note 33 to the financial statements.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

Mui Chung Meng

Chen, Chih-Wen

Penang

25 March 2015

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Assets					
Property, plant and equipment	3	**68,182,519**	68,629,484	**–**	–
Investment properties	4	**19,977,095**	19,319,962	**–**	–
Prepaid lease payments	5	**7,434,788**	7,639,835	**–**	–
Goodwill on consolidation	6	**1,721,665**	1,721,665	**–**	–
Investment in subsidiaries	7	**–**	–	**79,918,805**	79,918,805
Investment in an associate	8	**2,766**	10,794	**25,000**	25,000
Deferred tax assets	9	**1,368,123**	1,322,816	**1,336,000**	1,171,000
Total non-current assets		**98,686,956**	98,644,556	**81,279,805**	81,114,805
Inventories	10	**76,788,442**	99,693,309	**–**	–
Trade and other receivables	11	**165,529,983**	168,498,568	**44,336,125**	49,472,252
Other investments	12	**558,867**	541,105	**558,867**	541,105
Current tax assets		**1,161,796**	1,169,716	**1,129,781**	1,129,781
Short-term deposits with licensed banks	13	**191,311,795**	65,228,908	**1,001,129**	1,046,094
Cash and bank balances	14	**18,626,712**	33,442,249	**123,641**	129,908
Total current assets		**453,977,595**	368,573,855	**47,149,543**	52,319,140
Total assets		**552,664,551**	467,218,411	**128,429,348**	133,433,945

The notes on pages 40 to 96 are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (cont'd)

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Equity					
Share capital	15	**76,808,397**	64,007,000	**76,808,397**	64,007,000
Treasury shares	15	**–**	(317,168)	**–**	(317,168)
Reserves	16	**240,854,263**	224,243,827	**47,828,480**	66,323,695
Total equity attributable to owners of the Company		**317,662,660**	287,933,659	**124,636,877**	130,013,527
Liabilities					
Deferred tax liabilities	9	**2,859,347**	3,843,926	**–**	–
Total non-current liabilities		**2,859,347**	3,843,926	**–**	–
Trade and other payables	17	**132,862,993**	129,733,230	**3,792,471**	3,420,418
Current tax liabilities		**4,048,396**	1,918,132	**–**	–
Borrowings	18	**95,231,155**	43,789,464	**–**	–
Total current liabilities		**232,142,544**	175,440,826	**3,792,471**	3,420,418
Total liabilities		**235,001,891**	179,284,752	**3,792,471**	3,420,418
Total equity and liabilities		**552,664,551**	467,218,411	**128,429,348**	133,433,945

The notes on pages 40 to 96 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Continuing operations					
Revenue	19	**561,727,156**	449,042,738	**12,998,744**	3,676,170
Cost of sales		**(506,364,988)**	(400,862,623)	**–**	–
Gross profit		**55,362,168**	48,180,115	**12,998,744**	3,676,170
Administrative expenses		**(21,076,390)**	(20,325,379)	**(6,314,585)**	(5,483,478)
Selling and distribution expenses		**(3,511,829)**	(2,699,530)	**–**	–
Other operating expenses		**(586,868)**	(117,849)	**(80)**	(196)
Other operating income		**18,973,456**	22,596,556	**27,709**	13,949
Results from operating activities		**49,160,537**	47,633,913	**6,711,788**	(1,793,555)
Interest income		**1,987,963**	1,768,593	**27,941**	58,336
Finance costs		**(366,695)**	(156,341)	**–**	–
Operating profit/(loss)	21	**50,781,805**	49,246,165	**6,739,729**	(1,735,219)
Share of loss of an equity-accounted associate	8	**(8,028)**	(15,255)	**–**	–
		(8,028)	(15,255)	**–**	–
Profit/(Loss) before tax		**50,773,777**	49,230,910	**6,739,729**	(1,735,219)
Income tax expense	23	**(12,263,222)**	(11,199,313)	**165,000**	389,000
Profit/(Loss) for the year		**38,510,555**	38,031,597	**6,904,729**	(1,346,219)
Profit/(Loss) attributable to owners of the Company		**38,510,555**	38,031,597	**6,904,729**	(1,346,219)
Basic earnings per ordinary share (sen)	24	**50**	59		

The notes on pages 40 to 96 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit/(Loss) for the year	**38,510,555**	38,031,597	**6,904,729**	(1,346,219)
Other comprehensive income/(expense), net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	**3,499,825**	(139,153)	**–**	–
Total comprehensive income/(expense) for the year	**42,010,380**	37,892,444	**6,904,729**	(1,346,219)
Total comprehensive income/(expense) attributable to owners of the Company	**42,010,380**	37,892,444	**6,904,729**	(1,346,219)

The notes on pages 40 to 96 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Attributable to owners of the Company					
	Non-distributable				Distributable	
Group	Share capital RM	Treasury shares RM	Share premium RM	Foreign currency translation reserve RM	Retained earnings RM	Total equity RM
At 1 January 2013	64,007,000	(101,433)	18,993,049	509,010	182,204,452	265,612,078
Profit for the year	–	–	–	–	38,031,597	38,031,597
Other comprehensive expense for the year :						
- Translation differences for foreign operations	–	–	–	(139,153)	–	(139,153)
Total comprehensive (expense)/income for the year	–	–	–	(139,153)	38,031,597	37,892,444
Distribution to owners of the Company						
- Dividends paid to owners of the Company (Note 25)	–	–	–	–	(15,355,128)	(15,355,128)
- Acquisition of treasury shares (Note 15)	–	(215,735)	–	–	–	(215,735)
Total transactions with owners of the Company	–	(215,735)	–	–	(15,355,128)	(15,570,863)
At 31 December 2013	64,007,000	(317,168)	18,993,049	369,857	204,880,921	287,933,659
	Note 15	**Note 15**	**Note 16**	**Note 16**	**Note 16**	

The notes on pages 40 to 96 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

	Attributable to owners of the Company					
			Non-distributable		Distributable	
Group	Share capital RM	Treasury shares RM	Share premium RM	Foreign currency translation reserve RM	Retained earnings RM	Total equity RM
At 1 January 2014	64,007,000	(317,168)	18,993,049	369,857	204,880,921	287,933,659
Profit for the year	–	–	–	–	38,510,555	38,510,555
Other comprehensive income for the year :						
- Translation differences for foreign operations	–	–	–	3,499,825	–	3,499,825
Total comprehensive income for the year	–	–	–	3,499,825	38,510,555	42,010,380
Contribution by and distribution to owners of the Company						
- Dividends paid to owners of the Company (Note 25)	–	–	–	–	(12,801,400)	(12,801,400)
- Disposal of treasury shares (Note 15)	–	317,168	265,270	–	–	582,438
- Bonus issue (Note 32)	12,801,397	–	(12,801,397)	–	–	–
- Issue expenses for bonus issue	–	–	(62,417)	–	–	(62,417)
Total transactions with owners of the Company	12,801,397	317,168	(12,598,544)	–	(12,801,400)	(12,281,379)
At 31 December 2014	76,808,397	–	6,394,505	3,869,682	230,590,076	317,662,660
	Note 15	**Note 15**	**Note 16**	**Note 16**	**Note 16**	

The notes on pages 40 to 96 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Attributable to owners of the Company					
			Non-distributable		Distributable	
Company	Share capital RM	Treasury shares RM	Share premium RM	Merger reserve RM	Retained earnings RM	Total equity RM
At 1 January 2013	64,007,000	(101,433)	18,993,049	16,408,221	47,623,772	146,930,609
Loss representing total comprehensive expense for the year	–	–	–	–	(1,346,219)	(1,346,219)
Distribution to owners of the Company						
- Dividends paid to owners of the Company (Note 25)	–	–	–	–	(15,355,128)	(15,355,128)
- Acquisition of treasury shares (Note 15)	–	(215,735)	–	–	–	(215,735)
Total transactions with owners of the Company	–	(215,735)	–	–	(15,355,128)	(15,570,863)
At 31 December 2013/1 January 2014	64,007,000	(317,168)	18,993,049	16,408,221	30,922,425	130,013,527
Profit representing total comprehensive income for the year	–	–	–	–	6,904,729	6,904,729
Contribution by and distribution to owners of the Company						
- Dividends paid to owners of the Company (Note 25)	–	–	–	–	(12,801,400)	(12,801,400)
- Disposal of treasury shares (Note 15)	–	317,168	265,270	–	–	582,438
- Bonus issue (Note 32)	12,801,397	–	(12,801,397)	–	–	–
- Issue expense for bonus issue	–	–	(62,417)	–	–	(62,417)
Total transactions with owners of the Company	12,801,397	317,168	(12,598,544)	–	(12,801,400)	(12,281,379)
At 31 December 2014	76,808,397	–	6,394,505	16,408,221	25,025,754	124,636,877
	Note 15	**Note 15**	**Note 16**	**Note 16**	**Note 16**	

The notes on pages 40 to 96 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
		Restated		
Cash flows from operating activities				
Profit/(Loss) before tax	**50,773,777**	49,230,910	**6,739,729**	(1,735,219)
Adjustments for :				
Depreciation of property, plant and equipment	**10,561,248**	8,956,778	**–**	–
Amortisation of prepaid lease payments	**205,047**	172,413	**–**	–
Finance costs	**366,695**	156,341	**–**	–
Share of loss of an equity-accounted associate	**8,028**	15,255	**–**	–
Adjustments of investment properties	**(553,090)**	(405,236)	**–**	–
Interest income	**(1,987,963)**	(1,768,593)	**(27,941)**	(58,336)
Dividend income	**–**	–	**(7,461,326)**	–
Gain on disposal of property, plant and equipment	**(220,051)**	(25,287)	**–**	–
Plant and equipment written off	**1,439**	–	**–**	–
Investment income earned on financial asset at fair value through profit or loss	**(17,418)**	(16,170)	**(17,418)**	(16,170)
Fair value (gain)/loss on financial asset at fair value through profit or loss	**(344)**	78	**(344)**	78
Operating profit/(loss) before changes in working capital	**59,137,368**	56,316,489	**(767,300)**	(1,809,647)
Inventories	**22,904,867**	(62,736,496)	**–**	–
Trade and other receivables	**2,968,585**	(70,514,520)	**5,136,127**	18,358,206
Trade and other payables	**3,129,763**	70,734,193	**372,053**	–
Cash generated from/(used in) operations	**88,140,583**	(6,200,334)	**4,740,880**	16,548,559
Income tax paid	**(11,151,619)**	(10,193,399)	**–**	–
Interest received	**1,987,963**	1,656,075	**27,941**	57,094
Dividend received	**–**	–	**7,461,326**	–
Net cash from/(used in) operating activities	**78,976,927**	(14,737,658)	**12,230,147**	16,605,653

The notes on pages 40 to 96 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

	Group		Company	
	2014 RM	2013 RM Restated	2014 RM	2013 RM
Cash flows from investing activities				
Acquisition of property, plant and equipment	**(9,873,104)**	(13,050,629)	**–**	–
Proceeds from disposal of property, plant and equipment	**220,061**	123,621	**–**	–
Investment in short-term deposits with licensed banks	**(8,049,485)**	(2,208,416)	**–**	–
Net cash used in investing activities	**(17,702,528)**	(15,135,424)	**–**	–
Cash flows from financing activities				
Drawdown of borrowings, net	**51,441,691**	43,789,464	**–**	–
Dividend paid to owners of the Company	**(12,801,400)**	(15,355,128)	**(12,801,400)**	(15,355,128)
Interest paid	**(366,695)**	(156,341)	**–**	–
Treasury shares sold/(purchased)	**582,438**	(215,735)	**582,438**	(215,735)
Cost of bonus issue	**(62,417)**	–	**(62,417)**	–
Net cash from/(used in) financing activities	**38,793,617**	28,062,260	**(12,281,379)**	(15,570,863)
Net increase/(decrease) in cash and cash equivalents	**100,068,016**	(1,810,822)	**(51,232)**	1,034,790
Effect of exchange rate fluctuations on cash held	**3,147,509**	(147,211)	**–**	–
Cash and cash equivalents at 1 January	**72,351,242**	74,309,275	**1,176,002**	141,212
Cash and cash equivalents at 31 December	**175,566,767**	72,351,242	**1,124,770**	1,176,002

The notes on pages 40 to 96 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

NOTE

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts :

	Note	Group			Company	
		31.12.2014 RM	31.12.2013 RM Restated	1.1.2013 RM Restated	2014 RM	2013 RM
Cash and bank balances		**18,626,712**	33,442,249	19,265,428	**123,641**	129,908
Less : Bank balances pledged as security	14	**(38,268)**	(35,928)	(35,964)	**–**	–
		18,588,444	33,406,321	19,229,464	**123,641**	129,908
Short-term deposits placed with licensed banks	13	**156,978,323**	38,944,921	55,079,811	**1,001,129**	1,046,094
		175,566,767	72,351,242	74,309,275	**1,124,770**	1,176,002

Comparative figures

In previous financial year, all short-term deposits are classified as cash and cash equivalents. On 1 January 2014, the Group changed its accounting policy with respect to classification of cash and cash equivalents and classified short-term deposits with maturity period of more than 3 months as investments.

This change in accounting policy was applied retrospectively. The following table summarises the restatement made:

	31.12.2013		1.1.2013	
	As previously stated RM	As restated RM	As previously stated RM	As restated RM
Group				
Cash and cash equivalents	98,635,229	72,351,242	98,384,846	74,309,275

NOTES TO THE FINANCIAL STATEMENTS

P.I.E. Industrial Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows :

Principal place of business

Plot 4, Jalan Jelawat Satu
Kawasan Perusahaan Seberang Jaya
13700 Seberang Jaya, Seberang Perai
Penang, Malaysia

Registered office

57-G, Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang, Malaysia

The immediate and ultimate holding companies of the Company are Pan Global Holding Co. Ltd. and Pan-International Industrial Corp., corporation incorporated in British Virgin Islands and Taiwan respectively.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an equity-accounted associate. The financial statements of the Company as at and for the financial year ended 31 December 2014 do not include other entities.

The Company is principally involved in investment holding and provision of management services. The principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 25 March 2015.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company :

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (cont'd)

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014 as applicable.

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016 as applicable.

- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017 as applicable.

- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018 as applicable.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current and prior periods financial statements of the Group and the Company, except as mentioned below :

i) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact of adopting MFRS 9.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

ii) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services.*

The Group is currently assessing the financial impact of adopting MFRS 15.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in the notes to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

(i) Impairment of goodwill

Determining whether goodwill is impaired required an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

At the end of the current financial year, the Group assessed the recoverable amount of goodwill, and determined that there was no impairment for goodwill need to be recognised. The Group tests goodwill for impairment annually in accordance with the accounting policy stated in Note 2(j)(ii) to the financial statements. More regular reviews are performed if events indicate that this is necessary.

(ii) Inventories

The Group makes an allowance for slow moving or obsolete inventories based on an assessment of the net realisable value of the inventories. When estimating the net realisable value of inventories, management consider all of the facts relating to the inventories and the operating environment at the time the estimates are made. Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories in the period in which such estimate has been changed.

(iii) Impairment of receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

1. Basis of preparation (cont'd)

(d) Use of estimates and judgements (cont'd)

(iii) Impairment of receivables (cont'd)

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables in the period in which such estimate has been changed.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has right, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

The financial statements of all subsidiaries are consolidated under the acquisition method, except for the financial statements of Pan-International Electronics (Malaysia) Sdn. Bhd. and Pan-International Wire & Cable (Malaysia) Sdn. Bhd. with agreement dated before 1 July 2009 that meets the conditions of a merger as set out in MFRS 3, Business Combinations, which are accounted for using the merger method of accounting in accordance with Malaysian Accounting Standard No 2, "Accounting for Acquisitions and Mergers", the generally accepted accounting principles prevailing at that time. The Group has applied MFRS 3 prospectively. Accordingly, the business combination entered into prior to 1 January 2009 has not been restated to comply with the aforesaid MFRS.

Under the merger method of accounting, the cost of investment in the Company's books is recorded at cost. On consolidation, the cost of the merger is cancelled with the value of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable merger reserve. Any resulting debit difference is adjusted against any suitable reserve. The results of the subsidiary companies are presented as if the merger had been effected throughout the current and previous financial years.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as :

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Business combinations (cont'd)

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies (cont'd)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows :

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading or financial assets that are specifically designated into this category upon initial recognition.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in the profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(j)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies (cont'd)

(d) Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated based on the cost of an asset less its residual value, if any. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The depreciation rates for the current and comparative periods are as follows :

	%
Buildings and structures	2.22 - 10
Plant and machinery, furniture, fixtures and office equipment	10 - 33.33
Production tools and equipment, mechanical and electrical installation	10 - 20
Motor vehicles	20

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies (cont'd)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Goodwill on consolidation

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity accounted associate, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted associate.

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

(g) Investment property

(i) Investment property carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies (cont'd)

(g) Investment property (cont'd)

(i) Investment property carried at fair value (cont'd)

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and investment in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies (cont'd)

(j) Impairment (cont'd)

(i) Financial assets (cont'd)

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax assets and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies (cont'd)

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus if the Group and the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's and the Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies (cont'd)

(n) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is ex-dividend date.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(iv) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

(v) Other income

Management fee and other income are recognised on an accrual basis.

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies (cont'd)

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(q) Earnings per ordinary share

The Group presents basic earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held, if any.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies (cont'd)

(s) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial positions and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorized into different levels in a fair value hierarchy based on the input used in the valuation technique as follows :

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date

Level 2 : inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or changes in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Property, plant and equipment - Group

	Freehold land RM	Short term leasehold land RM	Buildings and structures RM	Plant and machinery RM	Production tools and equipment RM	Furniture, fixtures and office equipment RM	Mechanical and electrical installation RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Cost										
At 1 January 2013	648,894	–	29,985,381	80,861,978	3,779,543	2,831,961	1,583,747	2,184,961	177,989	122,054,454
Additions	–	–	–	11,833,849	871,317	206,921	–	138,542	–	13,050,629
Disposals/write-off	–	–	–	(1,320,742)	(371,875)	(520,418)	–	–	(39,795)	(2,252,830)
Reclassification	–	–	–	64,274	–	73,612	–	–	(137,886)	–
Transfer from investment properties	–	–	5,000,000	–	–	–	–	–	–	5,000,000
Transfer from prepaid lease payments	–	3,530,739	–	–	–	–	–	–	–	3,530,739
Effect of movements in exchange rates	30,035	–	10,145	(4,743)	(304)	(1,739)	–	(4,091)	4,838	34,141
At 31 December 2013/ 1 January 2014	678,929	3,530,739	34,995,526	91,434,616	4,278,681	2,590,337	1,583,747	2,319,412	5,146	141,417,133
Additions	–	–	289,522	5,984,513	1,059,041	63,839	64,965	281,514	2,129,710	9,873,104
Disposals/write-off	–	–	–	(249,692)	–	(44,336)	(4)	(152,775)	–	(446,807)
Effect of movements in exchange rates	44,218	–	66,936	97,516	669	15,279	105	26,245	114,315	365,283
At 31 December 2014	723,147	3,530,739	35,351,984	97,266,953	5,338,391	2,625,119	1,648,813	2,474,396	2,249,171	151,208,713

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Property, plant and equipment - Group (continued)

	Freehold land RM	Short term leasehold land RM	Buildings and structures RM	Plant and machinery RM	Production tools and equipment RM	Furniture, fixtures and office equipment RM	Mechanical and electrical installation RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Accumulated depreciation										
At 1 January 2013	–	–	2,440,019	53,435,024	2,891,467	2,603,825	1,583,744	1,641,381	–	64,595,460
Depreciation for the year	–	–	1,229,534	7,169,307	264,176	138,458	–	155,303	–	8,956,778
Disposals/write-off	–	–	–	(1,262,212)	(371,875)	(520,409)	–	–	–	(2,154,496)
Transfer from prepaid lease payments	–	1,361,216	–	–	–	–	–	–	–	1,361,216
Effect of movements in exchange rates	–	–	38,473	(8,728)	(160)	(177)	–	(717)	–	28,691
At 31 December 2013/ 1 January 2014	–	1,361,216	3,708,026	59,333,391	2,783,608	2,221,697	1,583,744	1,795,967	–	72,787,649
Depreciation for the year	–	58,846	1,367,284	8,466,969	327,494	144,820	2,767	193,068	–	10,561,248
Disposals/write-off	–	–	–	(248,901)	–	(43,683)	–	(152,774)	–	(445,358)
Effect of movements in exchange rates	–	–	54,214	45,527	535	9,324	92	12,963	–	122,655
At 31 December 2014	–	1,420,062	5,129,524	67,596,986	3,111,637	2,332,158	1,586,603	1,849,224	–	83,026,194

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Property, plant and equipment - Group (continued)

	Freehold land RM	Short term leasehold land RM	Buildings and structures RM	Plant and machinery RM	Production tools and equipment RM	Furniture, fixtures and office equipment RM	Mechanical and electrical installation RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Carrying amounts										
At 1 January 2013	648,894	–	27,545,362	27,426,954	888,076	228,136	3	543,580	177,989	57,458,994
At 31 December 2013/ 1 January 2014	678,929	2,169,523	31,287,500	32,101,225	1,495,073	368,640	3	523,445	5,146	68,629,484
At 31 December 2014	723,147	2,110,677	30,222,460	29,669,967	2,226,754	292,961	62,210	625,172	2,249,171	68,182,519

Security

At 31 December 2014, freehold land and buildings with a carrying amount of RM914,107 (2013 : RM953,028) were charged to a bank as securities for credit facilities granted to the Group.

Leasehold land of the Group is with unexpired period less than 50 years.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. Investment properties - Group

	2014 RM	2013 RM
At 1 January	**19,319,962**	27,311,538
Change in fair value recognised in profit or loss	**553,090**	405,236
Effect of movements in exchange rates	**104,043**	3,188
Transfer to property, plant and equipment	**-**	(5,000,000)
Transfer to prepaid lease payments	**-**	(3,400,000)
At 31 December	**19,977,095**	19,319,962
Included in the above are :		
At fair value		
Freehold land and buildings	**1,677,095**	1,709,962
Short term leasehold land and buildings	**18,300,000**	17,610,000
	19,977,095	19,319,962

Investment properties comprise a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1 to 2 years (see Note 27). No contingent rents are charged.

Investment properties of the Group amounting to RM1,677,095 (2013 : RM1,709,962) are charged to a bank as securities for credit facilities granted to the Group.

The following are recognised in profit or loss in respect of investment properties:

	2014 RM	2013 RM
Rental income	**994,377**	1,163,342
Direct operating expenses :		
- income generating investment properties	**101,405**	172,919
- non-income generating investment properties	**569,726**	261,752

Fair value information

Fair value of investment properties are categorised as follows :

	2014		2013	
	Level 3 RM	Total RM	Level 3 RM	Total RM
Freehold land and buildings	**1,677,095**	**1,677,095**	1,709,962	1,709,962
Short term leasehold land and buildings	**18,300,000**	**18,300,000**	17,610,000	17,610,000
	19,977,095	**19,977,095**	19,319,962	19,319,962

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. Investment properties - Group (cont'd)

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values :

	2014 RM	2013 RM
At 1 January	**19,319,962**	27,311,538
Transfer to property, plant and equipment	**–**	(5,000,000)
Transfer to prepaid lease payments	**–**	(3,400,000)
Gains and losses recognised in profit or loss		
Change in fair value - other operating income - unrealised	**553,090**	405,236
Effect of movement in exchange rates	**104,043**	3,188
At 31 December	**19,977,095**	19,319,962

The following table shows the valuation techniques used in the determination of fair values within level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and input used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sales comparison approach: Sales price of similar property in the locality are adjusted for differences in key attributes such as location, time, size, tenure, neighbourhood and other relevant factors. The most significant input into this valuation approach is price per square foot.	Price per square foot (RM48 – RM66)	The estimated fair value would increase/(decrease) if the price per square foot is higher/(lower).

Valuation process applied by the Group for level 3 fair value

At 31 December 2014, the fair value of the Group's investment properties of short term leasehold land and buildings of RM18,300,000 (2013 : RM17,610,000), has been arrived at on the basis of a valuation carried out at that date by an independent property valuer, having appropriate recognised professional qualifications and recent experience in the valuation of properties in the relevant locations. The valuation company provides the fair value of the Group's investment properties portfolio annually. Changes in Level 3 fair values are analysed by the management annually after obtaining valuation report from the valuation company.

The fair value of the Group's investment properties of freehold land and buildings of RM1,677,095 (2013 : RM1,709,962) was determined by the Directors by reference to market evidence of transaction prices for similar properties.

Highest and best use

The Group's investment property is a factory buildings located within an area designated for industrial use. Accordingly, industrial use have been adopted as the highest and best use for the valuation purpose.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. Prepaid lease payments - Group

	Unexpired period less than 50 years RM
Cost	
At 1 January 2013	8,130,207
Transfer to property, plant and equipment	(3,530,739)
Transfer from investment properties	3,400,000
At 31 December 2013/1 January 2014/31 December 2014	7,999,468
Accumulated amortisation	
At 1 January 2013	1,548,436
Transfer to property, plant and equipment	(1,361,216)
Amortisation for the year	172,413
At 31 December 2013/1 January 2014	359,633
Amortisation for the year	205,047
At 31 December 2014	564,680
Carrying amounts	
At 1 January 2013	6,581,771
At 31 December 2013/1 January 2014	7,639,835
At 31 December 2014	7,434,788

6. Goodwill on consolidation - Group

	2014 RM	2013 RM
At cost :		
At beginning and end of financial year	**1,721,665**	1,721,665

At the end of the reporting period, the Group assessed the recoverable amount of goodwill, and determined that there was no impairment of goodwill to be recognised.

Goodwill has been allocated for impairment testing purposes to manufacturing activities of a foreign subsidiary.

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a period of 3 years with an estimated growth rate of negative 9% (2013 : negative 13%) and a discount rate of 10.05% (2013 : 9.45%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. Goodwill on consolidation - Group (cont'd)

Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The Directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

7. Investment in subsidiaries - Company

	2014 RM	2013 RM
Unquoted shares, at cost	**79,918,805**	79,918,805

Details of the subsidiaries are as follows :

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2014 %	2013 %
Pan-International Electronics (Malaysia) Sdn. Bhd.	Malaysia	Contract electronic manufacturing, cable assemblies and PCB assemblies and manufacture of fixed and handheld barcode readers and its related sub-assembly	100	100
Pan International Electronics (Thailand) Co., Ltd. #	Thailand	Manufacturing and providing of cable and wireharness to computer, communication and consumer electronic industry	100	100
Pan-International Wire & Cable (Malaysia) Sdn. Bhd.	Malaysia	Manufacture of cables and wires for electronic devices and cable moulding compounds	100	100
Pan-International Corporation (S) Pte. Ltd. #	Singapore	Marketing and trading of electronic and telecommunication components and equipment	100	100
PIE Enterprise (M) Sdn. Bhd.	Malaysia	Trading of peripheral products of computer, telecommunication, consumer electronics and cable assembly products and manufacture, refurbishment and sale of electronics appliances	100	100
P.I.W. Enterprise (Malaysia) Sdn. Bhd.	Malaysia	Dormant	100	100

Not audited by member firms of KPMG International.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. Investment in an associate

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Unquoted shares, at cost	**25,000**	25,000	**25,000**	25,000
Share of post-acquisition reserves	**(22,234)**	(14,206)	**–**	–
	2,766	10,794	**25,000**	25,000

Details of the associate are as follows :

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2014 %	Effective ownership interest and voting interest 2013 %
Infra-Info Telecommunications Sdn. Bhd.	Malaysia	Provision of wireless broadband services and sale of telecommunication products	49	49

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

Group	Infra-Info Telecommunications Sdn Bhd 2014 RM	Infra-Info Telecommunications Sdn Bhd 2013 RM
Summarised financial information		
As at 31 December		
Non-current assets	**19,284**	29,784
Current assets	**11,433**	11,477
Current liabilities	**(25,072)**	(19,231)
Net assets	**5,645**	22,030
Year ended 31 December		
Loss from continuing operations	**16,385**	31,132
Included in the total comprehensive income is:		
Revenue	**10**	34

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. Investment in an associate (cont'd)

	Infra-Info Telecommunications Sdn Bhd	
	2014	**2013**
Group	**RM**	**RM**
Reconciliation of net assets to carrying amount		
As at 31 December		
Group's share of net assets	**2,766**	10,794
Carrying amount in the statement of financial position	**2,766**	10,794
Group's share of results		
Year ended 31 December		
Group's share of loss from continuing operations	**8,028**	15,255
Group's share of total comprehensive income	**8,028**	15,255

9. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

The recognised deferred tax assets and liabilities, after appropriate offsetting, are as follows :

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Deferred tax assets	**1,368,123**	1,322,816	**1,336,000**	1,171,000
Deferred tax liabilities	**(2,859,347)**	(3,843,926)	**–**	–
	(1,491,224)	(2,521,110)	**1,336,000**	1,171,000

Deferred tax assets and liabilities, are attributable to the following :

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Deferred tax assets				
Unutilised tax losses	**490,000**	740,000	**490,000**	740,000
Provisions	**5,272,000**	3,304,000	**846,000**	431,000
Other deductible temporary differences	**–**	647,000	**–**	–
	5,762,000	4,691,000	**1,336,000**	1,171,000
Deferred tax liabilities				
Property, plant and equipment	**(7,207,224)**	(7,212,110)	**–**	–
Other deductible temporary differences	**(46,000)**	–	**–**	–
	(1,491,224)	(2,521,110)	**1,336,000**	1,171,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9. Deferred tax assets/(liabilities) (cont'd)

Group	At 1.1.2013 RM	Recognised in other comprehensive income RM	Recognised in profit or loss (Note 23) RM	At 31.12.2013/ 1.1.2014 RM	Recognised in other comprehensive income RM	Recognised in profit or loss (Note 23) RM	At 31.12.2014 RM
Property, plant and equipment	(5,365,923)	–	(1,846,187)	(7,212,110)	–	4,886	(7,207,224)
Unutilised tax losses	359,000	–	381,000	740,000	–	(250,000)	490,000
Provisions	2,015,000	(4,412)	1,293,412	3,304,000	3,305	1,964,695	5,272,000
Other deductible temporary differences	1,650,000	–	(1,003,000)	647,000	–	(693,000)	(46,000)
	(1,341,923)	(4,412)	(1,174,775)	(2,521,110)	3,305	1,026,581	(1,491,224)
Company							
Unutilised tax losses	359,000	–	381,000	740,000	–	(250,000)	490,000
Other deductible temporary differences	423,000	–	8,000	431,000	–	415,000	846,000
	782,000	–	389,000	1,171,000	–	165,000	1,336,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9. Deferred tax assets/(liabilities) (cont'd)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross) :

	Group		Company	
	2014 RM	**2013 RM (Restated)**	**2014 RM**	**2013 RM**
Unutilised tax losses	**375,000**	375,000	**–**	–
Other deductible temporary differences	**90,000**	90,000	**–**	–
	465,000	465,000	**–**	–

The unutilised tax losses do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilize the benefits there from.

The comparative figures have been restated to reflect the revised unutilized tax assets available to the Group.

10. Inventories - Group

	2014 RM	**2013 RM**
Raw materials	**35,605,499**	28,839,576
Work-in-progress	**19,040,630**	24,502,620
Finished goods	**17,692,849**	35,965,444
Goods-in-transit	**4,449,464**	10,385,669
	76,788,442	99,693,309

Recognised in profit or loss

	2014 RM	**2013 RM**
Inventories recognised as cost of sales :		
Write-down to net realisable value	**52,002**	183,556
Reversal of write-down	**(216,409)**	(1,899,987)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

11. Trade and other receivables

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Trade					
Trade receivables		**162,726,545**	162,659,246	**–**	–
Non-trade					
Amount due from subsidiaries	11.1	**–**	–	**44,318,856**	49,455,000
Other receivables		**1,284,778**	4,112,871	**1,425**	1,408
Deposits		**239,372**	234,661	**2,000**	2,000
Prepayments		**1,279,288**	1,491,790	**13,844**	13,844
		2,803,438	5,839,322	**44,336,125**	49,472,252
		165,529,983	168,498,568	**44,336,125**	49,472,252

11.1 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, interest free and repayable on demand.

12. Other investments - Group/Company

	2014 RM	2013 RM
Financial assets carried at fair value through profit or loss :		
Investment in Islamic income fund	**558,867**	541,105

13. Short-term deposits with licensed banks

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Held as other investment	**34,333,472**	26,283,987	**–**	–
Held as cash and cash equivalents	**156,978,323**	38,944,921	**1,001,129**	1,046,094
	191,311,795	65,228,908	**1,001,129**	1,046,094

14. Cash and bank balances

Included in the cash and bank balances is RM38,268 (2013 : RM35,928) pledged as guarantee for the issuance of letter of guarantee by a bank for a foreign subsidiary's installation of electrical transformer and guarantee for the performance.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

15. Share capital - Group/Company

	2014		2013	
	Number of share	**Amount RM**	**Number of share**	**Amount RM**
Authorised :				
Ordinary shares of RM1 each				
At 1 January/31 December	**100,000,000**	**100,000,000**	100,000,000	100,000,000
Issued and fully paid share classified as equity instruments :				
Ordinary shares of RM1 each				
At 1 January	**64,007,000**	**64,007,000**	64,007,000	64,007,000
Increase during the year	**12,801,397**	**12,801,397**	–	–
At 31 December	**76,808,397**	**76,808,397**	64,007,000	64,007,000

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meeting of the Company. in respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

Treasury shares

The shareholders of the Company, by a special resolution passed in a general meeting held on 25 May 2013, had approved the Company's plan to repurchase its own shares. Under the share buy-back exercise, the Company is authorised to purchase up to a maximum of 10% of the total issued and paid-up share capital. The share buy-back exercise is undertaken to enhance the value of the Company and is applied in the best interests of the Company and its shareholders.

During the financial year, the Company disposed 73,900 (2013 : repurchased of 46,600) of its issued share capital to the open market at an average price of RM7.88 (2013 : purchased price of RM4.63) per share. The total consideration received was RM582,438 (2013 : payment of RM215,735). The surplus on disposal of treasury shares is credited to the share premium account.

At 31 December 2014, nil (2013 : 73,900) ordinary shares were held as treasury shares. The number of outstanding ordinary shares of RM1.00 each in issue after deducting the treasury shares held is 76,808,397 (2013 : 63,933,100). Treasury shares held have no rights to voting, dividends and participation in other distribution.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

16. Reserves

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Non-distributable					
Share premium	16.1	**6,394,505**	18,993,049	**6,394,505**	18,993,049
Foreign currency translation reserve	16.2	**3,869,682**	369,857	**–**	–
Merger reserve	16.3	**–**	–	**16,408,221**	16,408,221
		10,264,187	19,362,906	**22,802,726**	35,401,270
Distributable					
Retained earnings		**230,590,076**	204,880,921	**25,025,754**	30,922,425
		240,854,263	224,243,827	**47,828,480**	66,323,695

16.1 *Share premium*

The share premium arose from the issue of shares at premium and sale of treasury shares, net of share issue expenses.

16.2 *Foreign currency translation reserve*

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

16.3 *Merger reserve*

Merger reserve represents the difference between the cost of investments in subsidiaries and the nominal value of shares issued as consideration plus cash consideration.

17. Trade and other payables

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Trade					
Trade payables		**69,727,164**	49,834,849	**–**	–
Amount due to ultimate holding company	17.1	**70,989**	82,612	**–**	–
Amount due to related parties	17.1	**38,130,565**	56,655,608	**–**	–
		107,928,718	106,573,069	**–**	–
Non-trade					
Amount due to related parties	17.1	**786,950**	676,306	**–**	–
Other payables		**6,696,206**	4,787,326	**–**	–
Accrued expenses		**17,451,119**	17,696,529	**3,792,471**	3,420,418
		24,934,275	23,160,161	**3,792,471**	3,420,418
		132,862,993	129,733,230	**3,792,471**	3,420,418

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

17. Trade and other payables (cont'd)

17.1 Amounts due to ultimate holding company and related parties

The trade amounts due to ultimate holding company and related parties are subject to normal trade terms.

The non-trade amount due to related parties is unsecured, interest-free and repayable on demand.

18. Borrowings - Group

	2014 RM	2013 RM
Unsecured		
Short term loan	**95,231,155**	43,789,464

19. Revenue

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Sale of goods	**561,709,738**	449,026,568	**–**	–
Investment income earned on financial asset at fair value through profit or loss	**17,418**	16,170	**17,418**	16,170
Management fee	**–**	–	**5,520,000**	3,660,000
Dividend income from subsidiaries	**–**	–	**7,461,326**	–
	561,727,156	449,042,738	**12,998,744**	3,676,170

20. Staff costs

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Personnel expenses (including key management personnel) :				
- Contribution to Employees' Provident Funds and central provident fund	**1,365,475**	1,341,328	**100,110**	97,499
- Wages, salaries and others	**41,301,222**	38,672,252	**3,192,034**	3,105,691
	42,666,697	40,013,580	**3,292,144**	3,203,190

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

21. Operating profit/(loss)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Operating profit/(loss) is arrived at after charging :				
Auditors' remuneration :				
- Audit fees				
- KPMG Malaysia	**93,000**	84,650	**35,000**	33,000
- Other auditors				
- Current year	**41,220**	42,000	**–**	–
- Non-audit fees				
- KPMG Malaysia				
- Current year	**25,100**	12,000	**7,400**	12,000
- Prior year	**24,100**	–	**6,400**	–
- Other auditors	**30,000**	41,778	**30,000**	22,600
Depreciation of property, plant and equipment	**10,561,248**	8,956,778	**–**	–
Amortisation of prepaid lease payment	**205,047**	172,413	**–**	–
Rental of :				
- premises	**262,017**	227,130	**–**	–
- office equipment	**17,297**	18,465	**–**	–
Plant and equipment written off	**1,439**	–	**–**	–
Fair value loss on financial asset at fair value through profit or loss	**–**	78	**–**	78
Loss on foreign exchange :				
- realised	**137,212**	–	**–**	–
- unrealised	**12,302**	117,772	**80**	117
Impairment loss on trade receivables	**154,574**	543,588	**–**	–
Inventories written down	**52,002**	183,556	**–**	–
and after crediting :				
Fair value gain on financial asset at fair value through profit or loss	**344**	–	**344**	–
Gain on fair value adjustments of investment properties	**553,090**	405,236	**–**	–
Gain on foreign exchange :				
- realised	**10,810,241**	11,155,298	**27,364**	7,430
- unrealised	**262,346**	–	**–**	–
Gain on disposal of property, plant and equipment	**220,051**	25,287	**–**	–
Interest income on short-term deposits	**1,987,963**	1,768,593	**27,941**	58,336
Investment income earned on financial asset at fair value through profit or loss	**17,418**	16,170	**17,418**	16,170
Rental income from investment properties	**994,377**	1,163,342	**–**	–
Reversal of inventories written down	**216,409**	1,899,987	**–**	–
Reversal of impairment loss on trade receivables	**–**	4,008	**–**	–

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

22. Key management personnel compensations

The key management personnel compensations are as follows :

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors of the Company				
- Fees	**72,000**	72,000	**72,000**	72,000
- Other emoluments	**2,251,565**	2,268,015	**2,251,565**	2,268,015
- Contributions to Employees' Provident Fund	**48,618**	46,836	**48,618**	46,836
Other Directors				
- Other emoluments	**–**	1,116,707	**–**	–
- Contributions to Employees' Provident Fund	**–**	45,861	**–**	–
	2,372,183	3,549,419	**2,372,183**	2,386,851

There are no other key management personnel, other than all the Directors of the Group and of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

23. Income tax expense

Recognised in profit or loss

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current tax expense				
- Malaysia				
- current year	**12,964,137**	9,626,000	**–**	–
- prior year	**107,885**	13,020	**–**	–
- Overseas				
- current year	**217,781**	385,518	**–**	–
Total current tax	**13,289,803**	10,024,538	**–**	–

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

23. Income tax expense (cont'd)

Recognised in profit or loss (cont'd)

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Deferred tax expense				
Origination and reversal of temporary differences	**(1,078,279)**	(190,225)	**(161,000)**	(396,000)
Under/(Over) provision in prior year	**51,698**	1,365,000	**(4,000)**	7,000
Total deferred tax	**(1,026,581)**	1,174,775	**(165,000)**	(389,000)
Total income tax expense	**12,263,222**	11,199,313	**(165,000)**	(389,000)

Reconciliation of tax expense

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Profit/(Loss) for the year	**38,510,555**	38,031,597	**6,904,729**	(1,346,219)
Total income tax expense	**12,263,222**	11,199,313	**(165,000)**	(389,000)
Profit/(Loss) excluding tax	**50,773,777**	49,230,910	**6,739,729**	(1,735,219)
Income tax at Malaysian tax rate of 25%	**12,693,444**	12,307,728	**1,684,932**	(433,805)
Non-deductible expenses	**360,920**	296,075	**30,710**	38,172
Income not subject to tax	**–**	–	**(1,876,642)**	–
Effect of tax incentives	**(574,561)**	(2,214,543)	**–**	–
Effect of tax rates in foreign jurisdictions	**(376,164)**	(335,853)	**–**	–
Others	**–**	(232,115)	**–**	(367)
	12,103,639	9,821,292	**(161,000)**	(396,000)
Under/(Over) provided in prior years	**159,583**	1,378,020	**(4,000)**	7,000
	12,263,222	11,199,312	**(165,000)**	(389,000)

A subsidiary in Malaysia has been granted pioneer status under the Promotion of Investment Act, 1986 for the manufacturing of fixed and handheld barcode readers and its related sub assembly. Under this incentive, 70% of the subsidiary's statutory income from the manufacturing of fixed and handheld barcode readers is exempted from income tax for a period of five years commencing 2 February 2009 up to 31 January 2014.

Another subsidiary in Thailand is enjoying investment promotion in manufacturing of certain goods according to the Investment Promotion Act of Thailand B.E. 1977. Under this incentive, the subsidiary is entitled to full corporate tax exemption on certain income, tax reduction at 10% on certain income, and full corporate tax exemption on certain income not exceeding the capital investment (excluding land), as well as other rights and privileges as prescribed by the Board of Investment. For income which is derived from Non-Board of Investment operations, it is liable for corporate tax at 20%.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

24. Earnings per ordinary share

Basic earnings per ordinary share

The basic earnings per ordinary share is calculated by dividing the Group's profit attributable to owners of the Company of RM38,510,555 (2013 : RM38,031,597) by the weighted average number of ordinary shares outstanding during the financial year of 76,774,384 (2013 : 63,963,613).

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share as there are no dilutive potential ordinary shares during the financial year and the previous financial year.

25. Dividends

Dividends recognised by the Company :

	Sen per share (net of tax)	Total amount RM	Date of payment
2014			
In respect of financial year 2013:			
Special single tier dividend	**8.00**	**5,120,560**	**11 June 2014**
First and final single tier dividend	**12.00**	**7,680,840**	**11 June 2014**
	20.00	**12,801,400**	
2013			
In respect of financial year 2012:			
Special dividend	15.00	9,596,955	18 June 2013
First and final dividend	9.00	5,758,173	18 June 2013
	24.00	15,355,128	

The financial statements do not reflect these dividends in relation to the financial year ended 31 December 2014, which will be accounted for as an appropriation of retained earnings in the year ending 31 December 2014.

26. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities and include the following :

i) Subsidiaries as disclosed in Note 7.

ii) The immediate and ultimate holding companies.

iii) Subsidiaries of the immediate and ultimate holding companies.

iv) A shareholder of the Company's ultimate holding company, Hon Hai Precision Industries Co. Ltd. and its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26. Related parties (cont'd)

v) Key management personnel.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. Key management personnel includes all the Directors of the Company.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 11 and 17.

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
A. Ultimate holding company				
Purchase of raw materials	**433,754**	174,424	**–**	–
Inspection fee paid	**69,171**	132,279	**–**	–
B. Subsidiaries				
Management fee received	**–**	–	**5,520,000**	3,660,000
Dividend received	**–**	–	**7,461,326**	–
C. Related parties				
Sale of finished goods				
- Funing Precision Component Co., Ltd.	**–**	121,745	**–**	–
Purchase of raw materials				
- Hon Hai Precision Industries Co., Ltd.	**72,219,485**	36,278,648	**–**	–
- FIH (Hong Kong) Ltd.	**43,847**	346,396	**–**	–
- Iris World Enterprise Ltd.	**602,114**	727,554	**–**	–
- Fu Hong Precision Component (Bac Giang) Ltd.	**6,479,319**	16,932,960	**–**	–
- Funing Precision Component Co., Ltd.	**14,978,558**	36,632,151	**–**	–
- Foxconn Interconnect Technology Singapore Pte. Ltd.	**17,453,584**	–	**–**	–
Purchase of machinery				
- FuShiKang Electronical Industrial Development (KunShan) Co., Ltd.	**518,880**	673,905	**–**	–
- HongFuJin Precision Electronics (ChongQing) Co., Ltd.	**–**	881,263	**–**	–
- HongFuJin Precision Industry (ShenZhen) Co., Ltd.	**–**	401,180	**–**	–
- Foxconn Precision Electronics (LangFang) Co., Ltd.	**185,820**	961,521	**–**	–
- Hon Hai Precision Ind. Co. Ltd.	**686,105**	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26. Related parties (continued)

Significant related party transactions (cont'd)

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
C. Related parties (cont'd)				
Purchase of machinery (cont'd)				
- FIH Indis Private Limited	**839,396**	–	**–**	–
- FIH Precision Component (Beijing) Co., Ltd.	**300,479**	–	**–**	–
- Fuding Precision Industrial (Zhengzhou) Co., Ltd.	**482,861**	–	**–**	–
- Hongfujin Precision Industry (Wuhan) Co., Ltd.	**303,605**	–	**–**	–

There were no transactions with any key management personnel during the year other than key management personnel compensation as disclosed in Note 22.

27. Operating lease - Group

Leases as lessee

Non-cancellable operating lease rentals are payable as follows :

	2014	2013
	RM	RM
Less than one year	**243,350**	117,380
Between one and five years	**200,150**	53,240
	443,500	170,620

The Group has entered into operating lease agreements for the use of premises and office equipment. The leases typically run for a period of 1 to 3 years, with the option to renew the lease after that date.

Leases as lessor

The Group leases out its investment properties under operating leases (see Note 4). The future minimum lease receivables under non-cancellable leases for investment properties which is ready for its intended uses are as follows :

	2014	2013
	RM	RM
Less than one year	**210,000**	947,784
Between one and five years	**-**	210,000
	210,000	1,157,784

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28. Capital commitments - Group

	2014 RM	2013 RM
Capital expenditure commitments on property, plant and equipment		
Authorised but not contracted for	**172,886**	–

29. Operating segments - Group

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Managing Director reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

a) manufacturing of industrial products (includes cables and wires for electronic devices, cable moulding compounds and PCB assemblies, cable and wireharness to computer, communication, consumer electronic industry and cable assemblies);

b) trading of electrical products (includes peripheral products of computers, telecommunication, consumer electronics and cable assembly products); and

c) investment holdings.

Segment profit

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Managing Director (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Managing Director. Hence no disclosure is made on segment liability.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

29. Operating segments - Group (cont'd)

	Manufacturing of industrial products RM	Trading of electrical products RM	Investment holdings RM	Eliminations RM	Total RM
2014					
Revenue					
External sales	559,498,084	2,211,654	17,418	–	561,727,156
Inter-segment revenue	1,308,088	1,594,159	12,981,326	(15,883,573)	–
Total revenue	560,806,172	3,805,813	12,998,744	(15,883,573)	561,727,156
Results					
Segment profit/(loss)	49,567,438	(106,819)	6,711,788	(8,006,247)	48,166,160
Rental income					994,377
Interest income					1,987,963
Finance cost					(366,695)
Share of loss of an associate					(8,028)
Profit before tax					50,773,777
Income tax expense					(12,263,222)
Profit for the year					38,510,555

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

29. Operating segments - Group (cont'd)

	Manufacturing of industrial products RM	Trading of electrical products RM	Investment holdings RM	Eliminations RM	Total RM
2013					
Revenue					
External sales	447,255,034	1,771,534	16,170	–	449,042,738
Inter-segment revenue	1,606,743	1,312,024	3,660,000	(6,578,767)	–
Total revenue	448,861,777	3,083,558	3,676,170	(6,578,767)	449,042,738
Results					
Segment profit/(loss)	48,450,540	(96,922)	(1,793,555)	(89,492)	46,470,571
Rental income					1,163,342
Interest income					1,768,593
Finance cost					(156,341)
Share of loss of an associate					(15,255)
Profit before tax					49,230,910
Income tax expense					(11,199,313)
Profit for the year					38,031,597

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

29. Operating segments - Group (cont'd)

	Manufacturing of industrial products RM	Trading of electrical products RM	Investment holdings RM	Total RM
2014				
Assets				
Segment assets	**333,347,953**	**4,795,246**	**140,910**	**338,284,109**
Income producing assets				**211,288,890**
Investment in an associate				**2,766**
Income tax assets				**2,529,919**
Other financial assets				**558,867**
Total assets				**552,664,551**
2013				
Assets				
Segment assets	375,135,613	4,342,337	147,160	379,625,110
Income producing assets				84,548,870
Investment in an associate				10,794
Income tax assets				2,492,532
Other financial assets				541,105
Total assets				467,218,411

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

29. Operating segments - Group (cont'd)

	Manufacturing of industrial products RM	Trading of electrical products RM	Investment holdings RM	Eliminations RM	Total RM
2014					
Other information					
Additions to non-current assets	**9,873,104**	**–**	**–**	**–**	**9,873,104**
Interest income	**1,928,894**	**31,128**	**27,941**	**–**	**1,987,963**
Interest expense	**366,695**	**–**	**–**	**–**	**366,695**
Depreciation and amortisation expenses	**10,766,295**	**–**	**–**	**–**	**10,766,295**
Non-cash expenses other than depreciation and amortisation	**424,260**	**9,372**	**80**	**2,850**	**436,562**
2013					
Other information					
Additions to non-current assets	13,050,629	–	–	–	13,050,629
Interest income	1,680,956	29,301	58,336	–	1,768,593
Interest expense	156,341	–	–	–	156,341
Depreciation and amortisation expenses	9,129,191	–	–	–	9,129,191
Non-cash expenses other than depreciation and amortisation	727,144	–	78	15,255	742,477

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

29. Operating segments - Group (cont'd)

Geographical information

The Group operated in three principal geographical areas, Malaysia, Thailand and Singapore.

In presenting information on the basis geographical segments, segment revenue is based on geographical location of the customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investment in an associate), goodwill and deferred tax assets.

	Revenue RM	Non-current assets RM
2014		
Malaysia	**174,538,423**	**89,643,671**
Other Asia Pacific countries	**147,884,557**	**5,950,731**
Europe	**191,443,048**	**–**
United States of America	**47,861,128**	**–**
	561,727,156	**95,594,402**
2013		
Malaysia	115,908,897	91,661,893
Other Asia Pacific countries	142,707,568	3,927,388
Europe	131,656,984	–
United States of America	58,769,289	–
	449,042,738	95,589,281

30. Financial instruments

30.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows :

(a) Loans and receivables ("L&R")
(b) Fair value through profit or loss ("FVTPL")
(c) Financial liabilities measured at amortised cost ("FL")

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (cont'd)

30.1 Categories of financial instruments (cont'd)

	Carrying amount RM	L&R/(FL) RM	FVTPL RM
2014			
Financial assets			
Group			
Trade and other receivables (excluding prepayments)	164,250,695	164,250,695	–
Other investments	558,867	–	558,867
Cash and cash equivalents	209,938,507	209,938,507	–
	374,748,069	374,189,202	558,867
Company			
Trade and other receivables (excluding prepayments)	44,322,281	44,322,281	–
Other investments	558,867	–	558,867
Cash and cash equivalents	1,124,770	1,124,770	–
	46,005,918	45,447,051	558,867
Financial liabilities			
Group			
Trade and other payables	(132,862,993)	(132,862,993)	–
Short term loan	(95,231,155)	(95,231,155)	–
	(228,094,148)	(228,094,148)	–
Company			
Other payables	(3,792,471)	(3,792,471)	–

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (cont'd)

30.1 Categories of financial instruments (cont'd)

	Carrying amount RM	L&R/(FL) RM	FVTPL RM
2013			
Financial assets			
Group			
Trade and other receivables (excluding prepayments)	167,006,778	167,006,778	–
Other investments	541,105	–	541,105
Cash and cash equivalents	98,671,157	98,671,157	–
	266,219,040	265,677,935	541,105
Company			
Trade and other receivables (excluding prepayments)	49,458,408	49,458,408	–
Other investments	541,105	–	541,105
Cash and cash equivalents	1,176,002	1,176,002	–
	51,175,515	50,634,410	541,105
Financial liabilities			
Group			
Trade and other payables	(129,733,230)	(129,733,230)	–
Short term loan	(43,789,464)	(43,789,464)	–
	(173,522,694)	(173,522,694)	–
Company			
Other payables	(3,420,418)	(3,420,418)	–

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (cont'd)

30.2 Net gains and losses arising from financial instruments

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Net gains/(losses) on :				
Fair value through profit or loss	**17,762**	16,092	**17,762**	16,092
Loans and receivables	**20,046,145**	16,253,640	**27,861**	58,219
Financial liabilities measured at amortised cost	**(7,716,663)**	(4,143,442)	**27,364**	7,430
	12,374,244	12,126,290	**72,987**	81,741

30.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments :

- Credit risk
- Liquidity risk
- Market risk

30.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from its advances to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally, credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables (excluding prepayments) is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due which are deemed to have higher credit risk are monitored individually.

At the reporting date, approximately 67% (2013: 62%) of the Group's trade receivables were due from three major customers and its related companies. Apart from these major customers, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (cont'd)

30.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM	Individual impairment RM	Net RM
Group			
2014			
Not past due	**143,643,147**	**–**	**143,643,147**
Past due 1 - 30 days	**14,366,485**	**–**	**14,366,485**
Past due 31 - 60 days	**5,394,149**	**(677,236)**	**4,716,913**
Past due 61 - 90 days	**141,579**	**(141,579)**	**–**
Past due 91 - 120 days	**207,136**	**(207,136)**	**–**
Past due more than 120 days	**888,989**	**(888,989)**	**–**
	164,641,485	**(1,914,940)**	**162,726,545**
2013			
Not past due	141,367,039	–	141,367,039
Past due 1 - 30 days	18,723,355	–	18,723,355
Past due 31 - 60 days	3,072,894	(505,140)	2,567,754
Past due 61 - 90 days	422,882	(422,882)	–
Past due 91 - 120 days	553,689	(552,591)	1,098
Past due more than 120 days	269,932	(269,932)	–
	164,409,791	(1,750,545)	162,659,246

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	2014 RM	2013 RM
At 1 January	**1,750,545**	1,211,007
Impairment loss recognised	**154,574**	543,588
Impairment loss reversed	**–**	(4,008)
Effect of movements in exchange rates	**9,821**	(42)
At 31 December	**1,914,940**	1,750,545

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (cont'd)

30.4 Credit risk (cont'd)

Intercompany balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries which are repayable on demand. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the aging of the advances to the subsidiaries. Nevertheless, these advances are not considered to be overdue and are repayable on demand.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid or marketable securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving deposit placements are with licensed financial institutions.

Impairment losses

There were no impairment losses recognised in respect of investments and other financial assets by the Group.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM95,231,155 (2013: RM43,789,464) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

30.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (cont'd)

30.5 Liquidity risk (cont'd)

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments :

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM
Group				
2014				
Trade and other payables	**132,862,993**	**–**	**132,862,993**	**132,862,993**
Short term loan	**95,231,155**	**0.75 - 0.93**	**95,231,155**	**95,231,155**
	228,094,148		**228,094,148**	**228,094,148**
2013				
Trade and other payables	129,733,230	–	129,733,230	129,733,230
Short term loan	43,789,464	0.75 - 0.93	43,789,464	43,789,464
	173,522,694		173,522,694	173,522,694
Company				
2014				
Other payables	**3,792,471**	**–**	**3,792,471**	**3,792,471**
2013				
Other payables	3,420,418	–	3,420,418	3,420,418

30.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (cont'd)

30.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD), European Dollar (EURO), Singapore Dollar (SGD), Japanese Yen (JPY) and Great Britain Pound (GBP).

Risk management objectives, policies and processes for managing the risk

The Group monitors development in the government's policy and market conditions to take necessary actions should there be any indication of unfavorable foreign exchange movement.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (continued)

30.6 Market risk (continued)

30.6.1 Currency risk (continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was :

	Denominated in			
	USD	**EURO**	**SGD**	**Others**
Group				
2014				
Balances recognised in the statement of financial position				
Trade and other receivables	146,474,873	4,583,845	681,137	–
Trade and other payables	(101,879,647)	(13,449)	(24,489)	(10,735)
Short-term deposits with licensed banks	84,180,100	–	–	–
Cash and bank balances	7,053,853	488,428	331,451	1,165,570
Borrowings	(95,231,155)	–	–	–
	40,598,024	5,058,824	988,099	1,154,835

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (cont'd)

30.6 Market risk (cont'd)

30.6.1 Currency risk (cont'd)

Exposure to foreign currency risk (cont'd)

	Denominated in			
	USD	**EURO**	**SGD**	**Others**
Group				
2013				
Balances recognised in the statement of financial position				
Trade and other receivables	142,865,854	10,580,670	505,803	–
Trade and other payables	(97,729,316)	(105,168)	(232,834)	(395,792)
Short-term deposits with licensed banks	8,766,400	–	–	–
Cash and bank balances	17,327,987	55,839	320,947	1,629,310
Borrowings	(43,789,464)	–	–	–
	27,441,461	10,531,341	593,916	1,233,518

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (cont'd)

30.6 Market risk (cont'd)

30.6.1 Currency risk (cont'd)

Currency risk sensitivity analysis

A 10% (2013 : 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases. There is no impact to equity arising from exposure to currency risk.

	Profit or loss	
	2014	**2013**
	RM	**RM**
USD	**(3,044,852)**	(2,058,110)
EURO	**(379,412)**	(789,851)
SGD	**(74,107)**	(44,544)
Others	**(86,613)**	(92,514)
	(3,584,984)	(2,985,019)

A 10% (2013 : 10%) weakening of the RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

30.6.2 Interest rate risk

The Group's short term deposits placed with licensed banks are exposed to a risk of change in fair value due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group seeks to maintain flexibility in funding by maintaining adequate committed credit lines.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-earning financial instruments, based on carrying amounts as at the end of the reporting period was :

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Fixed rate instruments				
Short-term deposits with licensed bank	**191,311,795**	65,228,908	**1,001,129**	1,046,094
Floating rate instruments				
Investment in Islamic income fund	**558,867**	541,105	**558,867**	541,105

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (cont'd)

30.6 Market risk (cont'd)

30.6.2 Interest rate risk

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change in 100 basis points in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 bp Increase	**100 bp Decrease**
Group/Company		
2014		
Investment in Islamic income fund	**5,589**	**(5,589)**
2013		
Investment in Islamic income fund	5,411	(5,411)

30.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and term loan approximate their fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Company's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (cont'd)

30.7 Fair value of financial instruments (cont'd)

	Fair value of financial instruments carried at fair value			Total fair value	Carrying amount
	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM
Financial assets					
2014					
Group					
Investment in Islamic income fund	558,867	–	–	558,867	558,867
Company					
Investment in Islamic income fund	558,867	–	–	558,867	558,867
2013					
Group					
Investment in Islamic income fund	541,105	–	–	541,105	541,105
Company					
Investment in Islamic income fund	541,105	–	–	541,105	541,105

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (cont'd)

30.7 Fair value of financial instruments (cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2013 : no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

31. Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment and share buy back issued shares. Management monitors capital based on the ability of the Group to generate sustainable profits and availability of retained earnings for dividend payments to shareholders.

32. Significant events

On 21 February 2014, RHB Investment Bank Berhad ("RHBIB") on behalf of the Board of Directors of the Company had announced that the Company proposed to undertake a proposed bonus issue of up to 12,801,400 new ordinary shares of RM1.00 each ("PI Share(s)") ("Bonus Share(s)") to be credited as fully paid-up on the basis of one (1) Bonus share for every five (5) existing PIE Shares held on an entitlement date to be determined later ("Proposed Bonus Issue"). The shareholders had in an extraordinary general meeting held on 23 May 2014 approved the Proposed Bonus Issue.

The Bonus Shares shall upon allotment and issuance, rank pari passu in all respects with the existing shares, except that the Bonus shares will not be entitled to any dividends, rights, allotments and/or other distributions, in respect of which the entitlement date precedes the date of allotment and issuance of the Bonus Shares.

On 26 May 2014, The Company announced that the Bonus Shares shall be credit as fully paid-up on the basis of one (1) Bonus Share for every five (5) existing PIB Shares held as at 5.00 p.m. on 12 June 2014 ("Entitlement Date")

The bonus issue was capitalised from share premium account.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33. Subsequent events

On 13 March 2015, Pan-International Electronics (Malaysia) Sdn. Bhd. ("PIE"), a wholly owned subsidiary of the Group, entered into a sales and purchase agreement with Sheng Khuang Circuit Board (M) Sdn Bhd ("vendor") to acquire a piece of leasehold land known as Lot No. 5019, Mukim 01, Daerah Seberang Perai Tengah, Penang held under Pajakan Negeri 3274 together with all buildings erected thereon for a total cash consideration of RM10,800,000, conditional upon the vendor obtaining the written consent of the State Authority for the sale and transfer of the said Property.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

34. Supplementary information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits/(losses), pursuant to paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows :

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Total retained earnings of the Company and its subsidiaries :				
- Realised	260,476,311	238,404,534	23,688,683	29,750,735
- Unrealised	12,758,561	8,523,361	1,337,071	1,171,690
	273,234,872	246,927,895	25,025,754	30,922,425
Total share of retained earnings of an associate :				
- Realised	(22,234)	(14,206)	–	–
	273,212,638	246,913,689	25,025,754	30,922,425
Less : Consolidation adjustments	(42,622,562)	(42,032,768)	–	–
Total retained earnings	230,590,076	204,880,921	25,025,754	30,922,425

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 30 to 95 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 34 on page 96 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

Mui Chung Meng

Chen, Chih-Wen

Penang

Date :25 March 2015

STATUTORY DECLARATION PURSUANT TO
SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Chen, Chih-Wen, being the Director primarily responsible for the financial management of P.I.E. Industrial Berhad, do solemnly and sincerely declare that the financial statements set out on pages 30 to 96 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named at Georgetown in the State of Penang on 25 March 2015.

Chen, Chih-Wen

Before me :

Goh Suan Bee (No. P125)
Commissioner for Oaths
Penang

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF P.I.E. INDUSTRIAL BERHAD (Company No. 424086 - X)(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of P.I.E. Industrial Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 30 to 95.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.

c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF P.I.E. INDUSTRIAL BERHAD (Company No. 424086 - X)(Incorporated in Malaysia)(cont'd)

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 34 on page 96 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
AF 0758
Chartered Accountants

Lee Yee Keng
2880/04/15 (J)
Chartered Accountant

Date : 25 March 2015

Penang

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL AS AT MARCH 31, 2015

Authorized	:	RM100,000,000.00
Issued and Fully paid-up	:	RM76,808,397.00
Class of Share	:	Ordinary Shares of RM1.00 each with equal voting rights
Number of Shareholders	:	2,175

DISTRIBUTION OF SHAREHOLDERS AS AT MARCH 31, 2015

Holdings	No. of Holders	Total Holdings	%
1 - 99	24	719	0.00
100 - 1,000	208	126,740	0.16
1,001 - 10,000	1,617	4,596,600	5.98
10,001 – 100,000	269	7,064,081	9.20
100,001 – 3,840,418	56	25,528,260	33.24
3,840,419 and above	1	39,491,997	51.42
Total	2,175	76,808,397	100.00

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT MARCH 31, 2015

	Name	Shareholdings	%
1.	Pan Global Holding Co. Ltd	39,491,997	51.42
2.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Qualifier: icapital.biz Berhad*	3,728,640	4.85
3.	Outstanding Growth Technology Limited	1,416,000	1.84
4.	Goh Thong Beng	1,305,600	1.70
5.	HSBC Nominees (Tempatan) Sdn Bhd *Qualifier: HSBC (M) Trustee Bhd for RHB-OSK Growth And Income Focus Trust (4892)*	1,166,060	1.52
6.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Qualifier: Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund*	1,117,440	1.45
7.	Amanahraya Trustees Berhad *Qualifier: Public Islamic Opportunities Fund*	1,073,400	1.40
8.	Amanahraya Trustees Berhad *Qualifier: Public Smallcap Fund*	1,005,960	1.31
9.	HSBC Nominees (Tempatan) Sdn Bhd *Qualifier: HSBC (M) Trustee Bhd For Manulife Investment Progress Fund (4082)*	810,900	1.06
10.	Public Invest Nominees (Tempatan) Sdn Bhd *Qualifier:Pledged Securities Account for Wong Yoke Fong @ Wong Nyok Fing (M)*	765,600	1.00
11.	HSBC Nominees (Tempatan) Sdn Bhd *Qualifier: HSBC (M) Trustee Bhd For Manulife Investment Al-Fauzan (5170)*	760,220	0.99
12.	Best Skill Technology Limited	756,000	0.98
13.	HSBC Nominees (Tempatan) Sdn Bhd *Qualifier: HSBC (M) Trustee Bhd For RHB-OSK Dana Kidsave*	640,000	0.83
14.	Public Nominees (Tempatan) Sdn Bhd *Qualifier: Pledged Securities Account for Wong Yoke Fong @ Wong Nyok Fing (JRC)*	600,000	0.78
15.	Cimsec Nominees (Tempatan) Sdn Bhd *Qualifier: CIMB Bank for Mak Tian Meng (MY0343)*	575,580	0.75
16.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Qualifier: Deutsche Trustees Malaysia Berhad for Eastspring Investments My Focus Fund*	538,520	0.70
17.	Chung Lean Hwa	492,000	0.64

ANALYSIS OF SHAREHOLDINGS (cont'd)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT MARCH 31, 2015 (CONT'D)

	Name	Shareholdings	%
18.	Operate Technology Limited	452,400	0.59
19.	Neoh Choo Ee & Company, Sdn. Berhad	415,800	0.54
20.	HSBC Nominees (Tempatan) Sdn Bhd *Qualifier: HSBC (M) Trustee Bhd For RHB-OSK Private Fund - Series 3*	405,820	0.53
21.	Lim Soon Huat	405,600	0.53
22.	Citigroup Nominees (Asing) Sdn Bhd *Qualifier: CBNY for Dimensional Emerging Markets Value Fund*	388,320	0.51
23.	UOBM Nominees (Tempatan) Sdn Bhd *Qualifier: Pledged Securities Account for Wong Yoke Fong @ Wong Nyok Fing (6110553745-T232)*	360,000	0.47
24.	ACE INA Berhad	356,280	0.46
25.	Amanahraya Trustees Berhad *Qualifier: Public Islamic Select Treasures Fund*	320,160	0.42
26.	Wong Yoon Tet	318,000	0.41
27.	Maybank Nominees (Tempatan) Sdn Bhd *Qualifier: Maybank Trustees Berhad For Manulife Investment Value Fund (950290)*	285,940	0.37
28.	Denver Corporation Sdn Bhd	280,240	0.36
29.	Wong Yoke Fong @ Wong Nyok Fing	275,400	0.36
30.	Cartaban Nominees (Tempatan) Sdn Bhd *Qualifier: RHB Trustees Berhad For Manulife Investment Shariah Progressfund*	262,780	0.34

SUBSTANTIAL SHAREHOLDERS AS AT MARCH 31, 2015

	Name	Direct No. of shares held	%	Indirect No. of shares held	%
1.	Pan Global Holding Co., Ltd	39,491,997	51.42	-	-
2.	Pan-International Industrial Corporation	-	-	39,491,997*	51.42

Note:
* *By virtue of its substantial interest in Pan Global Holding Co., Ltd.*

DIRECTORS' SHAREHOLDINGS AS AT MARCH 31, 2015

	Name	Direct Shareholding	%	Indirect Shareholding	%
1.	Ahmad Murad bin Abdul Aziz	1	negligible	–	–
2.	Mui Chung Meng[1]	–	–	–	–
3.	Cheng Shing Tsung	12,000	0.02	–	–
4.	Chen, Chih-Wen[2]	–	–	–	–
5.	Cheung Ho Leung	–	–	–	–
6.	Loo Hooi Beng	24,000	0.03	–	–
7.	Khoo Lay Tatt	–	–	–	–

Note: No indirect shareholdings.

PERSON CONNECTED TO DIRECTOR

	Name	Direct Shareholding	%	Indirect Shareholding	%
1.	Chung Lean Hwa[1]	492,000	0.64	–	–
2.	Khor Bee Kiow[2]	152,000	0.20		

[1,2] Being spouse of the Director

TOP 10 PROPERTIES

OWNED BY P.I.E. INDUSTRIAL BERHAD GROUP OF COMPANIES
AS AT 31 DECEMBER 2014

Location/ Title	Tenure	Approximate Area	Description	Net book value as at 31.12.2014 (RM)	Age of building (Years)	Year of Acquisition (A)/ Revaluation (R)
H.S.(D) 31801, PT 3245 Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang ^	Leasehold – 60 years (expire on 3.6.2051)	Land : 5.54 acres Built up : 5,626 sq. meters	Industrial complex - 1 storey detached factory building	12,449,581	24	2010 (A) & 2010 (R)
H.S.(D) 37959, Lot no. 3188, MK 1, Daerah Seberang Perai Tengah, Pulau Pinang. #	Leasehold – 60 years (expire on 6.6.2050)	Land : 4.44 acres Built up : 17,970 sq. meters	Industrial complex - 1 1/2 storey office cum factory - 2-storey factory complex - guard house and other out buildings	9,350,000	24	2014 (R)
H.S.(D) 4634 P.T. No. 3211, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang #	Leasehold – 60 years (expire on 3.12.2050	Land : 3.08 acres Built up : 8,527 sq. meters	Industrial complex - 1 storey office - 2 storey factory - 1 storey store	8,950,000	22	2014 (R)
H.S.(D) 4628 P.T. No. 3205, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang #	Leasehold – 60 years (expire on 11.11.2050)	Land : 7.0 acres Built up : 10,448 sq. meters	Industrial complex - 2 storey office - 1 storey factory - 1 storey warehouse - 2 storey training centre	8,617,134	22	1990 (A) & 2010 (R)
H.S.(D) 4633 P.T. No. 3210, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang *	Leasehold – 60 years (expire on 3.12.2050)	Land : 5.0 acres Built up : 12,257 sq. meters	Industrial complex - 2 storey office - 1 storey factory	8,361,055	20	1990 (A) & 2010 (R)

TOP 10 PROPERTIES

OWNED BY P.I.E. INDUSTRIAL BERHAD GROUP OF COMPANIES
AS AT 31 DECEMBER 2014 (cont'd)

Location/ Title	Tenure	Approximate Area	Description	Net book value as at 31.12.2014 (RM)	Age of building (Years)	Year of Acquisition (A)/ Revaluation (R)
H.S (D) No. 38146, P.T. No. 3227, Mukim 1, Seberang Perai Tengah, Pulau Pinang #	Leasehold – 60 years (expire on 5.2.2051)	Land : 4 acres Built up : 15,076 sq. meters	Industrial complex - 3 storey office - 2 storey factory complex - guard house	8,173,991	19	2012 (R)
H.S.(D) HBM2 P.T. No. 3410, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang #	Leasehold – 99 years (expire on 13.4.2091)	Built up : 1,801 sq. meters	Staff housing - 24 units of medium-cost apartments	1,804,218	20	2010 (R)
T/D no. 10832 No.101/47/15 Moo 20 Navanakorn I.E.Zone 1, Phaholyothin Road, Klongnueng Subdistrict, Klongluang Distric, Pathumtani, Thailand @	Freehold	Land : 0.64 acres Built up : 2,251 sq. meters	Industrial complex - 2 storey office - 1 storey factory - 1 storey store	964,354	25	2014 (R)
T/D no. 30175 and 1018 and 1047, No.12/1 Moo 9 Suwannasorn Road, Dongkeelek Subdistrict, Muang Distric, Prachinburi, Thailand @	Freehold	Land : 5.84 acres Built up : 6,514 sq. meters	Industrial complex - 1 storey office - 1 storey factory - 1 storey store	914,107	20	2010 (R)
T/D no. 10051 No.101/4/1 Moo 20 Navanakorn I.E.Zone 1, Phaholyothin Road, Klongnueng Subdistrict, Klongluang Distric, Pathumtani, Thailand @	Freehold	Land : 0.44 acres Built up : 1,183 sq. meters	Industrial complex - 1 storey office - 1 storey factory - 1 storey store	712,741	24	2014 (R)

Note :

* The land is owned by Pan-International Electronics (Malaysia) Sdn. Bhd. whilst the industrial building on the land is owned by Pan-International Wire & Cable (Malaysia) Sdn. Bhd.

^ All the land and buildings are owned by Pan-International Wire & Cable (Malaysia) Sdn. Bhd.

\# All the land and buildings are owned by Pan-International Electronics (Malaysia) Sdn. Bhd.

@ All the land and buildings are owned by Pan International Electronics (Thailand) Co., Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Company will be held at Capers, Level 2, The Light Hotel, Lebuh Tenggiri 2, Bandar Seberang Jaya, 13700 Prai on Monday, 25 May 2015 at 9.00 a.m.

AGENDA

1. To receive the Audited Financial Statements of the Company for the year ended 31 December 2014 together with the Reports of the Directors and of the Auditors thereon. *(Please refer to Note A)*

2. To declare the following Dividends for the year ended 31 December 2014:-
   a) A Special Single Tier Dividend of 13 sen per share ; (Resolution 1)
   b) A First and Final Single Tier Dividend of 12 sen per share. (Resolution 2)

3. To approve the payment of Directors' Fees of up to RM72,000 for the financial year ended 31 December 2014. (Resolution 3)

4. To re-elect the following directors retiring under the Article 98 (1) of the Articles of Association of the Company, and who being eligible, offered themselves for re-election:-
   a. Ahmad Murad Bin Abdul Aziz (Resolution 4)
   b. Cheung Ho Leung (Resolution 5)

5. To consider and if thought fit, to pass the following resolution pursuant to Section 129 (6) of the Companies Act, 1965:-

   "That Cheng Shing Tsung, a Director who is over seventy years of age, who retires in compliance with Section 129(2) of the Companies Act, 1965 be hereby re-appointed as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting." (Resolution 6)

6. To re-appoint Messrs. KPMG as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. (Resolution 7)

SPECIAL BUSINESS

7. To consider and if thought fit, to pass the following resolutions: -

   ORDINARY RESOLUTIONS

   a) Continue in Office as Senior Independent Non-Executive Director (Resolution 8)

      "That subject to the passing of Resolution 4, authority be and is hereby given to Ahmad Murad Bin Abdul Aziz who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as Senior Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012."

   b) Authority to Issue Shares (Resolution 9)

      "That pursuant to Section 132D of the Companies Act, 1965 and approvals from the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/ regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued share capital (excluding treasury shares) of the Company for the time being, and that the Board of Directors be empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

c) Renewal of Authority to Purchase its own Shares (Resolution 10)

"That subject to the Companies Act, 1965, provisions of the Company's Memorandum and Articles of Association ("M&A") and the requirements of the Bursa Securities and other relevant governmental and regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to purchase its own shares through Bursa Securities, subject to the following:-

i) The maximum aggregate number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company at any point in time;

ii) The maximum fund to be allocated by the Company for the purpose of purchasing the Company's shares shall not exceed the retained profits and share premium account of the Company. As at the latest financial year ended 31 December 2014, the audited retained profits and share premium account of the Company stood at RM25,025,754 and RM6,394,505 respectively;

iii) The authority conferred by this resolution will be effective immediately upon the passing of this resolution and shall continue to be in force until the conclusion of the next AGM of the Company, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions or the expiration of the period within which the next AGM is required by law to be held or unless revoked or varied by ordinary resolution passed by the shareholders in a general meeting, whichever occurs first;

iv) Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:-

- to cancel the shares so purchased; or
- to retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled; or
- retain part of the shares so purchased as treasury shares and cancel the remainder.

The Directors of the Company be and are hereby authorised to take all such steps as are necessary and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, if any, as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares in accordance with the Companies Act, 1965, provisions of the Company's M&A, the requirements of the Bursa Securities and any other regulatory authorities, and other relevant approvals."

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board,
HOW WEE LING (MAICSA 7033850)
OOI EAN HOON (MAICSA 7057078)
Secretaries

Penang
Date: 30 April 2015

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Notes: -

A. *This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association do not require a formal approval of the shareholders and hence, is not put forward for voting.*

1. *For the purpose of determining a member who shall be entitled to attend, speak and vote at the AGM, the Company shall be requesting the Record of Depositors as at 18 May 2015. Only a depositor whose name appears on the Record of Depositors as at 18 May 2015 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend, speak and vote on his/ her stead.*

2. *A Member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend and to vote in his place. A proxy may but need not be a Member and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

4. *The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointer. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.*

5. *The instrument appointing a proxy must be deposited at the Registered Office, 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, not less than 48 hours before the time appointed for holding the meeting i.e. by Friday, 22 May 2015 at 5.00p.m..*

Explanatory Note On Special Business:

1. Resolution 8 – Continue in Office as Senior Independent Non-Executive Director

   En. Ahmad Murad Bin Abdul Aziz has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of nearly eighteen (18) years. Currently, he is the Senior Independent Non-Executive Director and Chairman of the Company. After having assessed the independence of En. Ahmad Murad and also the assessment by the Nominating Committee, regards him to be independent based amongst others, he has remained objective and independent in exercising his judgment when a matter is put before him for decision, he also has the necessary knowledge of the business and operations of the Group and has the experience to make informed decision and participate actively and contribute positively during deliberations or discussions at Board Meetings. To that, the Board with the recommendation of the Nominating Committee, recommend En. Ahmad Murad to continue to serve as Senior Independent Non-Executive Director of the Company.

2. Resolution 9 - Authority to issue Shares

   The proposed Resolution No. 9, if passed, will grant a renewed general mandate (Mandate 2015) and empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

   The Mandate 2015 will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited for further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

   As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Seventeenth Annual General Meeting. The Company did not issue any share pursuant to the mandate granted because there was no investment, acquisition or working capital that required fund raising activity.

3. Resolution 10 - Renewal of Authority to Purchase its own Shares

   The proposed Resolution 10, if passed, will give the Directors of the Company authority to purchase its own shares up to ten per centum (10%) of the issued and paid-up share capital of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that the following Dividends for the year ended 31 December 2014, if approved, will be paid on 16 June 2015 to depositors registered in the Records of Depositors on 29 May 2015:-

a) A Special Single Tier Dividend of 13 sen per share; and
b) A First and Final Single Tier Dividend of 12 sen per share.

A Depositor shall qualify for entitlement to the Dividends in respect of: -

a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 29 May 2015 in respect of ordinary transfers;

b) shares bought on the Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the rules of Bursa Securities.

By Order of the Board,

HOW WEE LING (MAICSA 7033850)
OOI EAN HOON (MAICSA 7057078)
Secretaries

Penang
Date: 30 April 2015

SHARE BUY-BACK STATEMENT

1. DISCLAIMER STATEMENT

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Share Buy-Back Statement ("Statement") prior to its issuance, takes no responsibility for the contents of the Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Statement.

2. RATIONALE FOR THE PROPOSED PURCHASED BY P.I.E. INDUSTRIAL BERHAD ("PIE" OR "THE COMPANY") OF ITS OWN ORDINARY SHARES OF RM1.00 EACH ("SHARES") REPRESENTING UP TO 10% OF THE EXISTING ISSUED AND PAID-UP SHARE CAPITAL ("PROPOSED SHARE BUY-BACK")

The Proposed Share Buy-Back, if exercised, would potentially benefit the Company and its shareholders as follows:-

i) The Proposed Share Buy-Back would enable the Company to utilize its surplus financial resources to purchase Shares when appropriate, and at prices which the Board of Directors of the Company ("the Board") view as favourable to the Company;

ii) The Proposed Share Buy-Back would effectively reduce the number of Shares carrying voting and participation rights (unless the Purchased Shares are resold on Bursa Securities or distributed as share dividends). Consequently, all else being equal, the Earnings Per Share ("EPS") of the PIE Group ("the Group") may be enhanced as the earnings of the Group would be divided by a reduced number of Shares; and

iii) The Purchased Shares which will be retained as treasury shares may potentially be resold on Bursa Securities at a higher price and therefore realizing a potential gain in reserves without affecting the total issued and paid-up share capital of the Company. The treasury shares may also be distributed to shareholders as dividends and, if undertaken, would serve to reward the shareholders of the Company.

3. RETAINED PROFITS AND SHARE PREMIUM

Based on the audited financial statements of PIE as at 31 December 2014, the retained profits and share premium of the Company stood at RM25,025,754 and RM6,394,505 respectively.

4. SOURCE OF FUNDING

The Proposed Share Buy-Back will be funded from internally generated funds. The Company has adequate resources to undertake the Proposed Share Buy-Back in view that the Company has net cash and cash equivalent balance of approximately RM1,125,000 based on the audited financial statements of PIE as at 31 December 2014. Any funds utilized by PIE for the Proposed Share Buy-Back will consequentially reduce the resources available to PIE for its operations by a corresponding amount for shares bought back.

5. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholders in the Company as a consequence of the Proposed Share Buy-Back, none of the Directors and Substantial Shareholders of PIE nor persons connected to them has any interest, direct or indirect, in the Proposed Share Buy-Back and, if any, the resale of the treasury shares.

Based on the Register of Directors and the Register of Substantial Shareholders of PIE as at 31 March 2015 and assuming that PIE implements the Proposed Share Buy-Back in full, the effects of the Proposed Share Buy-Back on the shareholdings of the Directors, Substantial Shareholders and Person Connected to Director of PIE are as follows:-

SHARE BUY-BACK STATEMENT (cont'd)

5. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED TO THEM (cont'd)

Directors

Name	Existing as at 31 March 2015				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% *	No. of Shares	%*	No. of Shares	%^	No. of Shares	%^
Ahmad Murad Bin Abdul Aziz	1	negligible	–	–	1	negligible	–	–
Mui Chung Meng[2]	–	–	–	–	–	–	–	–
Chen, Chih-Wen[3]	–	–	–	–	–	–	–	–
Cheng Shing Tsung	12,000	0.02	–	–	12,000	0.02	–	–
Cheung Ho Leung	–	–	–	–	–	–	–	–
Loo Hooi Beng	24,000	0.03	–	–	24,000	0.03	–	–
Khoo Lay Tatt	–	–	–	–	–	–	–	–

Substantial Shareholders

Name	Existing as at 31 March 2015				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%*	No. of Shares	%*	No. of Shares	%^	No. of Shares	%^
Pan Global Holding Co. Ltd.	39,491,997	51.42	–	–	39,491,997	57.13	–	–
Pan-International Industrial Corporation	–	–	39,491,997[1]	51.42	–	–	39,491,997[1]	57.13

Person Connected To Director

Name	Existing as at 31 March 2015				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%*	No. of Shares	%*	No. of Shares	%^	No. of Shares	%^
Chung Lean Hwa[2]	492,000	0.64	–	–	492,000	0.71	–	–
Khor Bee Kiow[3]	152,000	0.20	–	–	152,000	0.22	–	–

Note :

* Percentage shareholding computed based on 76,808,397 PIE Shares from the total issued and paid-up share capital of 76,808,397 Ordinary Shares of RM1.00 each

^ Percentage shareholding computed based on 69,127,558 PIE Shares assuming that the Proposed Share Buy-Back is carried out in full and all the shares so purchased are held as treasury shares

1 By virtue of its substantial interest in Pan Global Holding Co. Ltd.

2, 3 Being spouse of the Director

6. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

6.1 Potential Advantages of the Proposed Share Buy-Back

The potential advantages of the Proposed Share-Buy Back are as set out in Section 2 of the Statement.

SHARE BUY-BACK STATEMENT (cont'd)

6. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK (cont'd)

6.2 Potential disadvantages of the Proposed Share Buy-Back

The potential disadvantages of the Proposed Share Buy-Back are as follows:-

i) The Proposed Share Buy-Back, if implemented, would reduce the financial resources of the Group. This may result in the Group having to forego better future investment or business opportunities and/or any interest income that may be derived from the deposit of such funds in interest bearing instruments; and

ii) The Proposed Share Buy-Back may also result in a reduction of financial resources available for distribution in the form of cash dividends to shareholders of PIE in the immediate future.

However, the financial resources of the Group may increase pursuant to the resale of the Purchased Shares held as treasury shares at prices higher than the purchase price. In this connection, the Board will be mindful of the interests of the Group and shareholders of PIE in implementing the Proposed Share Buy-Back and in subsequent resale of the treasury shares on Bursa Securities, if any.

7. MATERIAL FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

The material financial effects of the Proposed Share Buy-Back on the share capital, consolidated Net Tangible Assets (NTA), working capital, earnings, dividends and the substantial shareholders' shareholdings in PIE are set out below:

7.1 Share Capital

As at 31 March 2015, the issued and paid-up capital of PIE was RM76,808,397 comprising 76,808,397 Shares. In the event that the 7,680,839 Shares representing 10% of the issued and paid-up share capital of the Company are purchased and cancelled, the effect on the share capital of the Company are illustrated as follows :-

	No. of Shares
Issued and fully paid-up share capital as at 31 March 2015	76,808,397
Assumed the Shares purchased and cancelled	(7,680,839)
Resultant issued and paid-up capital	69,127,558

The Proposed Share Buy-Back will not have any effect on the issued and paid-up share capital of the Company as Shares purchased are to be retained as treasury shares. However, while the Purchased Shares are held as treasury shares, Section 67A (3C) of the Companies Act, 1965 states that the rights attached to them as to voting, dividends and participation in other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares for any purposes including without limiting the generality of this provision, the provisions of any law or requirements of the articles of association of the Company or the listing rules of a stock exchange on substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

7.2 NTA

The effects of the Proposed Share Buy-Back on the consolidated NTA of the Group would depend on the purchase price and number of Purchased Shares, the effective funding cost to PIE to finance the Purchased Shares or any loss in interest income to PIE.

The Proposed Share Buy-Back will reduce the consolidated NTA per Share at the time of purchase if the purchase price exceeds the consolidated NTA per Share and conversely will increase the consolidated NTA per Share at the time of purchase if the purchase price is less than the consolidated NTA per Share.

Should the Purchased Shares be resold, the consolidated NTA will increase if the Company realizes a capital gain from the resale, and vice-versa. However, the quantum of the increase in NTA will depend on the selling prices of the Purchased Shares and the number of Purchased Shares resold.

SHARE BUY-BACK STATEMENT (cont'd)

7. MATERIAL FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK (cont'd)

7.3 Working Capital

The Proposed Share Buy-Back is likely to reduce the working capital of the Group, the quantum of which would depend on the purchase price of the Purchased Shares, the number of Purchased Shares and any associated costs incurred in making the purchase.

7.4 Earnings

The effects of the Proposed Share Buy-Back on the earnings of the Group would depend on the purchase price and number of Purchased Shares, the effective funding cost to PIE to finance the Purchased Shares or any loss in interest income to PIE.

In view that the Purchased Shares would be retained as treasury shares, the reduction in the number of Shares applied in the computation of the EPS pursuant to the Proposed Share Buy-Back may generally, all else being equal, have a positive impact on the EPS for the financial year ending 31 December 2015.

Should the Purchased Shares be resold, the extent of the impact to the EPS of the Group will depend on the actual selling price, the number of treasury shares resold, and any effective funding cost from the Proposed Share Buy-Back.

7.5 Dividends

Assuming the Proposed Share Buy-Back is implemented in full, dividends would be paid on the remaining issued and paid-up share capital of PIE (excluding the Shares already purchased). The Proposed Share Buy-Back may have an impact on the Company's dividend policy for the financial year ending 31 December 2015 as it would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

Any dividends to be declared by PIE in the future would depend on, *inter-alia*, the profitability and cash flow position of the Group.

7.6 Substantial Shareholders

Shares bought back by the Company under the Proposed Share Buy-Back that are retained as treasury shares will result in a proportionate increase in the percentage shareholdings of the Substantial Shareholders in the Company. Please refer to Section 5 of this Statement for further details.

8. IMPLICATIONS OF THE PROPOSED SHARE BUY-BACK RELATING TO THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2010 (THE "CODE")

Pursuant to Paragraph 10.1 of Practice Note 9 of the Code, a mandatory offer obligation arises when:-

(a) a person* obtains controls in a company as a result of a buy back scheme by the company;

(b) a person* (holding more than 33% but not more than 50% of the voting shares or voting rights of a company), as a result of a buy back scheme by the company, increases his holding of the voting shares or voting rights of the company by more than 2% in any six-month period;

(c) a person* (holding more than 33% but not more than 50% of the voting shares or voting rights of a company) acquires more than 2% of the voting shares or voting rights of the company when he knows or reasonably ought to know that the company would carry out a buy back scheme.

"a person" includes persons acting in concert.

Pursuant to the Code, the affected Substantial Shareholder and/or the Group of Persons Acting in Concert may apply for a waiver from the obligation to make a mandatory offer from the Securities Commission under the Paragraph 24.1 of Practice Note 9 of the Code.

The Board is aware of the requirements of the Code and will be mindful of the requirements when making any purchase of PIE Shares pursuant to the Proposed Share Buy-Back.

SHARE BUY-BACK STATEMENT (cont'd)

9. PURCHASES MADE BY THE COMPANY OF ITS OWN SHARES IN THE LAST FINANCIAL YEAR

The information on the purchases made by the Company of its own shares during the financial year ended 31 December 2014 is as set out on the page 26 of this Annual Report.

10. PUBLIC SHAREHOLDING SPREAD

According to the Record of Depositors maintained by Bursa Malaysia Depository Sdn. Bhd. as at 31 March 2015, approximately 36,624,399 Shares representing 47.68% of the issued and paid-up share capital of the Company were held by the public shareholders. In this regard, the Board undertakes to purchase Shares only to the extent that the public shareholding spread of PIE shall not fall below 25% of the issued and paid-up share capital of the Company (excluding treasury shares) at all times pursuant to the Proposed Share Buy-Back, in accordance with Para 8.02(1) and 12.14 of the Bursa Securities Main Market Listing Requirements (LR).

11. DIRECTORS' STATEMENT

After taking into consideration all relevant factors, the Board is of the opinion that the Proposed Share Buy-Back described above is in the best interest of the Company.

12. DIRECTORS' RECOMMENDATION

The Board recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming Eighteenth Annual General Meeting to give effect to the Proposed Share Buy-Back.

13. FURTHER INFORMATION

There is no other information concerning the Proposed Share Buy-Back as shareholders and other professional advisers would reasonably require and expect to find in the Statement for the purpose of making informed assessment as to the merits of approving the Proposed Share Buy-Back and the extent of the risks involved in doing so.

P. I. E. INDUSTRIAL BERHAD
(co.no. 424086-X)

PROXY FORM

No. of Ordinary Shares Held

I/We, ____________________
of ____________________
being a Member of the above Company hereby appoint (Proxy 1) ____________________
of ____________________
and*/or failing him* (Proxy 2), ____________________
of ____________________
and*/or failing him*, the Chairman of the Meeting, as my/our proxy(ies), to vote for me/us on my/our behalf at the EIGHTEENTH ANNUAL GENERAL MEETING of the Company to be held at Capers, Level 2, The Light Hotel, Lebuh Tenggiri 2, Bandar Seberang Jaya, 13700 Prai on Monday, 25 May 2015 at 9.00 a.m. and at any adjournment thereof.

The proportions of my/our holdings to be represented by my/our proxy(ies) are as follows:-

Proxy 1 - % In case of a vote by show of hands, Proxy 1*/Proxy 2* shall vote on my/our behalf.
Proxy 2 - ______%
100%

* Strike out whichever is inapplicable

I/We hereby indicate with an "X" in the spaces provided how I/we wish my/our votes to be cast. (Unless otherwise instructed, the proxy may vote, as he thinks fit)

Resolutions		For	Against
1.	To declare a Special Single Tier Dividend of 13 sen per share for the year ended 31 December 2014.		
2.	To declare a First and Final Single Tier Dividend of 12 sen per share for the year ended 31 December 2014.		
3.	To approve the payment of Directors' Fees of up to RM72,000 for the financial year ended 31 December 2014.		
	To re-elect the following directors retiring under the Article 98 (1) of the Articles of Association of the Company, and who being eligible, offered themselves for re-election:-		
4.	Ahmad Murad Bin Abdul Aziz		
5.	Cheung Ho Leung		
6.	To re-elect Cheng Shing Tsung, a Director retiring under Section 129(2) of the Companies Act, 1965.		
7.	To appoint Messrs. KPMG as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.		
	Special Business Ordinary Resolutions		
8.	To authorise Ahmad Murad Bin Abdul Aziz to continue to serve as Senior Independent Non-Executive Director of the Company.		
9.	To approve the resolution pursuant to Section 132D of the Companies Act, 1965.		
10.	To approve the resolution pursuant to Renewal of Authority to Purchase its own Shares.		

Signature of Member: …………………………………..   Signed this: …..........……………………….............……

Notes

1. *For the purpose of determining a member who shall be entitled to attend, speak and vote at the AGM, the Company shall be requesting the Record of Depositors as at 18 May 2015. Only a depositor whose name appears on the Record of Depositors as at 18 May 2015 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend, speak and vote on his/ her stead.*

2. *A Member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend and to vote in his place. A proxy may but need not be a Member and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

4. *The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointer. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.*

5. *The instrument appointing a proxy must be deposited at the Registered Office, 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, not less than 48 hours before the time appointed for holding the meeting i.e. by Friday, 22 May 2015 at 5.00p.m..*

Fold here

Fold here

Stamp

The Company Secretaries

P.I.E. INDUSTRIAL BERHAD (424086-X)

(Incorporated in Malaysia)

Registered Office
57-G Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang
Malaysia.

Fold here

P. I. E. INDUSTRIAL BERHAD
(co.no. 424086-X)

Plot 4, Jalan Jelawat 1, Seberang Jaya Industrial Estate,
13700 Prai, Penang, Malaysia.

Tel : 604-399 0401 Fax: 604-399 5669