



P. I. E. INDUSTRIAL BERHAD

(co.no. 424086-X)



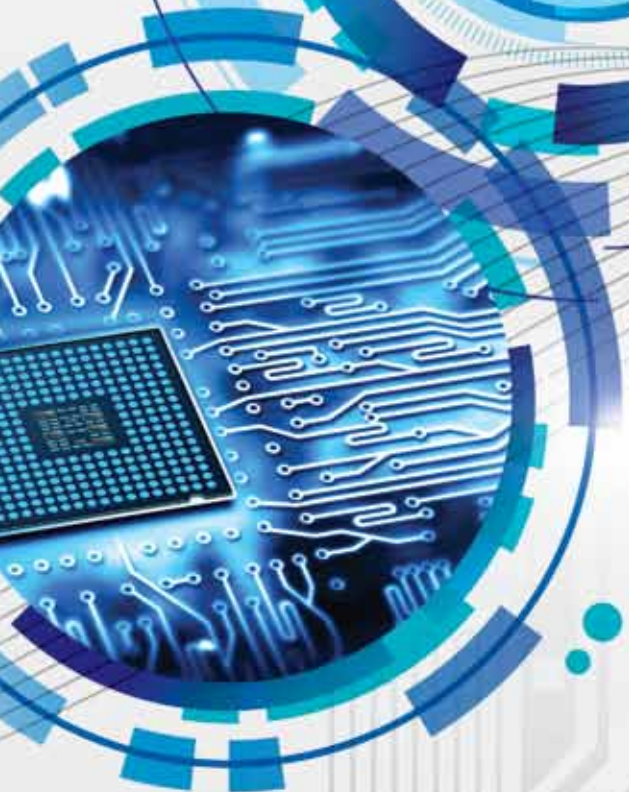
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Annual Report 2015



P.I.E. Industrial Berhad

Annual Report 2015



Contents

Corporate Information	2
Group Corporate Structure	3
Group Financial Highlights	4
Directors' Profile	5
Chairman's Statement	8
Audit Committee Report	10
Statement on Risk Management and Internal Control	13
Statement on Corporate Governance	15
Statement on Directors' Responsibilities in respect of the Audited Financial Statements	25
Disclosure Requirements Pursuant to the Bursa Malaysia Securities Berhad Main Market Listing Requirements	26
Financial Statements	
<i>Directors' Report</i>	27
<i>Statements of Financial Position</i>	30
<i>Statements of Profit or Loss and Other Comprehensive Income</i>	31
<i>Consolidated Statement of Changes in Equity</i>	33
<i>Statement of Changes in Equity</i>	35
<i>Statements of Cash Flows</i>	36
<i>Notes to the Financial Statements</i>	38
<i>Statement by Directors</i>	88
<i>Statutory Declaration</i>	88
<i>Independent Auditors' Report</i>	89
Analysis of Shareholdings	91
Top 10 Properties Owned by P.I.E Industrial Berhad Group of Companies	93
Notice of Annual General Meeting	95
Notice of Dividend Entitlement and Payment	99
Nomination of Auditors (Annexure A)	100
Share Buy-Back Statement	101
Proxy Form	Enclosed

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

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

Loo Hooi Beng
Chairman/ 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

AUDITORS

KPMG
(Chartered Accountants)

COMPANY SECRETARIES

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

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 : 04-640 8933
Fax : 04-643 8911

SHARE REGISTRAR

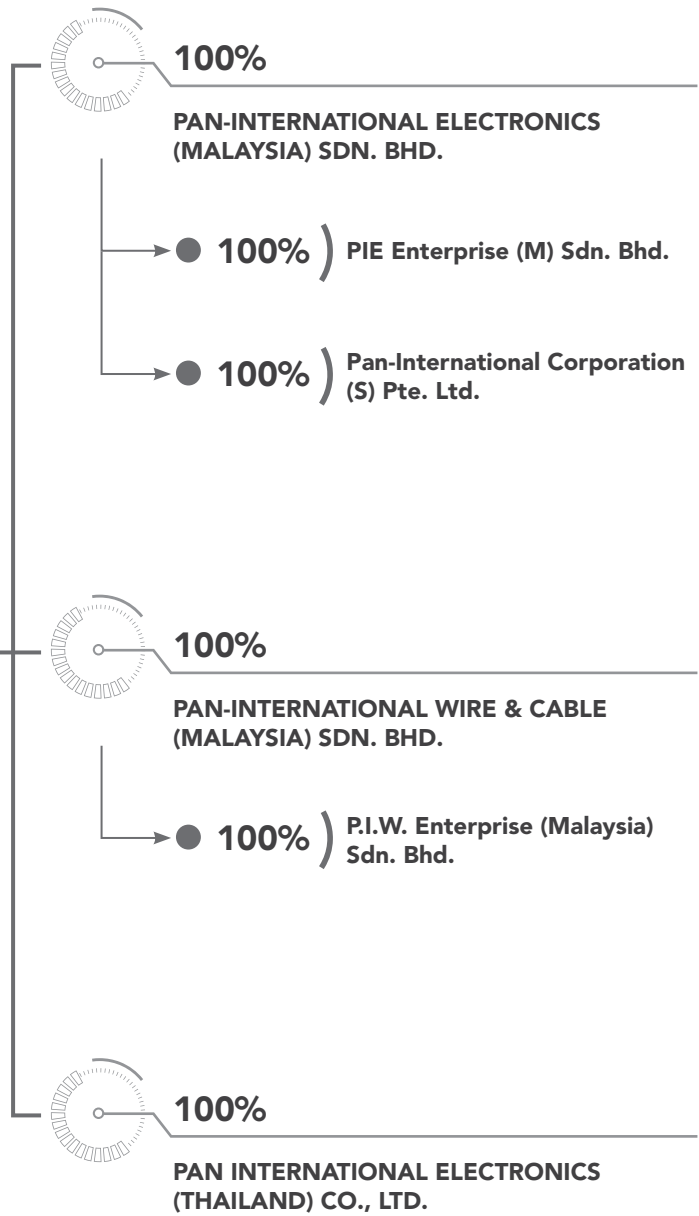
Tricor Investor Services Sdn. Bhd.
(Company No. 118401-V)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
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Fax : 03-2783 9222

INTERNET HOMEPAGE

www.pieib.com.my



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



GROUP FINANCIAL HIGHLIGHTS

Five Years Financial Summary

	Year ended 31 December				
	2011 # RM	2012 RM	2013 RM	2014 RM	2015 RM
Revenue	349,649,703	348,816,057	449,042,738	561,727,156	662,241,280
Profit before taxation	47,184,241	44,215,174	49,230,910	50,773,777	70,030,244
Net profit after taxation	38,198,862	34,349,701	38,031,597	38,510,555	48,963,440
Shareholders' equity	250,088,378	265,612,078	287,933,659	317,662,660	384,571,515
Issued and fully paid-up share capital of RM1.00 each	64,007,000 *	64,007,000 ^	64,007,000 ø	76,808,397 ∞	76,808,397 ∞
Net assets per share	3.91	4.15	4.50	4.14	5.01
Proforma weighted average number of shares	76,776,090 §	76,775,640 §	76,756,336 §	76,774,384	76,808,397
Basic earnings per ordinary share (Sen)	50	45	50	50	64
Net dividend per share (Sen)	29.25	24.00	20.00	25.00	35.00 @
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 27,300 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.

ø 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.

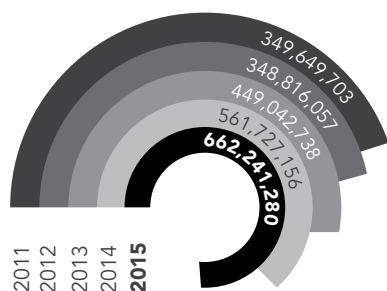
∞ The issued and fully paid-up share capital of RM76,808,397 is divided into 76,808,397 Ordinary Shares of RM1.00 each.

@ Subject to shareholders' approval at the forthcoming Annual General Meeting.

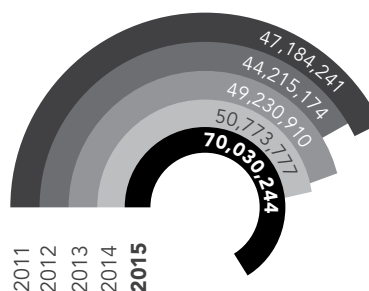
Restated as a result of retrospective application of MFRS.

§ 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.

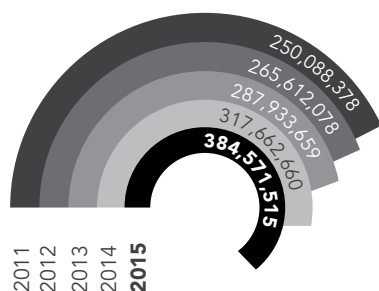
REVENUE (RM)



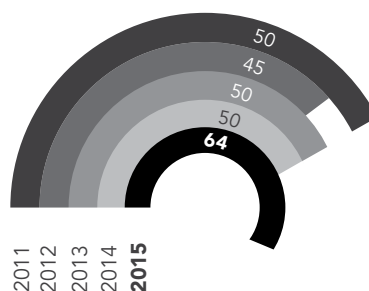
PROFIT BEFORE TAXATION (RM)



SHAREHOLDERS' EQUITY (RM)



BASIC EARNINGS PER ORDINARY SHARE (SEN)





AHMAD MURAD BIN ABDUL AZIZ (Malaysian / aged 57)
Chairman / Senior Independent Non-Executive Director

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 one (31) 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 (Malaysian / aged 64)
Managing Director

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 (Taiwanese / aged 59)
Executive Director

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 (American / aged 59)
Executive Director

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, Cisco and Sun Microsystems.

He was the General Manager 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.

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.

DIRECTORS' PROFILE (Cont'd)



CHENG SHING TSUNG (Singaporean / aged 78) Non-Independent Non-Executive Director

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 (Malaysian / aged 50) Independent Non-Executive Director

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 (Malaysian / aged 43) Independent Non-Executive Director

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

Currently, he sits on the Board of three public companies listed on the Main Market of Bursa Securities. He is an Executive Director of Dufu Technology Corp. Berhad. He is also the Independent, Non-Executive Director of Saudee Group Berhad and Acme Holdings Berhad.

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



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 than 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 92 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 2015.



FINANCIAL PERFORMANCE

2015 has been an exciting year for PIE, despite operating in a competitive and challenging environment. We have worked hard to grow our business during these challenging times. As a result, the Group's revenue had surpassed RM600 million for the 1st time in its history. The Group's revenue for the financial year ended 31 December 2015 rose by 18% to a record new high of RM662.24 million (2014: RM561.73 million).

The Group continued to deliver its 16th year of unbroken profitability. For 2015, net profit for the year was RM48.96 million which reflected a year on year increase of 27% (2014: RM38.51 million). The increase is mainly attributable to the manufacturing segment of the Group. The basic earnings per share is at 64 sen.

The balance sheet of the Group remained strong and healthy. By focusing on its proven strategy of concentrating on one stop turnkey electronics manufacturing services, the Group total net assets had grown to RM384.57 million as at the end of 2015.



DIVIDEND

On 16 June 2015, the Company paid a first and final single tier dividend of 12 sen per share and a special single tier dividend of 13 sen per share amounting to RM9,217,008 and RM9,985,091 respectively for the financial year ended 31 December 2014.

The Board of Directors has recommended a special single tier dividend of 23 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 2015 for the approval of shareholders at the forthcoming 19th 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.



CORPORATE PROPOSAL

On 12 April 2016, the Company had announced a proposal to undertake a share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each in PIE into five (5) ordinary shares of RM0.20 each in PIE held by shareholders of PIE, whose names appear in the Record of Depositors of the Company at the close of business on a date to be determined and announced later by the Board ("Proposed Share Split"). Upon completion of the Proposed Share Split, the resultant issued and paid-up share capital of PIE will be RM76,808,397 comprising 384,041,985 Shares. The application in relation to the Proposed Share Split will be submitted to Bursa Securities for approval by end of April 2016.



OPERATION REVIEW

Electronics Manufacturing Services (EMS) and Wire & Cable Manufacturing remain as the core businesses and main revenue contributor to the Group for the financial year ended 31 December 2015.

The EMS division has contributed approximately 84.3% 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 to contribute positively 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 Group is continuing to integrate manufacturing capability with automation through the concept of intelligent factory.

The contribution by the Raw Wire & Cable Manufacturing and Wire Harness & Cable Assembly division to the Group's revenue for the financial year under review was 14.5%. This division will continue its effort to enhance vertical integration of manufacturing capability and develop new marketplace for its high value-added cable products. 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.



PROSPECT AND OUTLOOK

The challenging global economy is expected to remain very volatile as in 2015. But we strongly believe the market is always big enough for those well-prepared and competitive player of which the PIE group had endeavored for in the past years.

Facing the challenges ahead, PIE Group's key priorities are to focus on integration of manufacturing capabilities with enhancement of automation and design innovation, to pursue operational efficiency in order to deliver the Group's commitment to excellence to its new and existing customers, especially in medical and tool & instruments industries. With the PIE Group's strong financial track record and the firm commitment from all levels of its staff, the Group is well-positioned to face the challenges ahead and to seize more opportunities to further grow its business.

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 convey my sincere thanks to our shareholders and business partners for your trust, unwavering support and strong confidence in the PIE Group. I also appreciate and acknowledge the management and staff of the PIE Group for always being loyal, dedicated and committed to enabling the Group to be well-positioned in facing the ever-changing environment and challenges to ensure the continuous success of the Group.

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 2015.

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 Chairman)
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	5
Khoo Lay Tatt	5	5

3. TERMS OF REFERENCE

Objectives

The primary objectives of the Audit Committee are :

- 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.
- 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 :

- a member of the Malaysian Institute of Accountants; or
- if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and
 - he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - 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
- 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.

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.



3. TERMS OF REFERENCE (Cont'd)

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.

4. ACTIVITIES OF THE AUDIT COMMITTEE

The following activities were carried out by the Committee during the financial year ended 31 December 2015 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 management 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 2015 was RM38,840. During the financial year, the internal auditors have assisted the Audit Committee to :

- conduct the internal audit for financial year ended 2015
- 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 Controller 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)

The Groups' system of risk management and internal control comprised of the following key elements : (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 its 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 2015 was RM38,840.
- 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 its 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 2016.

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 2015 ("FYE2015").

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.

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.



STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

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

i) Board Roles and Responsibilities (Cont'd)

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.

PIE is committed to ensuring that its business and operations are conducted in an ethical, moral and legal manner. In line with this commitment, PIE had implemented the Whistleblowing Policy (WPP) to provide an avenue for all employees to disclose any improper conduct with the Company.

The WPP sets out the internal channel/procedures for all employees of the Company to disclose any irregularities and the protection accorded to employees who disclose such allegations.

The WPP of PIE is available at its corporate website.

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



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 :

Name of Director	Number of Board Meetings	Percentage of Attendance
	Attended / Held	
Ahmad Murad Bin Abdul Aziz	4 / 4	100%
Mui Chung Meng	4 / 4	100%
Chen, Chih-Wen	4 / 4	100%
Cheung Ho Leung	2 / 4	50%
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 10 to 12 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;
 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 2015, 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 29 February 2016, 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 2015. 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.



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 provides 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 27 May 2016.

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.

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)

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.
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 FYE2015 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	265,536	2,731,431	53,744	3,050,711
Non-Executive Directors	72,000	0	0	8,000	80,000
Total	72,000	265,536	2,731,431	61,744	3,130,711

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

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	1	4
RM600,001 to RM650,000	1	0
RM2,400,001 to RM2,450,000	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, scrutinise the performance of Management in meeting approved goals and objectives, and monitor the risk profile of the Company's business.



3) Reinforce Independence (Cont'd)

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 FYE2015.

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

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 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 addition, 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 resolution 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.



STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

4) Foster Commitment (Cont'd)

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.

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 FYE2015, 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 2015 are as per below :

Corporate Governance/Risk Management

Nominating Committee Programme Part 2 : Effective Board Evaluations – 6 April 2015

Future of Auditor Reporting – The Game Changer for Boardroom.– 21 September 2015

Economy

KPMG – Penang Institute Economic Roundtable 2015 – 20 March 2015

Global Market Outlook – 16 April 2015

CIMB Bond & Legacy Roundtable Talk – 1 July 2015

Citi Markets Economic Seminar 2015 – 22 July 2015

Market Outlook – 11 September 2015

Finding Opportunity in Adversity: Market Outlook and Strategy 2016 – 26 November 2015

Accounting and Taxation

GST Industry Specific Series : The Goods and Services Tax for Manufacturers – 5 March 2015

2016 Tax & Budget Outlook – Mastering the Structural Shift in the Malaysian Tax System – 2 November 2015

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.

In this regard, the main activities, amongst others, undertaken by the Audit Committee during the financial year are detailed on page 12 of this Annual Report.

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 9 March 2015 and 16 November 2015 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 12 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 its 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 its 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.

A Risk Management Committee's Meeting chaired by Mr. Loo Hooi Beng was held 19 March 2015, to discuss and review on the risks of the major subsidiaries as set out in the Risk Management Report dated March 2015, 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 31 March 2016, the Board received assurance from the Managing Director and the Chief Financial Controller 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 13 to 14 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.

At the 18th AGM of the Company held on 25 May 2015, 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 2016.

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 2015 had been approved by the Board on 23 March 2016.

This statement was made in accordance with a resolution of Board dated 15 April 2016.



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 2015, the Company did not buy back any of its shares from the open market.

There has been no cancellation of treasury shares by the Company during the financial year ended 31 December 2015. As at 31 December 2015, 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 RM26,200.

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 2015 are disclosed on page 69 to 71 of the Annual Report.

DIRECTORS' REPORT

for the Financial Year ended 31 December 2015



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 2015.

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	48,963,440	23,152,889

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 13 sen per ordinary share totaling RM9,985,091 in respect of the financial year ended 31 December 2014 on 16 June 2015; and
- ii) a first and final single tier dividend of 12 sen per ordinary share totaling RM9,217,008 in respect of the financial year ended 31 December 2014 on 16 June 2015.

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 (Cont'd)

for the Financial Year ended 31 December 2015

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 1.1.2015	Bought	Sold	At 31.12.2015
Interest in the Company				
<u>Direct Interest</u>				
Ahmad Murad Bin Abdul Aziz				
- own	1	—	—	1
Cheng Shing Tsung - own	12,000	—	—	12,000
Loo Hooi Beng - own	21,000	3,000	(7,600)	16,400
Mui Chung Meng - others *	492,000	—	—	492,000
Chen, Chih-Wen - others *	152,000	—	(29,000)	123,000

* 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 2015 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

There were no changes in the authorised, issued and paid-up 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 :

- all known bad debts have been written off and adequate provision made for doubtful debts; and
- 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.





Other statutory information (Cont'd)

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, the financial performance of the Group and of the Company for the financial year ended 31 December 2015 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.

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

Date : 23 March 2016

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2015

	Note	Group 2015 RM	2014 RM	Company 2015 RM	2014 RM
Assets					
Property, plant and equipment	3	114,214,534	68,182,519	–	–
Investment properties	4	26,192,675	19,977,095	–	–
Prepaid lease payments	5	13,002,342	7,434,788	–	–
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	25,000	25,000
Deferred tax assets	9	1,700,021	1,368,123	1,664,000	1,336,000
Total non-current assets		156,831,237	98,686,956	81,607,805	81,279,805
Inventories	10	100,667,002	76,788,442	–	–
Trade and other receivables	11	263,486,955	165,529,983	39,391,320	44,336,125
Short-term investments	12	19,246,766	34,892,339	3,159,423	558,867
Current tax assets		100,203	1,161,796	–	1,129,781
Cash and cash equivalents	13	121,036,013	175,605,035	8,252,364	1,124,770
Total current assets		504,536,939	453,977,595	50,803,107	47,149,543
Total assets		661,368,176	552,664,551	132,410,912	128,429,348
Equity					
Share capital	14	76,808,397	76,808,397	76,808,397	76,808,397
Reserves	15	307,763,118	240,854,263	51,779,270	47,828,480
Total equity attributable to owners of the Company		384,571,515	317,662,660	128,587,667	124,636,877
Liabilities					
Deferred tax liabilities	9	9,837,288	2,859,347	–	–
Total non-current liabilities		9,837,288	2,859,347	–	–
Trade and other payables	16	150,551,827	132,862,993	3,823,245	3,792,471
Current tax liabilities		9,787,585	4,048,396	–	–
Borrowings	17	106,619,961	95,231,155	–	–
Total current liabilities		266,959,373	232,142,544	3,823,245	3,792,471
Total liabilities		276,796,661	235,001,891	3,823,245	3,792,471
Total equity and liabilities		661,368,176	552,664,551	132,410,912	128,429,348

The notes on pages 38 to 87 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Financial Year ended 31 December 2015

	Note	Group 2015 RM	2014 RM	Company 2015 RM	2014 RM
Continuing operations					
Revenue	18	662,241,280	561,727,156	30,738,913	12,998,744
Cost of sales		(570,644,879)	(506,364,988)	–	–
Gross profit		91,596,401	55,362,168	30,738,913	12,998,744
Administrative expenses		(28,434,812)	(21,076,390)	(8,354,899)	(6,314,585)
Selling and distribution expenses		(3,378,207)	(3,511,829)	–	–
Other operating expenses		(2,507,436)	(586,868)	(1,098,000)	(80)
Other operating income		11,020,245	18,973,456	1,497,914	27,709
Results from operating activities		68,296,191	49,160,537	22,783,928	6,711,788
Interest income		2,136,015	1,987,963	40,961	27,941
Interest expense		(399,196)	(366,695)	–	–
Operating profit	19	70,033,010	50,781,805	22,824,889	6,739,729
Share of loss of an equity-accounted associate	8	(2,766)	(8,028)	–	–
		(2,766)	(8,028)	–	–
Profit before tax		70,030,244	50,773,777	22,824,889	6,739,729
Income tax expense	21	(21,066,804)	(12,263,222)	328,000	165,000
Profit for the year		48,963,440	38,510,555	23,152,889	6,904,729

The notes on pages 38 to 87 are an integral part of these financial statements.



STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Cont'd)

for the Financial Year ended 31 December 2015

	Note	Group 2015 RM	2014 RM	Company 2015 RM	2014 RM
Profit for the year		48,963,440	38,510,555	23,152,889	6,904,729
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences		37,147,514	3,499,825	–	–
Total comprehensive income for the year		86,110,954	42,010,380	23,152,889	6,904,729
Profit attributable to owners of the Company		48,963,440	38,510,555	23,152,889	6,904,729
Total comprehensive income attributable to owners of the Company		86,110,954	42,010,380	23,152,889	6,904,729
Basic earnings per ordinary share (sen)	22	64	50		

The notes on pages 38 to 87 are an integral part of these financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Financial Year ended 31 December 2015

	Attributable to owners of the Company					Total equity RM
	Share capital RM	Treasury shares RM	Share premium RM	Foreign currency translation reserve RM	Retained earnings RM	
Group						
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 :						
- Foreign currency translation differences	-	-	-	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 23)	-	-	-	-	(12,801,400)	(12,801,400)
- Disposal of treasury shares (Note 14)	-	317,168	265,270	-	-	582,438
- Bonus issue (Note 14)	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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

for the Financial Year ended 31 December 2015

Group	Attributable to owners of the Company				Distributable		Total equity RM
	Share capital RM	Treasury shares RM	Share premium RM	Foreign currency translation reserve RM	Retained earnings RM		
At 1 January 2015	76,808,397	-	6,394,505	3,869,682	230,590,076		317,662,660
Profit for the year	-	-	-	-	48,963,440		48,963,440
Other comprehensive income for the year :							
- Foreign currency translation differences	-	-	-	37,147,514	-		37,147,514
Total comprehensive income for the year	-	-	-	37,147,514	48,963,440		86,110,954
Distribution to owners of the Company							
- Dividends paid to owners of the Company (Note 23)	-	-	-	-	(19,202,099)		(19,202,099)
Total transaction with owners of the Company	-	-	-	-	(19,202,099)		(19,202,099)
At 31 December 2015	76,808,397	-	6,394,505	41,017,196	260,351,417		384,571,515
	Note 14	Note 14		Note 15			

The notes on pages 38 to 87 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the Financial Year ended 31 December 2015

	Attributable to owners of the Company					Total equity RM
	Share capital RM	Treasury shares RM	Non-distributable Share premium RM	Merger reserve RM	Distributable Retained earnings RM	
Company						
At 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 23)	-	-	-	-	(12,801,400)	(12,801,400)
- Disposal of treasury shares (Note 14)	-	317,168	265,270	-	-	582,438
- Bonus issue (Note 14)	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 2014/1 January 2015	76,808,397	-	6,394,505	16,408,221	25,025,754	124,636,877
Profit representing total comprehensive income for the year	-	-	-	-	23,152,889	23,152,889
Distribution to owners of the Company						
- Dividends paid to owners of the Company (Note 23)	-	-	-	-	(19,202,099)	(19,202,099)
Total transaction with owners of the Company	-	-	-	-	(19,202,099)	(19,202,099)
At 31 December 2015	76,808,397	-	6,394,505	16,408,221	28,976,544	128,587,667
	Note 14	Note 14			Note 15	

STATEMENTS OF CASH FLOWS

for the Financial Year ended 31 December 2015

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash flows from operating activities				
Profit before tax	70,030,244	50,773,777	22,824,889	6,739,729
Adjustments for :				
Depreciation of property, plant and equipment	13,234,099	10,561,248	-	-
Amortisation of prepaid lease payments	207,456	205,047	-	-
Finance costs	399,196	366,695	-	-
Share of loss of an equity-accounted associate	2,766	8,028	-	-
Fair value gain on investment properties	(38,562)	(553,090)	-	-
Interest income	(2,136,015)	(1,987,963)	(40,961)	(27,941)
Dividend income	-	-	(24,466,910)	(7,461,326)
Gain on disposal of property, plant and equipment	(38,977)	(220,051)	-	-
Plant and equipment written off	1	1,439	-	-
Investment income earned on financial asset at fair value through profit or loss	(56,003)	(17,418)	(56,003)	(17,418)
Fair value gain on financial asset at fair value through profit or loss	(9,048)	(344)	(9,048)	(344)
Operating profit/(loss) before changes in working capital	81,595,157	59,137,368	(1,748,033)	(767,300)
Inventories	(23,878,560)	22,904,867	-	-
Trade and other receivables	(100,044,820)	2,968,585	4,944,805	5,136,127
Trade and other payables	19,187,597	3,129,763	30,774	372,053
Cash (used in)/generated from operations	(23,140,626)	88,140,583	3,227,546	4,740,880
Income tax paid, net	(15,934,196)	(11,151,619)	-	-
Interest received	2,136,015	1,987,963	40,961	27,941
Dividend received	-	-	24,466,910	7,461,326
Tax refund	-	-	1,129,781	-
Net cash (used in)/from operating activities	(36,938,807)	78,976,927	28,865,198	12,230,147
Cash flows from investing activities				
Acquisition of property, plant and equipment	(36,037,372)	(9,873,104)	-	-
Additions to prepaid lease payment	(3,878,000)	-	-	-
Acquisition of investment property	(1,461,438)	-	-	-
Proceeds from disposal of property, plant and equipment	58,071	220,061	-	-
Decrease/(Increase) in short term investments	15,710,624	(8,049,485)	(2,535,505)	-
Net cash used in investing activities	(25,608,115)	(17,702,528)	(2,535,505)	-

STATEMENTS OF CASH FLOWS (Cont'd)

for the Financial Year ended 31 December 2015



	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash flows from financing activities				
Drawdown of borrowings, net	11,388,806	51,441,691	-	-
Dividend paid to owners of the Company	(19,202,099)	(12,801,400)	(19,202,099)	(12,801,400)
Interest paid	(399,196)	(366,695)	-	-
Placement of bank balances pledged	(52,324)	-	-	-
Disposal of treasury shares	-	582,438	-	582,438
Bonus issue expense	-	(62,417)	-	(62,417)
Net cash (used in)/from financing activities	(8,264,813)	38,793,617	(19,202,099)	(12,281,379)
Net (decrease)/increase in cash and cash equivalents	(70,811,735)	100,068,016	7,127,594	(51,232)
Effect of exchange rate fluctuations on cash held	16,190,389	3,147,509	-	-
Cash and cash equivalents at 1 January	175,566,767	72,351,242	1,124,770	1,176,002
Cash and cash equivalents at 31 December	120,945,421	175,566,767	8,252,364	1,124,770

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	
		2015 RM	2014 RM	2015 RM	2014 RM
Cash and cash equivalents	13	121,036,013	175,605,035	8,252,364	1,124,770
Less : Bank balances pledged as security	13	(90,592)	(38,268)	-	-
		120,945,421	175,566,767	8,252,364	1,124,770

The notes on pages 38 to 87 are an integral part of these financial statements.