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

Annual Report 2007

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

Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of the Company will be held at the Balau Room, Level 2, Sunway Hotel Seberang Jaya, No. 11 Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai on Friday, 23 May 2008 at 9.00 a.m.

AGENDA

1. To receive the Audited Financial Statements of the Company for the year ended 31 December 2007 together with the Reports of the Directors and of the Auditors thereon. (Please refer to Note A)

2. To declare the following Dividends for the year ended 31 December 2007:-

   a) A Special Dividend I of 8 sen per share tax exempt; (Resolution 1)
   b) A Special Dividend II of 16 sen per share less income tax at 26%; and (Resolution 2)
   c) A First and Final Dividend of 12 sen per share less income tax at 26%. (Resolution 3)

3. To approve the Directors' Fee of RM48,000 for the financial year ended 31 December 2007 and payment of such fees to the Directors. (Resolution 4)

4. To re-elect the following Directors who are retiring under the provision of Article 98(1) of the Articles of Association of the Company, and being eligible, offer themselves for re-election:-

   a) Mr. Mui Chung Meng; and (Resolution 5)
   b) Mr. Chen, Chih-Wen (Resolution 6)

5. To consider and if thought fit, to pass the following resolution pursuant to Section 129 (6) of the Companies Act, 1965:- (Resolution 7)

   "That Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohammad Jewa, a Director who is over seventy years of age, who retires in compliance with Section 129(2) of the Companies Act, 1965 be hereby re-appointed as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting (AGM)."

6. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorize the Board of Directors to fix their remuneration. (Resolution 8)

SPECIAL BUSINESS

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

ORDINARY RESOLUTION

Authority to Issue Shares

"That pursuant to Section 132D of the Companies Act, 1965 and approvals from the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be authorized to issue and allot shares in the Company from time to time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued share capital of the Company for the time being, and that the Board of Directors be empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities." (Resolution 9)

8. **Renewal of Authority to Purchase its own Shares**

"That subject to the Companies Act, 1965, provisions of the Company's Memorandum and Articles of Association ("M&A") and the requirements of the Bursa Securities and other relevant governmental and regulatory authorities where such authority shall be necessary, the Board of Directors be authorized to purchase its own shares through Bursa Securities, subject to the following:- (Resolution 10)

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

8.2. The maximum fund to be allocated by the Company for the purpose of purchasing the Company's shares shall not exceed the retained earnings and share premium account of the Company. As at the latest financial year ended 31 December 2007, the audited retained earnings and share premium account of the Company stood at RM115,813,146 and RM18,993,049 respectively;

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

8. **Renewal of Authority to Purchase its own Shares** (cont'd)

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

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

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

(Resolution 11)

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

By Order of the Board,

KHOO LAY TATT (MAICSA 7029262)
HOW WEE LING (MAICSA 7033850)
Secretaries

Penang
Date: 30 April 2008

Notes:-

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

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

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

The instrument appointing a proxy must be deposited at the Registered Office, 57-1, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, Malaysia at least 48 hours before the time for holding the Meeting or any adjournments thereof.

Explanatory Notes On Special Business:

1. Resolution pursuant to the Authority to issue Shares

The proposed Resolution No. 9 [Item 7], if passed, will empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

2. Resolution pursuant to the Authority to Purchase its own Shares

The proposed Resolution No. 10 [Item 8], if passed, will give the Directors of the Company authority to purchase its own shares up to ten per centum (10%) of the issued and paid-up share capital of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

Notice of Dividend Entitlement and Payment

NOTICE IS HEREBY GIVEN that the following Dividends for the year ended 31 December 2007, if approved, will be paid on 10 June 2008 to depositors registered in the Records of Depositors on 28 May 2008:-

a) A Special Dividend I of 8 sen per share tax exempt;
b) A Special Dividend II of 16 sen per share less income tax at 26%; and
c) A First and Final Dividend of 12 sen per share less income tax at 26%.

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

a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 28 May 2008 in respect of ordinary transfers;

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

By Order of the Board,

KHOO LAY TATT (MAICSA 7029262)
HOW WEE LING (MAICSA 7033850)
Secretaries

Penang
Date: 30 April 2008

Statement Accompanying Notice of Annual General Meeting

RETIREMENT OF DIRECTORS

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Securities, the details of three (3) directors seeking re-election are set out in their respective profiles which appear in the Board of Directors' Profile on pages 17 to 19 of the Annual Report. The details of their respective interests in the securities of the Company are set out in the Analysis of Shareholdings which appear on page 103 of the Annual Report.

Share Buy-Back Statement

1. DISCLAIMER STATEMENT

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

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

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

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

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

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

3. RETAINED EARNINGS AND SHARE PREMIUM

Based on the audited financial statements of PIE as at 31 December 2007, the retained earnings and share premium of the Company stood at RM115,813,146 and RM18,993,049 respectively.

4. SOURCE OF FUNDING

The Proposed Share Buy-Back will be funded from internally generated funds. The Company has adequate resources to undertake the Proposed Share Buy-Back in view that the Company has net cash and cash equivalent balance of approximately RM23.94 million based on the audited financial statements of PIE as at 31 December 2007. Any funds utilized by PIE for the Proposed Share Buy-Back will consequentially reduce the resources available to PIE for its operations by a corresponding amount for shares bought back.

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

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

Based on the Register of Directors and the Register of Substantial Shareholders of PIE as at 31 March 2008 and assuming that PIE implements the Proposed Share Buy-Back in full, the effects of the Proposed Share Buy-Back on the shareholdings of the Directors and Substantial Shareholders of PIE are as follows:-

Directors

	Existing as at 31 March 2008				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	% *	No. of Shares	%*	No. of Shares	%^	No. of Shares	%^
Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohammad Jewa	10,001	0.02	-	-	10,001	0.02	-	-
Mui Chung Meng	410,000	0.64	-	-	410,000	0.68	-	-
Chen, Chih-Wen	210,000	0.33	-	-	210,000	0.35	-	-
Cheng Shing Tsung	10,000	0.02	-	-	10,000	0.02	-	-
Ahmad Murad Bin Abdul Aziz	8,001	0.01	-	-	8,001	0.01	-	-
Cheung Ho Leung	-	-	-	-	-	-	-	-

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

Substantial Shareholders

Name	Existing as at 31 March 2008				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% *	No. of Shares	%*	No. of Shares	%^	No. of Shares	%^
Pan Global Holding Co., Ltd.	32,909,998	51.42	-	-	32,909,998	54.85	-	-
Lembaga Tabung Haji	3,722,900	5.82	-	-	3,722,900	6.20	-	-
ICapital.Biz Berhad	3,407,200	5.32	-	-	3,407,200	5.68	-	-
Pan-International Industrial Corporation	-	-	32,909,998[1]	51.42	-	-	32,909,998[1]	54.85

Note:

* Percentage shareholding computed based on 64,006,500 PIE Shares excluding 500 shares held as treasury shares from the total issued and paid-up share capital of 64,007,000 Ordinary Shares of RM1.00 each

^ Percentage shareholding computed based on 60,000,000 PIE Shares assuming that the Proposed Share Buy-Back is carried out in full and all the shares so purchased are held as treasury shares

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

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

6.1 Potential Advantages of the Proposed Share Buy-Back

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

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

6.2 Potential disadvantages of the Proposed Share Buy-Back

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

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

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

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

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

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

7.1 Share Capital

As at 31 March 2008, the issued and paid-up capital of PIE was RM64,007,000 comprising 64,007,000 Shares including 500 shares held as treasury shares. As PIE has complied the prescribed minimum share capital requirement for a Main Board Company at RM60,000,000 at all time, therefore, the maximum number of Purchased Shares that can be cancelled by PIE, pursuant to the Proposed Share Buy-Back is 4,007,000 Shares. Under this scenario, the issued and paid-up share capital of PIE will be diminished from RM64,007,000 comprising 64,007,000 Shares as at 31 March 2008 to RM60,000,000 comprising 60,000,000 Shares.

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

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

7.2 NTA

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

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

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

7.3 Working Capital

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

7.4 Earnings

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

In view that the Purchased Shares would be retained as treasury shares, the reduction in the number of Shares applied in the computation of the EPS pursuant to the Proposed Share Buy-Back may generally, all else being equal, have a positive impact on the EPS for the financial year ending 31 December 2008.

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

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

7.5 Dividends

Assuming the Proposed Share Buy-Back is implemented in full, dividends would be paid on the remaining issued and paid-up share capital of PIE (excluding the Shares already purchased). The Proposed Share Buy-Back may have an impact on the Company's dividend policy for the financial year ending 31 December 2008 as it would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

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

7.6 Substantial Shareholders

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

8. IMPLICATIONS OF THE PROPOSED SHARE BUY-BACK RELATING TO THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 1998 (THE "CODE")

In the event that the Proposed Share Buy-Back results in any Substantial Shareholder and/or persons acting in concert with him/her holding more than 33% of the voting shares of the Company, pursuant to the Code, the affected Substantial Shareholder and/or persons acting in concert with him/her will be obliged to make a mandatory offer for the remaining Shares not held by him/her.

In the event that the Proposed Share Buy-Back results in any Substantial Shareholder and/or persons acting in concert with him/her who already holds more than 33% of the voting shares of the Company increasing by more than 2% in any six (6) months period, pursuant to the Code, the affected Substantial Shareholder and/or persons acting in concert with him/her will be obligated to make a mandatory offer for the remaining Shares not held by him/her.

However, the affected Substantial Shareholder and/or persons acting in concert with him/her may apply for a waiver from the obligation to make a mandatory offer from the Securities Commission under the Practice Note 2.9.10 of the Code.

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

The information on the purchases made by the Company of its own shares during the financial year ended 31 December 2007 is as set out on the page 39 of this Annual Report.

10. PUBLIC SHAREHOLDING SPREAD

According to the Record of Depositors maintained by Bursa Malaysia Depository Sdn. Bhd. as at 31 March 2008, approximately 26,546,350 Shares representing 41.47% of the issued and paid-up share capital of the Company were held by 1,896 public shareholders holding not less than 100 Shares each. In this regard, the Board undertakes to purchase Shares only to the extent that the public shareholding spread of PIE shall not fall below 25% of the issued and paid-up share capital of the Company and are in the hands of a minimum of 1,000 public shareholders holding not less than 100 Shares each at all times pursuant to the Proposed Share Buy-Back, in accordance with paragraph 12.14 of the Bursa Securities Listing Requirements.

11. DIRECTORS' STATEMENT

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

12. DIRECTORS' RECOMMENDATION

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

13. FURTHER INFORMATION

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

Corporate Information

BOARD OF DIRECTORS

Chairman - Senior Independent Non-Executive Director	Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohammad Jewa
Managing Director	Mui Chung Meng
Executive Director	Chen, Chih-Wen
Executive Director	Cheung Ho Leung
Senior Independent Non-Executive Director	Ahmad Murad Bin Abdul Aziz
Non-Executive Director	Cheng Shing Tsung

AUDIT COMMITTEE

Chairman - Senior Independent Non-Executive Director	Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohammad Jewa
Member - Senior Independent Non-Executive Director	Ahmad Murad Bin Abdul Aziz
Member - Non-Independent/ Executive Director	Chen, Chih-Wen

COMPANY SECRETARIES

Khoo Lay Tatt (MAICSA 7029262)
How Wee Ling (MAICSA 7033850)

AUDITORS

Deloitte KassimChan
Chartered Accountants
4th Floor Wisma Wang
251-A Jalan Burma, 10350 Penang
Tel: 04-2288255 Fax: 04-2288355

REGISTERED OFFICE

57-1 Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang
Tel: 04-6429887 Fax: 04-6456698

Corporate Information (cont'd)

REGISTRAR	PFA Registration Services Sdn. Bhd. (Company No. 19234-W) Level 13 Uptown 1 No. 1 Jalan SS 21/58 Damansara Uptown 47400 Petaling Jaya Selangor Darul Ehsan Tel: 03-77186000 Fax: 03-77222311
PRINCIPAL BANKERS	Public Bank Berhad 2684 & 2685, Jalan Chain Ferry Taman Inderawasih 13600 Prai Citibank Berhad 42, Jalan Sultan Ahmad Shah 10050 Penang RHB Bank Berhad 2784 & 2785, Jalan Chain Ferry Taman Inderawasih 13600 Prai
STOCK EXCHANGE LISTING	Main Board of Bursa Malaysia Securities Berhad Sector: Industrial Products Stock Name: PIE Stock Code: 7095

Board of Directors' Profile

Y.T.M. TUNKU DATO' DR. ISMAIL IBNI ALMARHUM TUNKU MOHAMMAD JEWA
Chairman/Senior Independent Director
(Independent/Non-Executive)
Malaysian

Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohammad Jewa, aged 71, was appointed to the Board on 2 June 1997. He obtained his Bachelor of Arts Degree from the University of Malaya, Kuala Lumpur in 1967, Master in Education from the Pennsylvania State University, the USA in 1972, PhD in Educational Administration from the University of Malaya, Kuala Lumpur in 1979 and Post Doctoral Special Auditor from Harvard University, the USA in 1984. He is a leading academician with an array of working experience. He began his career as a teacher with the Ministry of Education in 1961. He was the Senior Assistant of Sekolah Abdullah Munshi in Penang in 1968 and was promoted to Principal in 1969. He was the Dean of the School of Educational Studies in Universiti Sains Malaysia from 1979 to 1992 and also Professor of Educational Administration in Universiti Sains Malaysia from 1988 to 1995. He is a member of Penang State Consumer Affairs Council since 1990 and President of the State of Penang Family Planning Association since 1979.

Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohammad Jewa is also the Independent Non-Executive Chairman of SLP Resources Berhad, Senior Independent Non-Executive Director of CAB Cakaran Corporation Berhad and Independent Non-Executive Director of Oriental Holdings Berhad.

He is also the Chairman of the Audit Committee.

He has no family relationship with any other Directors and/or major shareholders of the Company. He has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. Neither has he been convicted of any offences in the last 10 years.

MUI CHUNG MENG
Managing Director
(Non-Independent/Executive)
Malaysian

Mui Chung Meng, aged 56, 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.

He has no family relationship with any other Directors and/or major shareholders of the Company. He has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. Neither has he been convicted of any offences in the last 10 years.

CHEN, CHIH-WEN
Executive Director
(Non-Independent/Executive)
Taiwanese

Chen Chih-Wen, aged 51, 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.

He is also a member of the Audit Committee.

He has no family relationship with any other Directors and/or major shareholders of the Company. He has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. Neither has he been convicted of any offences in the last 10 years.

CHEUNG HO LEUNG
Executive Director
(Non-Independent/Executive)
American

Cheung Ho Leung, aged 51, 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 and was subsequently promoted to Test Engineering & Apple II GS Project Manager in 1985. Two years later, he was transferred to Apple Computer Ltd. in Cupertino, CA, as a Manager of Apple II Design Center and was promoted to Senior Vice President & General Manager in the middle of 1996. He left in 1997 to join Cidco Inc. in Morgan Hill, CA as a Vice President & General Manager of Internet Solution Division. Subsequently in 1998, he joined Nasteel Electronics Ltd. in Morgan Hill, CA (NEL) as a Senior Vice President of Worldwide Marketing and Advance Engineering. He is currently the Corp Vice President and General Manager of the "Integrated Digital Products Business Group" in Hon Hai Precision Industry Co. Ltd. and is responsible for developing a fully integrated supply chain for its key customers in three regions, USA, Asia and Europe.

He has no family relationship with any other Directors and/or major shareholders of the Company. He has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. Neither has he been convicted of any offences in the last 10 years.

Board of Directors' Profile (cont'd)

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

Ahmad Murad Bin Abdul Aziz, aged 49, was appointed to the Board on 2 June 1997. He graduated with a law degree from University of Malaya in 1982. He is a lawyer by profession and has more than eighteen (18) years of working experience in the 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 a member of the Audit Committee.

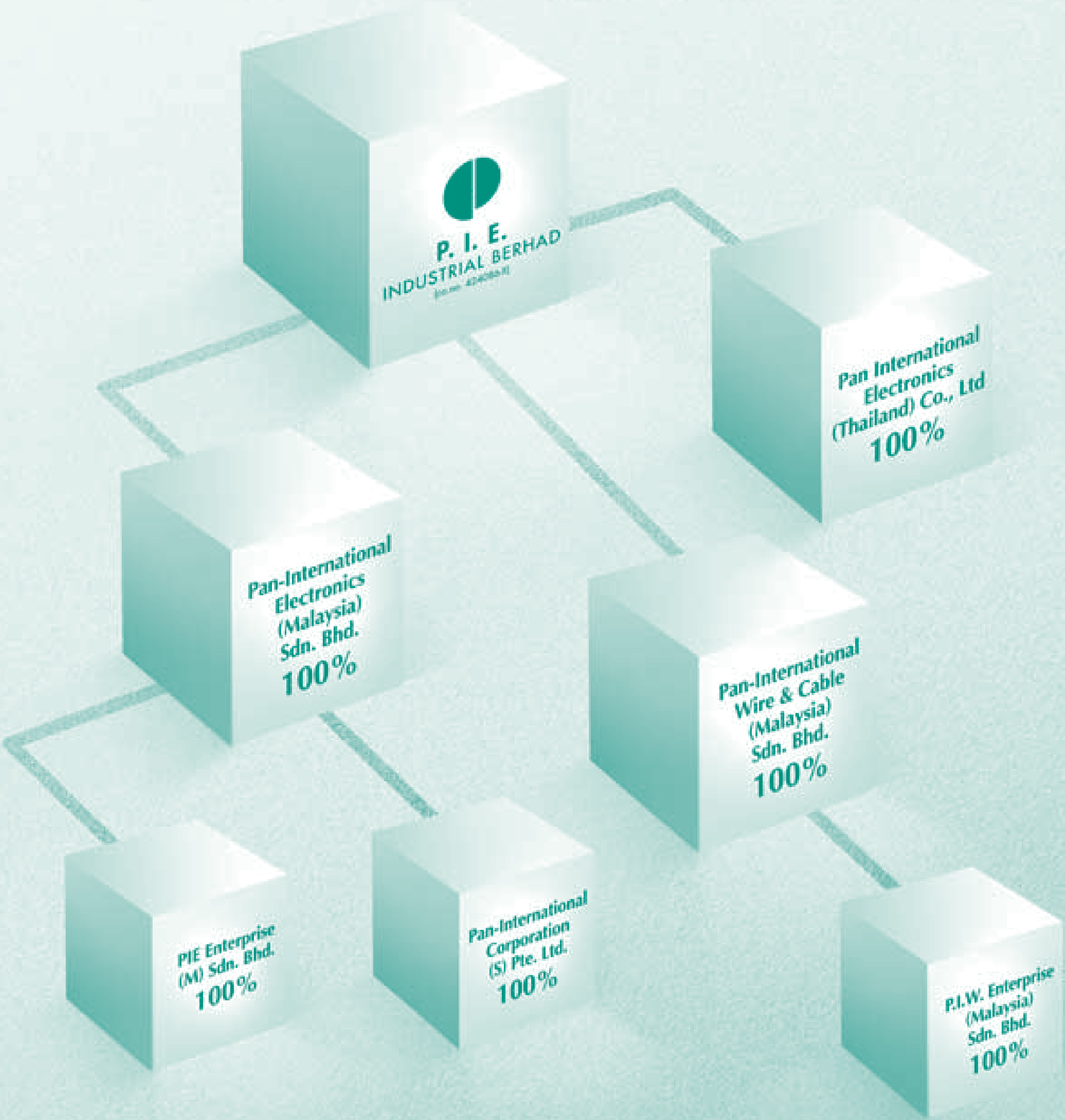
He has no family relationship with any other Directors and/or major shareholders of the Company. He has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. Neither has he been convicted of any offences in the last 10 years.

CHENG SHING TSUNG
Director
(Non-Independent/Non-Executive)
British

Cheng Shing Tsung, aged 70, 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..

He has no family relationship with any other Directors and/or major shareholders of the Company. He has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. Neither has he been convicted of any offences in the last 10 years.

Group Structure



Chairman's Statement

On behalf of the Board of Directors of P.I.E. INDUSTRIAL BERHAD, I am pleased to present the Annual Report and Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2007.

Financial Performance

The Group continued to operate in the challenging environment during the financial year 2007 on the back of the surge in oil prices, drastic increase in copper price and PVC materials cost, United States sub-primes crisis and the fluctuation of foreign currencies exchange. Nevertheless the Group was well positioned to confront these challenges through the vigilance and concerted effort of the Group and again resulted in a satisfactory performance. This will be further complemented by the strong platform of vertically integrated business, highly skilled and committed workforce and implementation of the effective cost saving exercises across the entire organization.

In comparison with last year's performance, the Group's revenue for the financial year ended 31 December 2007 increased slightly by RM3.39 million or 1.22% to RM280.95 million. The slight improvement of the Group's revenue was the net effect of the increased demand for all the manufacturing activities versus the significant dropped in demand from trading activities. However, the Group's net profit surged up from RM26.16 million in the financial year 2006 to RM35.59 million in the financial year 2007, showing a growth of RM9.43 million or 36.05%. The improvement in the profitability was mainly attributed to the increase in higher margin manufacturing activities while a reduction in the much lower margin trading activities. Other factors also include improved operational efficiencies derived from the effective utilization of resources and better sourcing of materials which have brought an improved gross margin and continuous focus on the customers in the area of our aimed niche market.

In tandem with the satisfactory results achieved by the Group during the current financial year, the basic earnings per share have increased accordingly to 56.84 sen from 41.92 sen recorded in the prior year. Meanwhile, the increase in the Group's net assets per share of RM3.06 as at 31 December 2007 as compared to RM2.71 posted in year 2006 has met the Group's objective to enhance the shareholders' value. The Group can continue to maintain a set of healthy and financially sound balance sheet with surplus cash of RM80.96 million to cope with future expansion and diversification.

Dividend

A First and Final Dividend of 12 sen per share, less income tax at 27%, a Tax Exempt Special Dividend I of 8 sen per share and a Special Dividend II of 3 sen per share, less income tax at 27%, amounting to RM5,481,903, RM5,006,304 and RM1,370,476 respectively in respect of the financial year ended 31 December 2006 were declared and paid by the Company during the current financial year.

A Tax Exempt Special Interim Dividend I of 3 sen per share, amounting to RM1,877,364 in respect of the financial year ended 31 December 2007 was also declared and paid by the Company during the current financial year.

As an appreciation given to the shareholder for their continuous support and in line with the good performance achieved by the Group, the Board of Directors is recommending a Tax Exempt Special Dividend I of 8 sen per share, a Special Dividend II of 16 sen per share, less income tax at 26% and a First and Final Dividend of 12 sen per share, less income tax at 26%, in respect of the financial year ended 31 December 2007, subject to the shareholders' approval at the forthcoming Eleventh Annual General Meeting. The entitlement and payment date of the above recommended dividends are as disclosed in this Annual Report.

Operation Review

Contract Electronic Manufacturing (CEM) and Raw Cable and Wire Manufacturing services remained the core businesses and main revenue contributor to the increase in the Group's revenue for the financial year ended 31 December 2007.

The CEM services division continued to play an important role as a major businesses and principal revenue contributor in bringing the Group to achieve satisfactory results for the financial year under review. This division has contributed approximately 54% of the Group's revenue with the increased turnover of RM152.91 million as compared to RM136.97 million recorded in the last financial year. The Group foresees a good opportunity ahead for its CEM division to secure more business orders from new and existing customers in the selected niche market, i.e. industrial electronic products, medical accessories and 3C products (computer, communication, and consumer electronic) and etc., which will continue to contribute principal revenue to the Group in the subsequent years. As such, the Group will continue its endeavor to further enhance integration of new capabilities in manufacturing, engineering and distribution under the concept of a fully integrated one stop turkey electronic manufacturing services.

The contribution by the Raw Cable and Wire Manufacturing division to the Group's revenue for the financial year under review has increased to 30% from 27% recorded in the year 2006. In order to remain long-run competitiveness during the years of challenges, arising mainly from the continuous increase of copper price and PVC materials cost, this division will keep on implementing a cost saving exercise to drive a lower operating cost and initiating further improvement in operation efficiency, productivity and product mix to increase the customer satisfaction. Besides maintaining traditional product supply to PC-related and consumer electronic industries, this division will continues its effort to develop high value-added products, e.g. high quality cross-linked cable and carbon fiber cable for customers in specific automobile and medical industries.

The Cable and Wire Harness Assembly division in Thailand has continuously grown its sales to the Group's revenue with an approximate contribution of 13% in the year 2007. The Group expects this division to continue earning contribution in the coming years through the steady orders from multinational corporations in Thailand and implementation of the customer-selection strategy, i.e. by focusing on customers that contributes higher profit margin and widening the customer base to further maintain the earning power.

Due to the strong market competition and lack of new series of attractive products, the Trading Activity division of the Group recorded a substantial drop in sales, which only contributed 2% to the Group's revenue as compared to 14% in the preceding year. The Trading Activity division will continue its effort to take aggressive steps to add on more variety of new products and extend the distribution channels beyond current Asean countries to enhance revenue in the coming years.

Prospect and Outlook

Undoubtedly, the electronic technology will have ever increasing application to our daily life. As such, the Group foresees that potential of the electronic technology application in the near future and the trend for customers in our niche market to outsource manufacturing operations will continue while they concentrate on their core competencies of research and development, product design, marketing and brand loyalty. The Group will stay focus to provide customers an integrated one stop turnkey services, which include a variety of manufacturing facilities, competent engineering support and efficient distribution services.

The Group remains cautious and guards itself from the volatility of the industry they are involved in and the uncertainties in the world economy such as escalating oil price, possible recession of the US economy and effects of fluctuation in foreign exchange rates towards the export proceeds. In order to stand resilient during this challenging time and strengthen its position in this competitive business environment, the Board of Directors together with its management constantly review the entire Group's operations and continue our prudent approach to secure long term growth by upgrading the engineering capabilities, manufacturing facilities and technical know-how, strategically moving to high-end value added new products, and expanding the double capacity in Penang to satisfy customers' growth and undertake more cost effective measures and quality deliveries to meet the customers' requirements. Marketing efforts will be stepped up also to widen customer base and penetrate new markets that will increase the revenue and profitability.

Barring unforeseen circumstances, the prospect of the Group for the year 2008 remains positive and promising due to the increase in the outsourcing of manufacturing products from its current and new niche customers, even though the Group is facing continued global economic uncertainty as mentioned above. The Group will be well prepared to face the challenges ahead and grab the business opportunity by enhancing the strategies in business penetration, cost management, enlarging customer base and foreign currency management.

Acknowledgment

On behalf of the Board of Directors, I would like to express our gratitude and appreciation to the management and staff of the Group for their continued efforts, commitment and contribution in instituting the strict strategic and operational measures needed to stand resilient during these challenging times. I would also like to thank all our valued customers, suppliers, business associates, investors, the relevant authorities, financiers and bankers for their invaluable and continuous support and confidence in the Group.

**Y.T.M. TUNKU DATO' DR. ISMAIL
IBNI ALMARHUM TUNKU MOHAMMAD JEWA**
Chairman

Group Financial Highlights

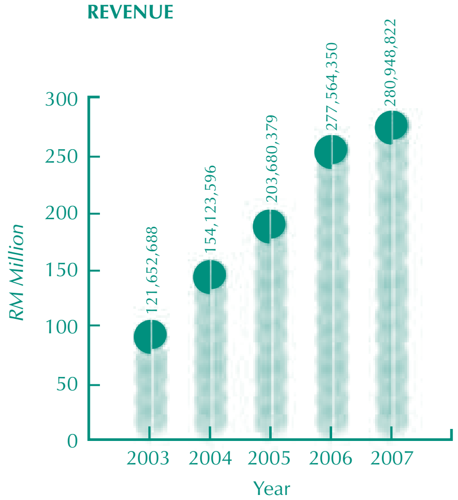
Five Years Financial Summary

	Year ended 31 December				
	2003 RM	2004 RM	2005 RM	2006 RM	2007 RM
Revenue	121,652,688	154,123,596	203,680,379	277,564,350	280,948,822
Profit before taxation	10,717,220	14,198,430	21,321,538	32,952,733	44,097,566
Net profit after taxation	7,437,282	11,110,729	16,948,883	26,162,282	35,591,350
Basic earnings per ordinary share (Sen)	12.39	18.28	27.42	41.92	56.84
Shareholders' equity	128,211,785	134,106,360	150,155,090	167,845,003	196,035,306
Net Assets per share	2.13	2.19	2.42	2.71	3.06
Issued and fully paid-up share capital of RM 1.00 each	60,057,000	61,239,000	62,046,000	63,130,000 #	64,007,000 *
Gross dividend per share (Sen):					
Declared and Paid	12	12	18	23	3
Proposed	Not Applicable	Not Applicable	Not Applicable	Not Applicable	36

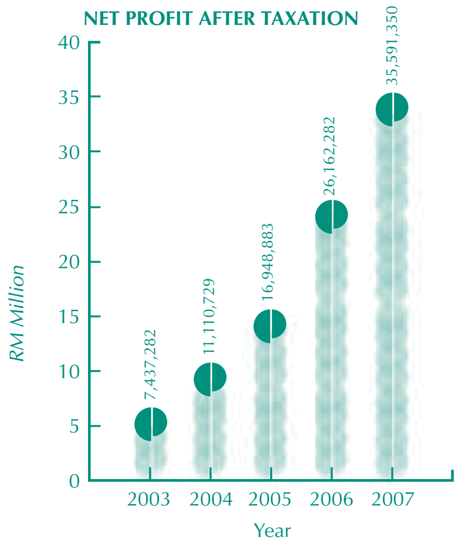
The issued and fully paid-up share capital of RM63,130,000.00 is divided into 63,130,000 Ordinary Shares of RM1.00 each including 1,207,000 shares held as treasury shares.

* The issued and fully paid-up share capital of RM64,007,000.00 is divided into 64,007,000 Ordinary Shares of RM1.00 each including 500 shares held as treasury shares.

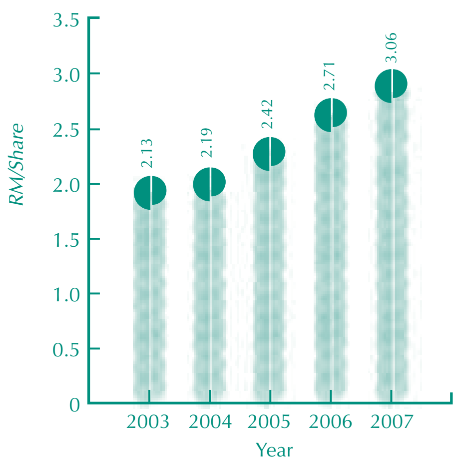
REVENUE



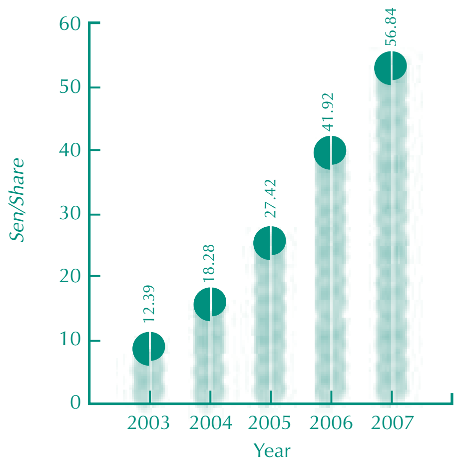
NET PROFIT AFTER TAXATION



NET ASSETS PER SHARE



BASIC EARNINGS PER ORDINARY SHARE



Audit Committee Report

The Board of Directors is pleased to present the Audit Committee Report for the financial year ended 31 December 2007.

1. AUDIT COMMITTEE

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

The current Audit Committee comprises three (3) members, two (2) of them are Independent Non-Executive directors.

Chairman
Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohammad Jewa
(Senior Independent Non-Executive Chairman)

Member
Ahmad Murad Bin Abdul Aziz *(Senior Independent Non-Executive Director)*
Chen, Chih-Wen *(Non-Independent/Executive Director)*

The records of Audit Committee meetings for the financial year under review are as follows:

Name of director	February 26, 2007	May 18, 2007	August 6, 2007	November 19, 2007
Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohammad Jewa	✔	✔	✔	✔
Ahmad Murad Bin Abdul Aziz	✔	✔	✔	✔
Chen, Chih-Wen	✔	✔	✔	✔

Note:
The Committee noted on the Circular dated 28 January 2008 from Bursa Securities and endeavors to comply with Paragraph 15.10 of the Listing Requirements of Bursa Securities by 31 January 2009.

2. TERMS OF REFERENCE

Objectives

The primary objectives of the Audit Committee are:

(a) To assist the Board in discharging its duties and responsibilities relating to the Group and the Company's management of principal risks, internal controls, financial reporting and compliance of statutory and legal requirements.

(b) To maintain effective communication between the Board of Directors, senior management, internal auditors and external auditors in order to provide assurance that the information presented by management is relevant, reliable and timely.

2. TERMS OF REFERENCE (cont'd)

Composition of Audit Committee

The Committee shall be appointed by the Board from amongst its members and shall at all times consist of not less than three (3) directors, exclusively Non-Executive Directors of whom majority shall be the Independent Directors and at least one of them must be:

(1) a member of the Malaysian Institute of Accountants; or
(2) a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967 with at least 3 years' working experience; or
(3) a degree/ masters/ doctorate holder in accounting or finance with at least 3 years' post qualification experience in accounting or finance; or
(4) fulfills 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.

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.

2. TERMS OF REFERENCE (cont'd)

Duties and Responsibilities (cont'd)

- Review the accounting policies adopted, any changes in accounting principles or practices and the level of prudence applied in areas requiring judgement.

- 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 internal and external auditors, 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.

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.

3. ACTIVITIES OF THE AUDIT COMMITTEE

The following activities were carried out by the Committee during the financial year ended 31 December 2007 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 audit reports and related party transaction reports issued by the internal and external auditors and the implementation of audit recommendations.
- Reviewed the compliance on the Listing Requirements of Bursa Securities, Malaysian Code on Corporate Governance and other statutory requirements.
- Established internal audit function and determine the terms of reference with the assistance of external professional.
- Reviewed and verified the allocation of Employee Share Option Scheme ("ESOS") in compliance with the Bursa Securities Listing Requirements and ESOS By-Laws of the Company.

4. INTERNAL AUDIT FUNCTION

During the financial year, the Board on the recommendations by the Audit Committee has engaged an external professional firm to carry out internal audit function for the Group. 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 Bursa Securities Listing Requirements, 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

During the financial year, the internal auditors have assisted the Audit Committee to:

- plan and conduct the internal audit for financial year 2007
- 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
- review recurrent related party transactions

Statement on Corporate Governance

Board's Commitments

The Board of P.I.E. Industrial Berhad is committed to comply with the Malaysian Code of Corporate Governance ("the Code") which was revised on 1 October 2007 and which sets out the principles and recommended best practices for all public listed companies. This Statement on the Company's corporate governance practices is made in compliance with Paragraph 15.26 of the Listing Requirements of Bursa Securities.

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 2007.

A) The Board

The Board recognized its stewardship responsibility to lead the Group towards the highest level of corporate governance, strategic decisions and standard of conducts.

i) Board Balance

The present Board of Directors, headed by the chairman is comprised of:

- 3 Non-Independent, Executive Directors
- 1 Non-Independent, Non-Executive Director
- 2 Independent, Non-Executive Directors

The composition of the Board is in compliance with the Listing Requirements of 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.

There is a clear division of responsibilities between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Chairman is responsible for running the Board and ensuring that all Directors receive sufficient and relevant information on financial and non-financial matters to enable them to participate actively in Board decisions whilst the Managing Director has overall responsibilities over the operating units, organization effectiveness and implementation of Board's policies and decisions.

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.

A) The Board (cont'd)

ii) Board Meetings

The Board governs the operations of the Group. The Board meets regularly, at least once in a quarter since the implementation of revamped listing requirements in early 2002, 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 managing system.

Agenda and documents relevant to the Board meetings are circulated 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.

During the financial year, the Board met four (4) times. The attendance of each director, taking into consideration the appointment date is as follows:

Name of director	Designation	Number of meetings Held	Number of meetings Attended
Y.T.M. Tunku Dato' Dr Ismail Ibni Almarhum Tunku Mohammad Jewa	Senior Independent, Non-Executive Chairman	4	4
Mui Chung Meng	Non-Independent, Managing Director	4	4
Chen, Chih-Wen	Non-Independent, Executive Director	4	4
Cheung Ho Leung	Non-Independent, Executive Director	4	2
Ahmad Murad Bin Abdul Aziz	Senior Independent, Non-Executive Director	4	4
Cheng Shing Tsung	Non-Independent, Non-Executive Director	4	3

iii) 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.

A) The Board (cont'd)

iii) Supply of information (cont'd)

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.

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.

iv) 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. In compliance with Paragraph 15.09 of the Listing Requirements of Bursa Securities, the Directors will continue to attend various external professional programmes deemed necessary in order to keep abreast with the latest developments in the market place, advances in corporate governance and to further enhance their skill and knowledge to enable them to discharge their duties as Directors in an effective manner.

v) 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 nomination 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.

A) The Board (cont'd)

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

a) Appointment of Directors (cont'd)

Given the present size of the Board and strong professionalism of the major shareholder, the Board has decided not to set up a nomination committee as recommended by the Code. As an alternative, the Board resolved that the nomination of candidates for directorship shall remain a collective decision by all Board members and has laid down the following procedures for appointment of new Directors:

1. The Board will review from time to time its composition to identify the need to further strengthen the Board.
2. The Board, with the assistance and recommendation of the Board members, will evaluate the caliber, credibility and experience of the candidates.
3. A Board Meeting or Resolution, under the professional service of a company secretary, will be convened or circulated to all Board members as to decide the appointment of the candidate(s) as director(s).
4. Newly appointed directors are required to undergo director's training programme as described in (iv) above and retire in the Annual General Meeting following his/her appointment and whether or not he/she shall remain in the Board shall be decided by shareholders.

b) Re-election of Directors

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

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

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

The Board of Directors will also review the effectiveness of the Board as a whole and further assess the contribution of each individual director who is seeking for re-election by rotation at each AGM.

A) The Board (cont'd)

vi) Directors' Remuneration

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

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

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

Details of Directors' remuneration for the year ended 31 December 2007 are as follows:

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

Category	Fee (RM)	Salaries (RM)	Bonus (RM)	Allowances (RM)	Total (RM)
Executive Directors	0	226,062	2,230,736	4,000	2,460,798
Non-Executive Directors	48,000	0	0	4,400	52,400
Total	48,000	226,062	2,230,736	8,400	2,513,198

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

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
Below RM50,000	1	3
RM450,001 to RM500,000	1	0
RM1,950,001 to RM2,000,000	1	0

B) Accountability and Audit

Audit Committee

The Audit Committee of P.I.E. Industrial Berhad is comprised of:

Chairman: Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohammad Jewa
(Senior Independent, Non-Executive Chairman)

Members: Ahmad Murad Bin Abdul Aziz *(Senior Independent, Non-Executive Director)*
Chen, Chih-Wen *(Non-Independent, Executive Director)*

The terms of reference and the report of Audit Committee are as set out on pages 25 to 28.

i) 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 that to be disclosed. The financial reports will be reviewed and approved by the Audit Committee prior to tabling them to the Board for approval.

ii) Internal Control

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 internal control.

In this regard, major internal control systems are documented and followed by the management of the Group. To enhance the effectiveness of 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 internal control of the Group.

iii) Relationship with the Auditors

The Board maintains a transparent relationship with external auditors. Members of the Audit Committee meet the external auditors at least twice a year to discuss the results and concerns arising from their audit.

C) Relationship with Shareholders and Investors

In line with the recommendation by the Listing Requirements of Bursa Securities and the Code, material information is disseminated to shareholders and investors on a timely basis. These information, which could be assessed through Bursa Securities website at www.bursamalaysia.com., include:

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

In addition to the above, time will be allocated during Annual General Meeting for dialogue with shareholders to address issues concerning the Group.

In compliance with the recommended best practice by the Code, the Board has appointed Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohammad Jewa 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 6, Jalan Jelawat 1
Seberang Jaya Industrial Estate,
13700 Prai, Penang, Malaysia
Tel: 04-399 3516 Fax: 04-398 9867

This statement was made in accordance with a resolution of the Board dated 8 April 2008.

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 the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the relevant provisions of the Listing Requirements of Bursa Securities 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 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 Financial Reporting Standards and Interpretations issued by MASB that are relevant to the Group's operations and effective for accounting periods beginning on 1 January 2007 are fully adopted
- Ensured proper accounting records are kept
- Ensured adequate system of 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 and prospect 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 and prudent

The financial statements for the year ended 31 December 2007 had been approved by the Board on 3 March 2008.

This statement was made in accordance with a resolution of Board dated 8 April 2008.

Statement on Internal Control

Introduction

This statement is made pursuant to Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad, which requires public listed companies to include a statement in their annual reports on the state of 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 internal controls to safeguard shareholders' investments and the Group's assets.

This Statement of Internal Control has been prepared in accordance with the "Statement on Internal Control: Guidance for Directors of Public Listed Companies" (the "Guidance") issued by the Task Force on Internal Control.

Responsibility

The Board recognizes the importance of maintaining a sound system of internal control covering 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 internal control is designed to cater for the Group's needs and manage the risks to which the Group 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 or losses.

The Board is satisfied that there is an ongoing process for identifying, evaluating and managing the significant risks affecting the Group through the system of internal control.

System of Internal Control

The Groups' system of internal control is comprised of the following key elements:

a) Organization structure of each business unit clearly defines operational and financial responsibilities
b) Key responsibilities are properly segregated
c) Authority level is properly defined
d) Executive Directors meet regularly to address key business risks and operational issues
e) Operational procedures are governed by standard operating manuals which are reviewed and updated regularly
f) Effective financial reporting system is in place to ensure timely generation of financial information for management's review

System of Internal Control (cont'd)

With the help of the internal auditors from the professional service firm engaged by the Board, the system of internal control is reviewed regularly. This is to ensure that it functions as planned and remains effective and applicable given the passage in time and change in business scenarios.

The Board confirms that the above is 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 internal control accords with the "Guidance" and that it is adequate to achieve the Group's objectives stated above.

Conclusion

The Board remains committed towards operating a sound system of internal control and therefore recognize 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 an appropriate actions and plans, when necessary, to further enhance the Group's system of internal control.

This statement was made in accordance with a resolution of the Board dated 8 April 2008.

Disclosure Requirements
Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad

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

SHARE BUY-BACK
The details of the shares purchased from the open market using the internally generated funds and held as Treasury Shares during the financial year are as follows:

Month	Number of Shares	Unit Cost Lowest (RM)	Unit Cost Highest (RM)	Unit Cost Average (RM)	Total Cost* (RM)
January 2007	30,000	2.90	2.90	2.92	87,644
February 2007	40,200	3.08	3.08	3.10	124,732
March 2007	100,000	2.98	2.98	2.99	299,213
April 2007	31,000	3.40	3.42	3.44	106,503
May 2007	100	3.52	3.52	3.65	365
June 2007	38,500	3.46	3.46	3.48	133,797
August 2007	30,000	3.78	3.80	3.81	114,381
October 2007	24,000	3.88	3.88	3.91	93,810
November 2007	500	5.10	5.10	5.14	2,569
Total	294,300	2.90	5.10	3.27	963,014

* Including brokerage, commission, clearing house fee and stamp duty.

Total number of shares bought back and held as treasury shares as at 31 December 2007 is 500 shares.

RESALE OF TREASURY SHARES
The details of the resale of treasury shares on the open market during the financial year are as follows:

Month	Number of Shares	Unit Cost Lowest (RM)	Unit Cost Highest (RM)	Unit Cost Average (RM)	Total Consideration received # (RM)
October 2007	1,050,000	4.06	4.06	4.06	4,248,218
November 2007	450,800	4.06	4.06	4.06	1,823,694
Total	1,500,800	4.06	4.06	4.06	6,071,912

After deducted the brokerage, commission, clearing house fee and stamp duty.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company implemented an Employee Share Option Scheme which came into effect on 11 March 2003 for a period of 5 years and is governed by the by-laws which were approved by the Company's shareholders on 2 December 2002. The number of options exercised during the financial year are as disclosed in the Directors' Report of the financial statements.

The Company has not issued any warrants or convertible securities 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 company affiliated to the auditors' firm is RM3,600.

REVALUATION POLICY

The policy on revaluation of properties is as disclosed in the financial statements.

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 were 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.

Financial Statements

Directors' Report

The directors of P.I.E. INDUSTRIAL BERHAD 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 2007.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and providing management services. The principal activities of the subsidiary companies are as stated in Note 14 to the financial statements. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

RESULTS OF OPERATIONS

	The Group RM	The Company RM
Profit before tax	44,097,566	157,920,811
Income tax expense	(8,506,216)	(40,364,328)
Profit for the year	35,591,350	117,556,483

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

A first and final dividend of 12 sen gross per ordinary share, less tax, a special dividend I of 8 sen per ordinary share, tax exempt and a special dividend II of 3 sen per ordinary share, less tax, amounting to RM5,481,903, RM5,006,304 and RM1,370,476 respectively in respect of the financial year ended 31 December 2006 were declared and paid by the Company during the current financial year.

A special interim dividend I of 3 sen per ordinary share, tax exempt, amounting to RM1,877,364 in respect of the financial year ended 31 December 2007 was declared and paid by the Company during the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM63,130,000 to RM64,007,000 by way of issuance of 877,000 new ordinary shares of RM1 each for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company at an exercise price of RM1.70 per ordinary share.

The resultant premium arising from the shares issued pursuant to the ESOS of RM613,900 was credited to the share premium account.

The new ordinary shares rank pari passu with the then existing ordinary shares of the Company.

The Company has not issued any debentures during the financial year.

EMPLOYEES' SHARE OPTION SCHEME

The P.I.E. Industrial Berhad's Employees' Share Option Scheme ("ESOS") was approved by the shareholders at an Extraordinary General Meeting held on 2 December 2002 and all relevant authorities.

The principal features of the ESOS are as follows:

a) The maximum number of new ordinary shares of the Company which may be issued and allotted pursuant to the exercise of options granted under the ESOS shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company at any point in time during the duration of the ESOS;

b) the ESOS will be available to executive directors and eligible employees of the Group and the Company;

c) to be eligible to participate in the ESOS, an employee must be at least eighteen (18) years of age, have been employed in the Group for at least six (6) months and have been confirmed in service;

d) the ESOS shall be in force for a period of five (5) years from the date of the confirmation letter submitted to the Securities Commission ("SC"). However, the Company may, if the Board of Directors and ESOS committee deem fit, extend the scheme for another five (5) years. Such renewed scheme shall be implemented in accordance with the terms of the ESOS Bye-Laws save for any revisions and/or changes to the statutes and/or regulations currently in force and shall be valid and binding without further obtaining approvals of the relevant authorities;

e) the price at which the ESOS option holder is entitled to subscribe for each share in the Company shall be at a discount of not more than 10% from the weighted average market price of the ordinary shares as shown in the daily official list issued by Bursa Malaysia Securities for the five (5) market days preceding the date of offer or at the par value of the ordinary shares, whichever is the higher; and

f) the new shares to be issued pursuant to the ESOS, shall upon issue and allotment, rank pari passu in all respects with the then existing ordinary shares of the Company except that they will not be entitled to participate in any dividends, rights, allotments and/ or any other distributions which may be declared, made or paid before the allotment of such shares.

The share options granted and exercised during the financial year are as follows:

		No. of options over ordinary shares of RM1 each				
Exercisable from	Exercise price per ordinary share RM	Balance as of 1.1.2007	Granted	Exercised	Lapsed	Balance as of 31.12.2007
13 August 2003	1.70	888,000	-	(877,000)	(11,000)	-

OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

(a) which would render the amount written off as bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) 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

(d) not otherwise dealt with in this report or financial statements which 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:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability 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, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohammad Jewa
Ahmad Murad Bin Abdul Aziz
Mui Chung Meng
Chen, Chih-Wen
Cheng Shing Tsung
Cheung Ho Leung

DIRECTORS' INTEREST

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	No. of ordinary shares of RM1 each			
Shares in the Company	**Balance as of 1.1.2007**	**Bought**	**Sold**	**Balance as of 31.12.2007**
Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohammad Jewa	10,001	-	-	10,001
Ahmad Murad Bin Abdul Aziz	8,001	-	-	8,001
Mui Chung Meng	330,000	80,000	-	410,000
Chen, Chih-Wen	170,000	40,000	-	210,000
Cheng Shing Tsung	10,000	-	-	10,000

In addition to the above, the following directors are also deemed to have interest in the shares of the Company to the extent of the following options granted to them pursuant to the ESOS of the Company which was implemented on 11 March 2003:

	No. of options over ordinary shares of RM1 each			
	Balance as of 1.1.2007	**Granted**	**Exercised**	**Balance as of 31.12.2007**
Mui Chung Meng	80,000	-	(80,000)	-
Chen, Chih-Wen	40,000	-	(40,000)	-

None of the other directors in office as of 31 December 2007 held shares in the Company or in related companies during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except that certain directors received remuneration from related corporations in their capacities as directors or executives of those related corporations.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for options granted to certain directors pursuant to the Company's ESOS as disclosed above.

HOLDING COMPANIES

The companies regarded by the directors as the Company's immediate and ultimate holding companies are Pan Global Holding Co. Ltd., a corporation incorporated in British Virgin Islands and Pan-International Industrial Corporation, a corporation incorporated in Taiwan.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

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

MUI CHUNG MENG

CHEN, CHIH-WEN

Penang,

3 March 2008

Report of the Auditors

to the members of P.I.E. Industrial Berhad (Incorporated in Malaysia)

We have audited the accompanying balance sheets as of 31 December 2007 and the related statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable MASB approved accounting standards in Malaysia so as to give a true and fair view of:

  (i) the state of affairs of the Group and of the Company as of 31 December 2007 and of their results and cash flows for the year ended on that date; and

  (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies, Pan-International Electronics (Thailand) Co., Ltd. and Pan-International Corporation (S) Pte. Ltd., of which we have not acted as auditors, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for these purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

TAN BUN POO
1304/5/08 (J/PH)
Partner

Penang,

3 March 2008

Income Statements

for the year ended 31 December 2007

		The Group		The Company	
	Note	2007 RM	2006 RM	2007 RM	2006 RM
Revenue	5	**280,948,822**	277,564,350	**161,464,929**	11,829,600
Investment revenue		**2,757,583**	2,309,013	**357,196**	164,173
Other gains and losses	6	**8,896,909**	6,200,854	**120,390**	162,987
Share of loss in jointly controlled entity		**-**	(25,000)	**-**	-
Changes in inventories of finished goods and work-in-progress		**262,661**	1,240,832	**-**	-
Purchase of trading goods		**(8,715,549)**	(39,651,634)	**-**	-
Raw materials consumed		**(195,955,680)**	(173,086,908)	**-**	-
Employee benefits expense	7	**(25,370,217)**	(25,459,541)	**(3,823,808)**	(1,408,813)
Depreciation and amortisation		**(3,563,094)**	(3,811,962)	**-**	-
Finance costs		**(568)**	(55,483)	**-**	-
Other expenses		**(15,163,301)**	(12,271,788)	**(197,896)**	(136,448)
Profit before tax	8	**44,097,566**	32,952,733	**157,920,811**	10,611,499
Income tax expense	9	**(8,506,216)**	(6,790,451)	**(40,364,328)**	(1,744,370)
Profit for the year		**35,591,350**	26,162,282	**117,556,483**	8,867,129
Earnings per share					
Basic	10	**56.84 sen**	41.92 sen		
Diluted	10	**-**	41.73 sen		

The accompanying notes form an integral part of the financial statements.

Balance Sheets
as of 31 December 2007

	Note	The Group 2007 RM	The Group 2006 RM	The Company 2007 RM	The Company 2006 RM
ASSETS					
Non-current assets					
Property, plant and equipment	11	**25,906,260**	26,368,269	**-**	-
Investment properties	12	**10,379,376**	10,377,366	**-**	-
Prepaid lease payments	13	**10,676,647**	10,905,987	**-**	-
Goodwill		**1,721,665**	1,721,665	**-**	-
Investment in subsidiary companies	14	**-**	-	**79,918,805**	82,262,857
Investment in jointly controlled entity	15	**-**	-	**25,000**	25,000
Deferred tax assets	16	**1,869,000**	2,882,000	**-**	-
Total non-current assets		**50,552,948**	52,255,287	**79,943,805**	82,287,857
Current assets					
Inventories	17	**36,773,046**	30,687,727	**-**	-
Trade and other receivables	18	**69,477,151**	77,793,440	**111,825,800**	14,691,222
Other assets	19	**2,064,848**	1,609,775	**53,451**	10,681
Current tax assets		**2,367,138**	750,418	**1,497,642**	551,970
Short-term deposits	20	**66,784,781**	29,409,228	**23,700,000**	7,100,000
Cash and bank balances	20	**14,175,893**	14,885,941	**240,315**	190,883
Total current assets		**191,642,857**	155,136,529	**137,317,208**	22,544,756
Total assets		**242,195,805**	207,391,816	**217,261,013**	104,832,613

(FORWARD)

Balance Sheets
as of 31 December 2007 (cont'd)

	Note	The Group 2007 RM	The Group 2006 RM	The Company 2007 RM	The Company 2006 RM
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the Company					
Share capital	21	**64,007,000**	63,130,000	**64,007,000**	63,130,000
Less: Treasury shares, at cost	21	**(2,569)**	(2,980,484)	**(2,569)**	(2,980,484)
		64,004,431	60,149,516	**64,004,431**	60,149,516
Reserves	22	**29,638,860**	27,449,252	**35,401,270**	32,656,387
Retained earnings	23	**102,392,015**	80,246,235	**115,813,146**	11,992,710
Total equity		**196,035,306**	167,845,003	**215,218,847**	104,798,613
Non-current liabilities					
Deferred tax liabilities	16	**3,957,596**	4,325,931	**-**	-
Current liabilities					
Trade and other payables	24	**41,364,507**	32,175,975	**2,042,166**	34,000
Current tax liabilities		**838,396**	3,044,907	**-**	-
Total current liabilities		**42,202,903**	35,220,882	**2,042,166**	34,000
Total liabilities		**46,160,499**	39,546,813	**2,042,166**	34,000
Total equity and liabilities		**242,195,805**	207,391,816	**217,261,013**	104,832,613

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity
for the year ended 31 December 2007

The Group	Note	Share Capital RM	Share Premium RM	Revaluation/ Foreign Currency Translation Reserve* RM	Retained Earnings RM	Treasury Shares RM	Total RM
Balance as of 1 January 2006		62,046,000	15,489,366	10,746,792	63,031,755	-	151,313,913
Exchange gain on translation of net investment in foreign subsidiaries		-	-	744,771	-	-	744,771
Transfer of revaluation surplus	16	-	-	(290,477)	290,477	-	-
Net income recognised directly in equity		-	-	454,294	290,477	-	744,771
Profit for the year		-	-	-	26,162,282	-	26,162,282
Total recognised income and expense		-	-	454,294	26,452,759	-	26,907,053
Dividends	25	-	-	-	(9,238,279)	-	(9,238,279)
Issuance of 1,084,000 new ordinary shares of RM1 each at RM1.70 per share pursuant to the ESOS		1,084,000	758,800	-	-	-	1,842,800
Buy-back of ordinary shares		-	-	-	-	(2,980,484)	(2,980,484)
Balance as of 31 December 2006		63,130,000	16,248,166	11,201,086	80,246,235	(2,980,484)	167,845,003

(FORWARD)

Statements of Changes in Equity
for the year ended 31 December 2007 (cont'd)

The Group	Note	Share Capital RM	Share Premium RM	Revaluation/ Foreign Currency Translation Reserve* RM	Retained Earnings RM	Treasury Shares RM	Total RM
Balance as of 1 January 2007		63,130,000	16,248,166	11,201,086	80,246,235	(2,980,484)	167,845,003
Exchange loss on translation of net investment in foreign subsidiaries		-	-	(264,798)	-	-	(264,798)
Transfer of revaluation surplus	16	-	-	(290,477)	290,477	-	-
Net income recognised directly in equity		-	-	(555,275)	290,477	-	(264,798)
Profit for the year		-	-	-	35,591,350	-	35,591,350
Total recognised income and expense		-	-	(555,275)	35,881,827	-	35,326,552
Dividends	25	-	-	-	(13,736,047)	-	(13,736,047)
Issuance of 877,000 new ordinary shares of RM1 each at RM1.70 per share pursuant to the ESOS		877,000	613,900	-	-	-	1,490,900
Sale of treasury shares		-	2,130,983	-	-	3,940,929	6,071,912
Buy-back of ordinary shares		-	-	-	-	(963,014)	(963,014)
Balance as of 31 December 2007		**64,007,000**	**18,993,049**	**10,645,811**	**102,392,015**	**(2,569)**	**196,035,306**

(FORWARD)

Statements of Changes in Equity
for the year ended 31 December 2007 (cont'd)

* An analysis of the movement of these reserves is shown below:

	Note	Revaluation Reserve RM	Foreign Currency Translation Reserve RM	Total RM
Balance as of 1 January 2006		10,757,638	(10,846)	10,746,792
Exchange gain on translation of net investment in foreign subsidiaries		-	744,771	744,771
Transfer of revaluation surplus	16	(290,477)	-	(290,477)
Net income recognised directly in equity		(290,477)	744,771	454,294
Balance as of 31 December 2006		10,467,161	733,925	11,201,086
Balance as of 1 January 2007		10,467,161	733,925	11,201,086
Exchange loss on translation of net investment in foreign subsidiaries		-	(264,798)	(264,798)
Transfer of revaluation surplus	16	(290,477)	-	(290,477)
Net income recognised directly in equity		(290,477)	(264,798)	(555,275)
Balance as of 31 December 2007		**10,176,684**	**469,127**	**10,645,811**

(FORWARD)

Statements of Changes in Equity
for the year ended 31 December 2007 (cont'd)

The Company

	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Merger Reserve RM	Retained Earnings RM	Total RM
Balance as of 1 January 2006		62,046,000	15,489,366	-	16,408,221	12,363,860	106,307,447
Profit for the year, representing total recognised income and expense		-	-	-	-	8,867,129	8,867,129
Dividends	25	-	-	-	-	(9,238,279)	(9,238,279)
Issuance of 1,084,000 new ordinary shares of RM1 each at RM1.70 per share pursuant to the ESOS		1,084,000	758,800	-	-	-	1,842,800
Buy-back of ordinary shares		-	-	(2,980,484)	-	-	(2,980,484)
Balance as of 31 December 2006		63,130,000	16,248,166	(2,980,484)	16,408,221	11,992,710	104,798,613
Balance as of 1 January 2007		63,130,000	16,248,166	(2,980,484)	16,408,221	11,992,710	104,798,613
Profit for the year, representing total recognised income and expense		-	-	-	-	117,556,483	117,556,483
Dividends	25	-	-	-	-	(13,736,047)	(13,736,047)
Issuance of 877,000 new ordinary shares of RM1 each at RM1.70 per share pursuant to the ESOS		877,000	613,900	-	-	-	1,490,900
Sales of treasury shares		-	2,130,983	3,940,929	-	-	6,071,912
Buy-back of ordinary shares		-	-	(963,014)	-	-	(963,014)
Balance as of 31 December 2007		**64,007,000**	**18,993,049**	**(2,569)**	**16,408,221**	**115,813,146**	**215,218,847**

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements

for the year ended 31 December 2007

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the year	**35,591,350**	26,162,282	**117,556,483**	8,867,129
Adjustments for:				
Income tax expense	**8,506,216**	6,790,451	**40,364,328**	1,744,370
Depreciation of property, plant and equipment	**3,333,754**	3,582,622	**-**	-
Allowance for doubtful debts	**691,958**	-	**-**	-
Amortisation of prepaid lease payments	**229,340**	229,340	**-**	-
Property, plant and equipment written off	**30,883**	1	**-**	-
Bad debts written off	**11,787**	30,028	**-**	-
Interest expenses	**568**	55,483	**-**	-
Allowance for slow moving inventories no longer required	**(2,697,703)**	-	**-**	-
Interest income	**(1,690,225)**	(1,252,851)	**(357,196)**	(164,173)
Gain on disposal of property, plant and equipment	**(65,825)**	-	**-**	-
Unrealised (gain)/loss on foreign exchange	**(14,186)**	957,561	**-**	-
Gain on disposal of investments	**(11,108)**	(162,987)	**(11,108)**	(162,987)
Allowance for slow moving inventories	**-**	179,461	**-**	-
Share of loss in jointly controlled entity	**-**	25,000	**-**	-
Fair value adjustment of investment properties	**-**	(460,733)	**-**	-
Interest on late payment by customers	**-**	(147,412)	**-**	-
Allowance for doubtful debts no longer required	**-**	(4,791)	**-**	-
Gross dividend income from subsidiary companies	**-**	-	**(161,335,329)**	(11,700,000)
	43,916,809	35,983,455	**(3,782,822)**	(1,415,661)

(FORWARD)

Cash Flow Statements
for the year ended 31 December 2007 (cont'd)

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Movement in working capital:				
(Increase)/Decrease in:				
Inventories	**(3,387,616)**	(7,963,849)	**-**	-
Trade and other receivables	**7,652,120**	(31,425,098)	**-**	-
Other assets	**(430,172)**	(494,335)	**(17,869)**	-
Increase in trade and other payables	**9,208,142**	8,761,781	**2,008,166**	6,000
Cash generated from/(used in) operations	**56,959,283**	4,861,954	**(1,792,525)**	(1,409,661)
Tax refunded	**598,749**	-	**-**	-
Tax paid	**(12,282,046)**	(5,705,002)	**-**	-
Net cash generated from/(used in) operating activities	**45,275,986**	(843,048)	**(1,792,525)**	(1,409,661)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of investments	**5,011,108**	6,162,987	**5,011,108**	6,162,987
Interest received	**1,665,324**	1,259,694	**332,295**	171,016
Proceeds from disposal of property, plant and equipment	**65,826**	-	**-**	-
Purchase of investment in bond funds	**(5,000,000)**	(4,000,000)	**(5,000,000)**	(4,000,000)
Purchase of property, plant and equipment	**(2,901,368)**	(1,342,687)	**-**	-
Advances to a jointly controlled entity	**(45,000)**	(80,000)	**(45,000)**	(80,000)
Purchase of investment in cash funds	**-**	(2,000,000)	**-**	(2,000,000)
Investment in jointly controlled entity	**-**	(25,000)	**-**	(25,000)
Dividends received	**-**	-	**17,935,329**	7,795,000
Repayment made by subsidiary companies	**-**	-	**5,000,422**	1,960,000
Dividend received from a subsidiary company declared out of pre-acquisition profit	**-**	-	**2,344,052**	5,192,472
Advances to subsidiary companies	**-**	-	**-**	(6,200,422)
Net cash (used in)/generated from investing activities	**(1,204,110)**	(25,006)	**25,578,206**	8,976,053

(FORWARD)

Cash Flow Statements
for the year ended 31 December 2007 (cont'd)

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from sale of treasury shares	**6,071,912**	-	**6,071,912**	-
Proceeds from issuance of the Company's ESOS shares	**1,490,900**	1,842,800	**1,490,900**	1,842,800
Dividends paid	**(13,736,047)**	(9,238,279)	**(13,736,047)**	(9,238,279)
Payment for share buy-back	**(963,014)**	(2,980,484)	**(963,014)**	(2,980,484)
Interest paid	**(568)**	(55,483)	**-**	-
Repayment of bank borrowings	**-**	(7,841,000)	**-**	-
Net cash used in financing activities	**(7,136,817)**	(18,272,446)	**(7,136,249)**	(10,375,963)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**36,935,059**	(19,140,500)	**16,649,432**	(2,809,571)
Effect of foreign exchange rate changes	**(269,554)**	438,871	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**44,295,169**	62,996,798	**7,290,883**	10,100,454
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 20)	**80,960,674**	44,295,169	**23,940,315**	7,290,883

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements
31 December 2007

1. GENERAL INFORMATION

The Company is principally involved in investment holding and providing management services. The principal activities of the subsidiary companies are as stated in Note 14. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the main board of Bursa Malaysia Securities Berhad.

The companies regarded by the directors as the Company's immediate and ultimate holding companies are Pan Global Holding Co. Ltd., a corporation incorporated in British Virgin Islands and Pan-International Industrial Corporation, a corporation incorporated in Taiwan.

The Company's registered office and principal place of business are at 57-1 Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, Malaysia and Plot 6, Jalan Jelawat Satu, Seberang Jaya Industrial Estate, 13700 Prai, Penang, Malaysia respectively.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 3 March 2008.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Group, expressed in Ringgit Malaysia, have been prepared under the historical cost convention unless stated otherwise in the accounting policies mentioned below.

During the financial year, the Group has adopted the following new and revised Financial Reporting Standards ("FRSs") issued by MASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2007:

(a) FRS 117 Leases

(b) FRS 124 Related Party Disclosures

The adoption of these new and revised FRSs has no material effect on the financial statements of the Group except for those disclosed in Note 31.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of accounting (cont'd)

Standards and IC Interpretations that are not yet effective and have not been early adopted are as follows:

(a) Revised FRS 107 Cash Flow Statements (Effective for annual periods beginning on or after 1 July 2007).

(b) Revised FRS 112 Income Taxes (Effective for annual periods beginning on or after 1 July 2007).

(c) Revised FRS 118 Revenue (Effective for annual periods beginning on or after 1 July 2007).

(d) Amendments to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation (Effective for annul periods beginning on or after 1 July 2007).

(e) FRS 134 Interim Financial Reporting (Effective for annual periods beginning on or after 1 July 2007).

(f) Revised FRS 137 Provisions, Contingent Liabilities and Contingent Assets (Effective for annual periods beginning on or after 1 July 2007).

(g) FRS 139 Financial Instruments: Recognition and Measurement (Effective date yet to be determined by MASB).

(h) IC Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (Effective for annual periods beginning on or after 1 July 2007).

The impact of the adoption of FRS 139 on the effective date, on the financial statements of the Group is not disclosed by virtue of the exemption given by this FRS. Revised FRS 107, FRS 112, FRS 118, FRS 121, FRS 134, FRS 137 and IC Interpretation 1 are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application.

There are also other Standards and IC Interpretations that have been issued that are not yet effective. However, these standards and IC Interpretations are not relevant to the Group's and the Company's operations.

Business combination and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group (its subsidiary companies). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Business combination and basis of consolidation (cont'd)

Subsidiary companies are consolidated using the purchase method of accounting, except for certain business combinations with agreement dates before 1 January 2006 that meet the conditions of a merger as set out in FRS 122_{2004} Business Combinations, which were accounted for using the merger method.

The Group has taken advantage of the exemption provided by FRS 3 to apply this standard prospectively. Accordingly, business combinations entered into prior to 1 January 2006 have not been restated to comply with this standard.

Under the purchase method of accounting, subsidiary companies are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statements.

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

The financial statements of all subsidiary companies are consolidated under the purchase method except for the financial statements of Pan-International Electronics (Malaysia) Sdn. Bhd. and Pan-International Wire & Cable (Malaysia) Sdn. Bhd. which are consolidated under the merger method.

All intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue and revenue recognition

Revenue of the Group represents gross invoiced values of sales less return and discounts. Revenue of the Company represents gross dividend income and gross service fees from the rendering of management services.

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

(i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
(ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(iii) the amount of revenue can be measured reliably;
(iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and
(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is recognised on a time proportion basis that takes into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

Dividend income is recognised when the shareholder's right to receive payment is established.

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

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for, using the "balance sheet liability" method, in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income tax (cont'd)

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that all future taxable profit will be available against which the deferred tax assets can be utilised. Deferred tax assets and liabilities are not recognised on temporary differences arising from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Foreign currency conversion

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company, and the presentation currency of the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rate prevailing on the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items are included in profit or loss for the period. For non-monetary items that are measured in terms of historical cost in foreign currency, any exchange component of that gain or loss is recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Ringgit Malaysia using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in income statements in the period in which the foreign operation is disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee benefits costs

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia and Singapore make contributions to the state pension scheme, the Employees' Provident Fund and Central Provident Fund respectively. Such contributions are recognised as expenses in the income statements as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(iii) Employees equity compensation benefits

The Company has an Employee's Share Option Scheme whereby options to subscribe for ordinary shares in the Company were granted by the Company to eligible employees, including directors of the Group.

Prior to 1 January 2006, no compensation expense was recognised in income statements for share options granted. The Group and the Company recognised an increase in share capital and share premium when the options were exercised. Upon the adoption of FRS 2 Share-based Payment, the total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period.

The Group has applied FRS 2 in accordance with its transitional provisions which allow this change in accounting policy to be applied to share options that were granted after 31 December 2004 but had not yet vested on 1 January 2006. The adoption of FRS 2 has no material effect on the financial statements of the Group and of the Company for the current year and previous year as the Company has not granted any option after 31 December 2004.

Borrowing costs

All interest and other costs incurred in connection with borrowings are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses. Freehold land is not depreciated. Depreciation of property, plant and equipment is computed on the straight-line method in order to write-off the cost of each asset to its residual value over its estimated useful life.

The annual depreciation rates are as follows:

Leasehold improvement	20%
Buildings	2.22% - 5%
Plant and machinery	10% - 33.3%
Production tools and equipment	10% - 20%
Furniture, fixtures and office equipment	10% - 33.3%
Mechanical and electrical installation	10% - 20%
Motor vehicles	20%
Road	10%

The Group carried certain of its buildings at revalued amounts. These assets shall be revalued at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued assets differ materially from the market values.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in carrying amount is charged to income statements. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to income statements to the extent that it offsets the previously recorded decrease.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements. On disposal of revalued assets, the amounts in revaluation reserve account relating to such assets are transferred to retained earnings account.

At each balance sheet date, the residual values, useful lives and depreciation method of the property, plant and equipment are reviewed, and the effects of any changes are recognised prospectively.

Impairment of assets

At each balance sheet date, the Group and the Company review the carrying amounts of assets to determine if there is any indication that those assets may be impaired. If any such indication exists, the asset's recoverable amount, which is the higher of net selling price and value in use, is estimated.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of assets (cont'd)

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statements, unless the asset is carried at revalued amount, in which case, the impairment loss is treated as a revaluation decrease.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal is recognised in the income statements, unless it reverses an impairment loss on revalued assets, in which case, the reversal is treated as a revaluation increase.

Investment properties

Investment properties, comprising principally freehold land, leasehold land and building held to earn rentals and/or for capital appreciation, and are not occupied by the Group.

Investment properties are stated at fair value, representing open-market value determined annually by external valuers and the directors. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Gains or losses arising from changes in the fair value of investment properties are included in income statements for the period in which they arise.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised in income statements in the period of the retirement or disposal.

Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Negative goodwill on consolidation is recognised in the income statements at the date of acquisition.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Investments in subsidiary companies

Subsidiary companies are those companies in which the Group has power to exercise control over their financial and operating policies so as to obtain benefits from their activities.

Investments in subsidiary companies, which are eliminated on consolidation, are stated in the Company's financial statements at cost.

When there is an indication of impairment in the value of the assets, the carrying amount of the investment are assessed and written down immediately to its recoverable amount.

Investment in jointly controlled entity

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investment in a jointly controlled entity is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in the jointly controlled entity is carried in the consolidated balance sheet at cost adjusted for post acquisition changes in the Group's share of net assets of the jointly controlled entity. The group's share of the net profit or loss of the jointly controlled entity is recognised in the consolidated income statements. Where there has been a change recognised directly in the equity of the jointly controlled entity, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the jointly controlled entity are eliminated to the extent of the Group's interest in the jointly controlled entity. After application of the equity method,

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investment in jointly controlled entity (cont'd)

the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the jointly controlled entity. The jointly controlled entity is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the jointly controlled entity.

When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity including any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity.

The most recent available audited financial statements of the jointly controlled entity are used by the Group in applying the equity method.

In the Company's separate financial statements, investment in the jointly controlled entity is stated at cost less impairment losses.

On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in income statements.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the first-in, first-out and weighted average methods. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated cost to completion.

Cost of raw materials consists of the purchase price plus the cost incurred in bringing the inventories to their present location. Costs of work-in-progress and finished goods consist of cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

Receivables

Receivables are stated at nominal value as reduced by the appropriate allowance for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Equity instruments

Ordinary shares are classified as equity. The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Treasury shares

Where the Company reacquires its own equity share capital, the consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in income statements on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

Borrowings

All borrowings are initially recognised at the nominal value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the effective interest method.

Payables

Payables are stated at the nominal value of the consideration to be paid in the future for goods and services received.

Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, demand deposits and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial instruments

Financial instruments carried on the balance sheets include short-term deposits, cash and bank balances, investments, receivables and payables. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to a financial instruments classified as liability are reported as expense or income. Distributions to holders of financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in respect of the recognition of deferred tax assets.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised deferred tax assets of the Group is RM1,869,000 (2006: RM2,882,000).

5. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Sales of goods:				
Manufacturing	**274,444,499**	238,985,376	**-**	-
Trading	**6,504,323**	38,578,974	**-**	-
Dividend income from subsidiary companies	**-**	-	**161,335,329**	11,700,000
Management fee	**-**	-	**129,600**	129,600
	280,948,822	277,564,350	**161,464,929**	11,829,600

6. OTHER GAINS AND LOSSES

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Scrap sales	**5,790,650**	4,910,772	**-**	-
Allowance for slow moving inventories no longer required	**2,697,703**	-	**-**	-
Realised gain on foreign exchange	**1,769,739**	1,138,801	**109,282**	-
Gain on disposal of property, plant and equipment	**65,825**	-	**-**	-
Unrealised gain/(loss) in foreign exchange	**14,186**	(957,561)	**-**	-
Gain on disposal of investments	**11,108**	162,987	**11,108**	162,987
Accrued compensation	**(753,994)**	-	**-**	-
Allowance for doubtful debts	**(691,958)**	-	**-**	-
Property, plant and equipment written off	**(30,883)**	(1)	**-**	-
Bad debts written off	**(11,787)**	(30,028)	**-**	-
Fair value adjustment of investment properties	**-**	460,733	**-**	-
Interest on late payment by customers	**-**	147,412	**-**	-
Allowance for doubtful debts no longer required	**-**	4,791	**-**	-
Allowance for slowing moving inventories	**-**	(179,461)	**-**	-
Miscellaneous income	**36,320**	542,409	**-**	-
	8,896,909	6,200,854	**120,390**	162,987

7. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Contributions to Employees' Provident Fund and Central Provident Fund	**1,146,044**	998,344	**238,637**	169,270
Other employee benefit expense	**24,224,173**	24,461,197	**3,585,171**	1,239,543
	25,370,217	25,459,541	**3,823,808**	1,408,813

Employee benefits expenses of the Group and of the Company include directors' remuneration, salaries, bonuses, contributions to Employees' Provident Fund and Central Provident Fund and all other staff related expenses.

Details of remuneration of executive directors and officers, who are the key management personnel of the Group and of the Company, are as follows:

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Directors of the Company:				
Contribution to Employees' Provident Funds	**170,046**	122,935	**170,046**	122,935
Other emoluments	**2,459,998**	781,075	**2,459,998**	781,075
Directors of subsidiaries:				
Contribution to Employees' Provident Funds	**52,154**	63,088	**-**	-
Other emoluments	**427,746**	617,457	**-**	-
Officers of subsidiary:				
Other employee benefit expense	**182,400**	182,374	**-**	-
	3,292,344	1,766,929	**2,630,044**	904,010

Notes to the Financial Statements
31 December 2007 (cont'd)

8. PROFIT BEFORE TAX

Profit before tax is arrived at:

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
After charging:				
Depreciation of property, plant and equipment	**3,333,754**	3,582,622	**-**	-
Directors' remuneration:				
Fee:				
Directors of the Company	**48,000**	48,000	**48,000**	48,000
Contributions to Employees' Provident Fund and Central Provident Fund:				
Directors of the Company	**170,046**	122,935	**170,046**	122,935
Directors of subsidiary companies	**67,699**	82,108	**-**	-
Other emoluments:				
Directors of the Company	**2,465,198**	787,475	**2,465,198**	787,475
Directors of subsidiary companies	**561,231**	776,043	**-**	-
Amortisation of prepaid lease payments	**229,340**	229,340	**-**	-
Rental of premises	**112,725**	92,238	**-**	-
Audit fee:				
Current year	**99,289**	101,342	**22,000**	22,000
(Over)/underprovision in prior year	**(7,400)**	12,000	**-**	6,000
Rental of office equipment	**13,001**	13,739	**-**	-
Interest on bank borrowings	**568**	55,483	**-**	-
And crediting:				
Interest on short-term deposits	**1,690,225**	1,252,851	**357,196**	164,173
Rental income	**1,067,358**	1,056,162	**-**	-

9. INCOME TAX EXPENSE

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Current tax expense:				
Malaysian	**7,221,583**	8,029,928	**40,433,583**	1,744,328
Foreign	**478,230**	84,170	**-**	-
	7,699,813	8,114,098	**40,433,583**	1,744,328
Deferred tax (Note 16):				
Relating to the origination and reversal of temporary differences in current year	**943,036**	(972,964)	**-**	-
Reversal of deferred tax liabilities arising from the exemption of capital gains tax	**(255,371)**	-	**-**	-
Reduction in opening deferred tax resulting from the change in tax rates	**69,000**	105,000	**-**	-
	756,665	(867,964)	**-**	-
	8,456,478	7,246,134	**40,433,583**	1,744,328
Under/(Over) provision in prior year:				
Current tax	**161,738**	(455,683)	**(69,255)**	42
Deferred tax	**(112,000)**	-	**-**	-
	49,738	(455,683)	**(69,255)**	42
Income tax expense	**8,506,216**	6,790,451	**40,364,328**	1,744,370

The Group is operating in the jurisdictions of Malaysia, Thailand and Singapore. The applicable domestic statutory income tax rates are 20% and 27% for Malaysia, 15% and 30% for Thailand and 18% for Singapore.

The current corporate income tax rate for the year ended 31 December 2007 for Malaysia is 27%. In September 2007, the Malaysian government proposed in the yearly budget a reduction in the corporate income tax rate to 26% for the year of assessment 2008 and 25% for the year of assessment 2009.

A subsidiary company in Thailand has received investment promotion in manufacturing of certain goods according to the Investment Promotion Act of Thailand B.E. 1977. As a result, it is entitled to corporate income tax exemption and tax reduction (at 15%) for certain income, as well as other rights and privileges as prescribed by the Board of Investment. As for income which is derived from Non-Board of Investment operations, it is still liable for corporate income tax at 30% of the net profit.

Notes to the Financial Statements
31 December 2007 (cont'd)

9. INCOME TAX EXPENSE (cont'd)

A numerical reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Accounting profit	**44,097,566**	32,952,733	**157,920,811**	10,611,499
Tax amount at the statutory income tax rate of 27% (2006: 28%)	**11,906,343**	9,226,765	**42,638,619**	2,971,220
Tax effect of:				
Non-deductible expenses	**691,850**	470,923	**24,167**	26,745
Non-taxable income	**(3,431,828)**	(1,915,573)	**(2,229,203)**	(1,221,637)
Tax saving on utilisation of reinvestment allowance	**(156,000)**	(75,000)	**-**	-
Effect of different tax rates applicable to foreign and certain local subsidiary companies	**468,558**	(101,000)	**-**	-
Net deferred tax assets not recognised	**3,273**	26,019	**-**	-
Utilisation of previously unrecognised deferred tax assets	**-**	(32,000)	**-**	(32,000)
Double deduction	**(164,347)**	-	**-**	-
Tax saving on claim of allowance for increased exports	**(675,000)**	(459,000)	**-**	-
Reversal of deferred tax liabilities arising from the exemption of capital gains tax	**(255,371)**	-	**-**	-
Reduction in opening deferred tax resulting from the change in tax rates	**69,000**	105,000	**-**	-
	8,456,478	7,246,134	**40,433,583**	1,744,328
Under/(Over)provision in prior year:				
Current tax	**161,738**	(455,683)	**(69,255)**	42
Deferred tax	**(112,000)**	-	**-**	-
	49,738	(455,683)	**(69,255)**	42
Income tax expense	**8,506,216**	6,790,451	**40,364,328**	1,744,370

9. INCOME TAX EXPENSE (cont'd)

The applicable tax rate of 27% (2006: 28%) used in the above numerical reconciliation of tax of the Group and of the Company is determined based on the statutory income tax rate prevailing for the Company.

As of 31 December 2007, the approximate amounts of unabsorbed tax losses of the Group and of the Company, for which no deferred tax asset has been recognised in the financial statements, which are available for set-off against future taxable income are as follows:

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Unabsorbed tax losses	**598,000**	1,325,000	**-**	751,000

The unabsorbed tax losses are subject to agreement by the tax authorities.

10. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	The Group	
	2007	2006
Profit attributable to ordinary equity holders of the Company (RM)	**35,591,350**	26,162,282
Weighted average number of ordinary shares in issue (units)	**62,614,799**	62,414,213
Basic earnings per share (sen)	**56.84**	41.92

10. EARNINGS PER SHARE (cont'd)

(b) Diluted

The earnings used in the calculation of diluted earnings per share are the same as those for the equivalent basic earnings per share measures, as outlined above.

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares in issue for the year 2006 have been adjusted for the dilutive effects of all potential share options granted to employees.

	The Group 2006 Units
Weighted average number of ordinary shares in issue	62,414,213
Adjustment for share options	274,341
Weighted average number of ordinary shares for calculating diluted earnings per share	62,688,554
Diluted earnings per share (sen)	41.73

The diluted earnings per ordinary share in 2007 has not been presented as there are no outstanding share options at the end of the financial year.

Notes to the Financial Statements
31 December 2007 (cont'd)

11. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost unless stated otherwise	Beginning of year RM	Additions RM	Disposals RM	Exchange reserve* RM	End of year RM
2007:					
Freehold land	**667,364**	**-**	**-**	**680**	**668,044**
Leasehold improvement	**203,884**	**-**	**-**	**-**	**203,884**
Buildings					
- at cost	**927,884**	**-**	**-**	**935**	**928,819**
- at 2005 valuation	**17,820,000**	**-**	**-**	**-**	**17,820,000**
Plant and machinery	**44,818,972**	**2,233,800**	**(441,536)**	**32**	**46,611,268**
Production tools and equipment	**2,416,613**	**230,626**	**-**	**7**	**2,647,246**
Furniture, fixtures and office equipment	**2,162,034**	**88,705**	**(28,047)**	**(37)**	**2,222,655**
Mechanical and electrical installation	**1,608,537**	**-**	**-**	**-**	**1,608,537**
Motor vehicles	**1,483,283**	**348,237**	**-**	**(2,639)**	**1,828,881**
Road	**8,612**	**-**	**-**	**9**	**8,621**
	72,117,183	**2,901,368**	**(469,583)**	**(1,013)**	**74,547,955**

Cost unless stated otherwise	Beginning of year RM	Transfer to investment properties RM	Additions RM	Disposals RM	Exchange reserve* RM	End of year RM
2006:						
Freehold land	1,672,385	(1,115,908)	-	-	110,887	667,364
Leasehold improvement	203,884	-	-	-	-	203,884
Buildings						
- at cost	1,251,691	(406,070)	-	-	82,263	927,884
- at 2005 valuation	23,900,000	(6,080,000)	-	-	-	17,820,000
Plant and machinery	43,902,353	-	916,471	(1,800)	1,948	44,818,972
Production tools and equipment	2,102,570	-	316,245	(2,300)	98	2,416,613
Furniture, fixtures and office equipment	2,050,605	-	109,971	-	1,458	2,162,034
Mechanical and electrical installation	1,608,537	-	-	-	-	1,608,537
Motor vehicles	1,483,283	-	-	-	-	1,483,283
Road	8,077	-	-	-	535	8,612
	78,183,385	(7,601,978)	1,342,687	(4,100)	197,189	72,117,183

Notes to the Financial Statements
31 December 2007 (cont'd)

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Accumulated depreciation	**Beginning of year RM**	**Charge for the year RM**	**Disposals RM**	**Exchange reserve* RM**	**End of year RM**
2007:					
Leasehold improvement	**203,862**	**-**	**-**	**-**	**203,862**
Buildings					
- at cost	**104,290**	**91,031**	**-**	**(1,625)**	**193,696**
- at 2005 valuation	**820,161**	**562,559**	**-**	**-**	**1,382,720**
Plant and machinery	**37,675,787**	**2,308,753**	**(415,247)**	**(86)**	**39,569,207**
Production tools and equipment	**2,195,927**	**162,464**	**-**	**(39)**	**2,358,352**
Furniture, fixtures and office equipment	**1,940,118**	**74,765**	**(23,452)**	**(266)**	**1,991,165**
Mechanical and electrical installation	**1,599,191**	**8,922**	**-**	**-**	**1,608,113**
Motor vehicles	**1,203,828**	**122,363**	**-**	**(232)**	**1,325,959**
Road	**5,750**	**2,897**	**-**	**(26)**	**8,621**
	45,748,914	**3,333,754**	**(438,699)**	**(2,274)**	**48,641,695**

Accumulated depreciation	**Beginning of year RM**	**Transfer to investment properties RM**	**Charge for the year RM**	**Disposals RM**	**Exchange reserve* RM**	**End of year RM**
2006:						
Leasehold improvement	203,862	-	-	-	-	203,862
Buildings						
- at cost	24,378	(10,901)	89,209	-	1,604	104,290
- at 2005 valuation	322,197	(67,556)	565,520	-	-	820,161
Plant and machinery	35,277,841	-	2,399,640	(1,799)	105	37,675,787
Production tools and equipment	1,859,918	-	338,306	(2,300)	3	2,195,927
Furniture, fixtures and office equipment	1,857,571	-	82,215	-	332	1,940,118
Mechanical and electrical installation	1,583,265	-	15,926	-	-	1,599,191
Motor vehicles	1,116,949	-	86,879	-	-	1,203,828
Road	772	-	4,927	-	51	5,750
	42,246,753	(78,457)	3,582,622	(4,099)	2,095	45,748,914

* Exchange reserve arising from translation of foreign subsidiary companies.

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	The Group	
	2007	**2006**
	RM	**RM**
Net book value:		
Freehold land	**668,044**	667,364
Leasehold improvement	**22**	22
Buildings		
- at cost	**735,123**	823,594
- at 2005 valuation	**16,437,280**	16,999,839
Plant and machinery	**7,042,061**	7,143,185
Production tools and equipment	**288,894**	220,686
Furniture, fixtures and office equipment	**231,490**	221,916
Mechanical and electrical installation	**424**	9,346
Motor vehicles	**502,922**	279,455
Road	**-**	2,862
	25,906,260	26,368,269

The buildings were revalued in 2005 based on the reports of an independent firm of professional valuers using open market values on existing use basis. The resulting revaluation surplus net of related deferred tax liabilities has been credited to revaluation reserve.

Had the buildings been carried at historical costs, the carrying amounts of the revalued buildings will be as follows:

	The Group	
	2007	**2006**
	RM	**RM**
Buildings:		
Costs	**14,109,458**	14,109,458
Accumulated depreciation	**(5,863,214)**	(5,458,292)
Carrying amounts	**8,246,244**	8,651,166

As of 31 December 2007, certain of the Group's freehold land and buildings with a total carrying value of RM1,392,838 (2006: RM1,480,385) are charged to a commercial bank as securities for banking facilities granted to the Group as mentioned in Note 26.

12. INVESTMENT PROPERTIES

	The Group	
	2007	**2006**
	RM	**RM**
At fair value		
At beginning of year	**10,377,366**	-
Transfer from property, plant and equipment	**-**	9,916,633
Fair value adjustment	**-**	460,733
Effect of exchange difference	**2,010**	-
At end of year	**10,379,376**	10,377,366

The fair value of certain of the Group's investment properties as of 31 December 2007 amounting to RM8,405,556 (2006: RM8,405,556) has been arrived at on the basis of a valuation carried out by an independent valuer that is not related to the Group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The fair value of the balance of the Group's investment properties as of 31 December 2007 amounting to RM1,973,820 (2006: RM1,971,810) was determined by the directors by reference to market evidence of transaction prices for similar properties of which no valuation was carried out by an independent valuer.

The following investment properties are held under lease terms:

	The Group	
	2007	**2006**
	RM	**RM**
Leasehold land	**2,393,111**	2,393,111
Building	**6,012,445**	6,012,445
	8,405,556	8,405,556

The rental income earned by the Group from its investment properties is RM1,067,358 (2006: RM1,056,162). Direct operating expense arising on the investment properties during the year amounted to RM102,543 (2006: RM88,356).

As of 31 December 2007, certain of the Group's investment properties with a total carrying value of RM1,973,820 (2006: RM1,971,810) are charged to a commercial bank as securities for banking facilities granted to the Group as mentioned in Note 26.

Notes to the Financial Statements
31 December 2007 (cont'd)

13. PREPAID LEASE PAYMENTS

	The Group	
	2007 RM	2006 RM
Short leasehold land		
At beginning of year	**8,990,000**	9,196,666
Amortisation during the year	**(206,667)**	(206,666)
At end of year	**8,783,333**	8,990,000
Leasehold flats		
At beginning of year	**1,915,987**	1,938,661
Amortisation during the year	**(22,673)**	(22,674)
At end of year	**1,893,314**	1,915,987
	10,676,647	10,905,987

As of 31 December 2007, the unexpired lease period of short leasehold land and leasehold flats are 43 years and 84 years respectively.

14. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2007 RM	2006 RM
Unquoted shares:		
At beginning of year	**82,262,857**	87,455,329
Dividend received from a subsidiary company declared out of pre-acquisition profit	**(2,344,052)**	(5,192,472)
At end of year	**79,918,805**	82,262,857

14. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

The subsidiary companies are as follows:

	Country of incorporation	Principal activity	Percentage of ownership 2007	Percentage of ownership 2006
Direct holdings				
Pan-International Electronics (Malaysia) Sdn. Bhd.	Malaysia	Contract electronic manufacturing and cable and PCB assemblies	**100%**	100%
Pan-International Wire & Cable (Malaysia) Sdn. Bhd.	Malaysia	Manufacture of cables and wires for electronic devices and cable moulding compounds	**100%**	100%
Pan International Electronics (Thailand) Co., Ltd#	Thailand	Cable assembly and wireharness manufacturing and providing of cable and wireharness to the computer, communication and consumer electronic industry	**100%**	100%
Indirect holdings				
PIE Enterprise (M) Sdn. Bhd.*	Malaysia	Trading of cables and computers	**100%**	100%
Pan-International Corporation (S) Pte. Ltd.*#	Singapore	Marketing and trading of of electronic and telecommunication components and equipment	**100%**	100%
P.I.W. Enterprise (Malaysia) Sdn. Bhd.+	Malaysia	Trading of electrical products	**100%**	100%

* These companies are wholly owned by Pan-International Electronics (Malaysia) Sdn. Bhd.

+ This company is wholly owned by Pan-International Wire & Cable (Malaysia) Sdn. Bhd.

The financial statements of these subsidiary companies were audited by other firms of auditors.

15. INVESTMENT IN JOINTLY CONTROLLED ENTITY

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Unquoted shares, at cost	**-**	25,000	**25,000**	25,000
Share of post-acquisition results	**-**	(25,000)	**-**	-
	-	-	**25,000**	25,000

In year 2006, the Company subscribed for 50% equity interest in Infra-Info Telecommunications Sdn. Bhd., a company incorporated in Malaysia. The jointly controlled entity is principally engaged in the provision of wireless broadband services and sale of related telecommunication products.

The Group's share of loss in jointly controlled entity has been recognised to the extent of the carrying amount of the investment. The cumulative and current year unrecognised share of loss in excess of carrying amount amounted to RM38,825 (2006: RM1,121) and RM37,704 (2006: RM1,121) respectively.

The Group's aggregate share of current assets, non-current assets, current liabilities, income and expenses of the jointly controlled entity is as follows:

	2007	**2006**
	RM	**RM**
Assets and liabilities		
Current assets	**3,595**	9,748
Non-current assets	**84,429**	101,630
Total assets	**88,024**	111,378
Current liabilities	**(126,849)**	(112,498)
Results		
Revenue	**14,297**	8,986
Expenses	**(53,251)**	(35,107)
Other income	**1,250**	-

16. DEFERRED TAX

	The Group	
	2007	**2006**
	RM	**RM**
Deferred tax liabilities	**3,957,596**	4,325,931
Deferred tax assets	**(1,869,000)**	(2,882,000)
Net position	**2,088,596**	1,443,931

The movement of the Group's deferred tax liabilities is as follows:

	2007	**2006**
	RM	**RM**
Balance at beginning of year	**4,325,931**	4,438,895
Transfer to income statements (Note 9)	**(368,335)**	(112,964)
Balance at end of year	**3,957,596**	4,325,931

The Group's deferred tax liabilities are in respect of tax effect of revaluation surplus.

A deferred tax income of RM112,964 (2006: RM112,964) was recognised by a transfer from the deferred tax liabilities to the income statements. In addition, an amount of RM290,477 (2006: RM290,477) net of the related deferred tax was transferred from revaluation reserve to retained earnings. These relate to the difference between the actual depreciation on the revalued assets and equivalent depreciation based on the cost of the assets.

The movement of the Group's deferred tax assets is as follows:

	2007	**2006**
	RM	**RM**
Balance at beginning of year	**2,882,000**	2,127,000
Transfer (from)/ to income statements (Note 9)	**(1,013,000)**	755,000
Balance at end of year	**1,869,000**	2,882,000

Notes to the Financial Statements
31 December 2007 (cont'd)

16. DEFERRED TAX (cont'd)

The Group's deferred tax assets are in respect of the following:

	Deferred Tax Assets/(Liabilities)	
	2007	**2006**
	RM	**RM**
Tax effect of temporary differences arising from:		
Property, plant and equipment	**(1,278,000)**	(1,269,000)
Inventories	**2,424,000**	2,184,000
Payables	**-**	1,712,000
Others	**723,000**	255,000
	1,869,000	2,882,000

As mentioned in Note 3, deferred tax asset is recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. As of 31 December 2007, the amounts of estimated net deferred tax assets of the Group and of the Company which are not recognised in the financial statements, are as follows:

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Tax effect of unabsorbed tax losses	**116,833**	324,000	**-**	210,000

Notes to the Financial Statements
31 December 2007 (cont'd)

17. INVENTORIES

	The Group	
	2007 RM	2006 RM
Raw materials	**26,430,476**	20,477,205
Work-in-progress	**6,424,046**	6,619,802
Finished goods	**3,511,359**	3,128,866
Goods-in-transit	**407,165**	461,854
	36,773,046	30,687,727

The cost of inventories recognised as an expense during the year was RM234,754,266 (2006: RM239,100,305).

The cost of inventories recognised as an expense includes RM1,602,509 (2006: RM640,000) in respect of write-downs of inventory to net realisable value. The Group reversed RM4,300,212 (2006: RM460,539) in respect of part of an inventory write-down made in prior years that was subsequently not required as the Group has sold these inventories at above their carrying amount.

18. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade receivables	**70,626,631**	78,292,356	**-**	-
Less: Allowance for doubtful debts	**(1,404,900)**	(716,984)	**-**	-
	69,221,731	77,575,372	**-**	-
Amount owing by subsidiary companies	**-**	-	**111,700,800**	14,611,222
Amount owing by jointly controlled entity	**125,000**	80,000	**125,000**	80,000
Other receivables	**130,420**	138,068	**-**	-
	69,477,151	77,793,440	**111,825,800**	14,691,222

18. TRADE AND OTHER RECEIVABLES (cont'd)

Analysis of trade and other receivables by currencies:

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
United States Dollar	**45,274,763**	45,060,178	**-**	-
Ringgit Malaysia	**13,911,027**	25,627,401	**111,825,800**	14,691,222
Thai Baht	**3,107,420**	3,013,562	**-**	-
Singapore Dollar	**2,937,099**	2,541,862	**-**	-
Euro	**4,246,842**	1,550,437	**-**	-
	69,477,151	77,793,440	**111,825,800**	14,691,222

Trade receivables comprise amounts receivable for the sale of goods. The credit periods granted on sale of goods range from 30 to 90 days (2006: 30 to 90 days). An allowance has been made for estimated irrecoverable amount from the sale of goods of RM1,404,900 (2006: RM716,984). This allowance has been determined by reference to past default experience.

The amount owing by subsidiary companies arose mainly from management fee receivable, dividend receivable and advances which are unsecured, interest free and have no fixed term of repayment.

The amount owing by subsidiary companies are as follows:

	The Company	
	2007	2006
	RM	RM
Amount owing by subsidiary companies:		
Pan-International Electronics (Malaysia) Sdn. Bhd.	**76,655,400**	6,245,400
Pan-International Wire & Cable (Malaysia) Sdn. Bhd.	**35,045,400**	3,365,400
PIE Enterprise (M) Sdn. Bhd.	**-**	5,000,422
	111,700,800	14,611,222

The amount owing by jointly controlled entity, Infra-Info Telecommunications Sdn. Bhd. arose mainly from advances which are unsecured, interest free and have no fixed term of repayment.

18. TRADE AND OTHER RECEIVABLES (cont'd)

Significant transactions between the Group and the Company with related parties during the financial year were as follows:

	The Group	
	2007	**2006**
	RM	**RM**
With Ultimate Holding Company		
Purchase of raw materials	**576,143**	910,026
Miscellaneous purchases	**7,163**	19,416
Purchase of trading goods	**4,760**	13,845

	The Company	
	2007	**2006**
	RM	**RM**
With Subsidiary Companies		
Dividends received/receivable		
Pan-International Electronics (Malaysia) Sdn. Bhd.	**105,000,000**	7,500,000
Pan-International Wire & Cable (Malaysia) Sdn. Bhd.	**48,000,000**	4,200,000
Pan-International Electronics (Thailand) Co., Ltd.	**8,335,329**	-
Management fee received/receivable		
Pan-International Electronics (Malaysia) Sdn. Bhd.	**64,800**	64,800
Pan-International Wire & Cable (Malaysia) Sdn. Bhd.	**64,800**	64,800

The directors of the Company are of the opinion that the above trade transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

19. OTHER ASSETS

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Prepaid expenses	**1,899,676**	1,473,519	**17,869**	-
Deposits	**132,090**	128,075	**2,500**	2,500
Interest receivable	**33,082**	8,181	**33,082**	8,181
	2,064,848	1,609,775	**53,451**	10,681

Included in prepaid expense for year 2007 is prepayment for purchase of leasehold land and building amounted to RM540,000.

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements consist of the following balance sheet items:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Short-term deposits with licenced bank	**66,784,781**	29,409,228	**23,700,000**	7,100,000
Cash and bank balances	**14,175,893**	14,885,941	**240,315**	190,883
	80,960,674	44,295,169	**23,940,315**	7,290,883

The short-term deposits bear interests at rates ranging from 2.25% to 4.30% (2006: 2.70% to 5.15%) per annum and will mature in January 2008.

Analysis of cash and cash equivalents by currencies:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Ringgit Malaysia	**47,521,394**	20,973,973	**23,940,315**	7,290,883
United States Dollar	**26,632,203**	18,955,819	**-**	-
Thai Baht	**6,695,385**	4,108,125	**-**	-
Singapore Dollar	**111,692**	257,252	**-**	-
	80,960,674	44,295,169	**23,940,315**	7,290,883

Included in cash and bank balances is an amount of RM54,992 (2006: RM94,176) pledged as guarantee for the issuance of letter of guarantee by a commercial bank for a foreign subsidiary company's installation of electrical transformer and guarantee for the perfomance.

Notes to the Financial Statements
31 December 2007 (cont'd)

21. SHARE CAPITAL

	The Group and the Company			
	2007		2006	
	No. of Shares	RM	No. of Shares	RM
Authorised:				
Shares of RM1 each	**100,000,000**	**100,000,000**	100,000,000	100,000,000
Issued and fully paid				
Ordinary shares of RM1 each:				
At beginning of year	**63,130,000**	**63,130,000**	62,046,000	62,046,000
Exercise of employees' share options	**877,000**	**877,000**	1,084,000	1,084,000
At end of year	**64,007,000**	**64,007,000**	63,130,000	63,130,000

At an Extraordinary General Meeting held on 18 May 2007, the Company's shareholders approved the Company's plan to repurchase its own shares. Under the share buy-back exercise, the Company is authorised to purchase up to maximum of 10% of the total issued and paid-up share capital. The share buy-back exercise is undertaken to enhance the value of the Company and is applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 294,300 (2006: 1,207,000) of its issued and fully paid-up ordinary shares from the open market. The average price paid for the shares repurchased was approximately RM3.27 (2006: RM2.47) per ordinary share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

During the financial year, the Company sold 1,500,800 (2006: Nil) treasury shares in the open market at an average re-sale price of RM4.06 (2006: Nil) per ordinary share for a total consideration of RM6,071,912.

As of 31 December 2007, out of the total 64,007,000 (2006: 63,130,000) issued and paid-up share capital, 500 (2006: RM1,207,000) are held as treasury shares. Hence, the number of outstanding ordinary shares in issue and fully paid-up is 64,006,500 (2006: 61,923,000) ordinary shares of RM1 each.

During the financial year, the issued and paid-up share capital of the Company was increased from RM63,130,000 to RM64,007,000 by way of issuance of 877,000 new ordinary shares of RM1 each for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company at an exercise price of RM1.70 per ordinary share.

The resultant premium arising from the shares issued pursuant to the ESOS of RM613,900 was credited to the share premium account.

The new ordinary shares rank pari passu with the then existing ordinary shares of the Company.

The Company implemented the ESOS which came into effect on 11 March 2003 for a period of 5 years. The ESOS is governed by the by-laws which were approved by the Company's shareholders on 2 December 2002.

21. SHARE CAPITAL (cont'd)

Movement in the number of share options outstanding and their related weighted average exercise price are as follows:

	2007 Average exercise price RM/share	2007 Options
At start of year	1.70	888,000
Granted	-	-
Forfeited	1.70	(11,000)
Exercised	1.70	(877,000)
Expired	-	-
At end of year	1.70	-

There are no outstanding options at the end of the year.

Details of share options exercised during the financial year and the fair values at exercise dates of shares issued are as follows:

Exercise date	Exercise price per ordinary share RM	Fair value of shares issued RM	No. of options exercised	Considerations received RM
2007:				
January 2007	1.70	2.92 - 2.94	5,000	8,500
February 2007	1.70	3.16	1,000	1,700
March 2007	1.70	3.10 - 3.42	391,000	664,700
April 2007	1.70	3.30 - 3.66	287,000	487,900
May 2007	1.70	3.44 - 3.90	180,000	306,000
June 2007	1.70	3.46	3,000	5,100
August 2007	1.70	4.02	2,000	3,400
September 2007	1.70	3.88 - 3.90	4,000	6,800
November 2007	1.70	5.05	4,000	6,800
			877,000	1,490,900

21. SHARE CAPITAL (cont'd)

Exercise date	Exercise price per ordinary share RM	Fair value of shares issued RM	No. of options exercised	Considerations received RM
2006:				
February 2006	1.70	1.99 - 2.03	20,000	34,000
March 2006	1.70	2.46 - 2.57	428,000	727,600
April 2006	1.70	2.45 - 2.82	392,000	666,400
May 2006	1.70	2.58 - 2.76	219,000	372,300
September 2006	1.70	2.46	2,000	3,400
November 2006	1.70	2.60	8,000	13,600
December 2006	1.70	2.85 -3.00	15,000	25,500
			1,084,000	1,842,800

The principal features of the ESOS are as follows:

a) The maximum number of new ordinary shares of the Company which may be issued and allotted pursuant to the exercise of options granted under the ESOS shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company at any point in time during the duration of the ESOS;

b) the ESOS will be available to executive directors and eligible employees of the Group and the Company;

c) to be eligible to participate in the ESOS, an employee must be at least eighteen (18) years of age, have been employed in the Group for at least six (6) months and have been confirmed in service;

d) the ESOS shall be in force for a period of five (5) years from the date of the confirmation letter submitted to the Securities Commission ("SC"). However, the company may, if the Board of Directors and ESOS committee deems fit, extend the scheme for another five (5) years. Such renewed scheme shall be implemented in accordance with the terms of the ESOS By-Laws save for any revisions and/or changes to the statutes and/ or regulations currently in force and shall be valid and binding without further obtaining approvals of the relevant authorities;

e) the price at which the ESOS option holder is entitled to subscribe for each share in the Company shall be at a discount of not more than 10% from the weighted average market price of the ordinary shares as shown in the daily official list issued by the Bursa Malaysia Securities for the five (5) market days preceding the date of offer or at the par value of the ordinary shares, whichever is the higher; and

f) the new shares to be issued pursuant to the ESOS, shall upon issue and allotment, rank pari passu in all respects with the then existing ordinary shares of the Company except that they will not be entitled to participate in any dividends, rights, allotments and/or any other distributions which may be declared, made or paid before the allotment of such shares.

22. RESERVES

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Share premium	**18,993,049**	16,248,166	**18,993,049**	16,248,166
Revaluation reserve	**10,176,684**	10,467,161	**-**	-
Foreign currency translation reserve	**469,127**	733,925	**-**	-
Merger reserve	**-**	-	**16,408,221**	16,408,221
	29,638,860	27,449,252	**35,401,270**	32,656,387

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

The revaluation reserve is used to record increase and decrease in revaluation of non-current assets, as described in the accounting policies. The revaluation reserve represents surplus arising from the revaluation of the Group's short leasehold land, buildings and leasehold flats as disclosed in Note 11 and 13, net of the related deferred tax liabilities.

The foreign currency translation reserve is used to record exchange differences arising on translation of foreign subsidiary companies.

The merger reserve represents the difference between the cost of investment in subsidiary companies and the nominal value of shares issued as consideration plus cash consideration.

23. RETAINED EARNINGS

Retained earnings is distributable reserve that is available for distribution by way of dividends. The entire retained earnings of the Company as of 31 December 2007 is available for distribution by way of cash dividends without additional tax liabilities being incurred.

24. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Trade payables	**26,556,957**	19,684,321	**-**	-
Amount owing to ultimate holding company	**107,317**	157,442	**-**	-
Amount owing to directors	**13,200**	12,000	**13,200**	12,000
Other payables and accrued expenses	**14,687,033**	12,322,212	**2,028,966**	22,000
	41,364,507	32,175,975	**2,042,166**	34,000

Notes to the Financial Statements
31 December 2007 (cont'd)

24. TRADE AND OTHER PAYABLES (cont'd)

Analysis of trade and other payables by currencies:

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Ringgit Malaysia	**22,655,491**	18,217,710	**2,042,166**	34,000
United States Dollar	**15,206,949**	11,524,202	**-**	-
Thai Baht	**2,510,345**	2,123,250	**-**	-
Japanese Yen	**681,044**	50,781	**-**	-
Singapore Dollar	**218,572**	135,021	**-**	-
New Taiwan Dollar	**17,235**	84,947	**-**	-
Other currencies	**74,871**	40,064	**-**	-
	41,364,507	32,175,975	**2,042,166**	34,000

Trade payables comprise amounts outstanding for trade purchases. The credit periods granted to the Group for trade purchases range from 10 to 60 days (2006: 30 to 60 days).

The amount owing to ultimate holding company arose mainly from trade transactions and have no fixed term of repayment.

The amount owing to directors represents directors' remuneration payable to them.

Other payables and accrued expenses comprise amount outstanding for ongoing costs.

25. DIVIDENDS

	The Group and the Company	
	2007	2006
	RM	RM
Dividends declared and payable:		
First and final dividend of 12 sen (2006: 12 sen) gross per ordinary share, less tax, for 2006 and 2005	**5,481,903**	5,452,099
Special dividend I of 8 sen gross per ordinary share, tax exempt, for 2006	**5,006,304**	-
Special dividend II of 3 sen gross per ordinary share, less tax, for 2006	**1,370,476**	-
Special interim dividend I of 3 sen gross per ordinary share, tax exempt, for 2007	**1,877,364**	-
Special dividend of 6 sen gross per ordinary share, tax exempt, for 2005	**-**	3,786,180
	13,736,047	9,238,279

26. BANKING FACILITIES

The Group's banking facilities bear interest at rates ranging from 0.1% to 1.5% per annum above the lending banks' base lending rates, 0.5% to 0.75% per annum above the lending bank's cost of funds and 1% to 1.5% per annum above Bank Negara Malaysia's funding rate.

The banking facilities of the Group are generally secured as follows:

a) a mortgage over a subsidiary company's freehold land, buildings and investment properties; and
b) corporate guarantees from the Company.

27. LEASE COMMITMENTS

As of 31 December 2007, non-cancellable long-term lease commitments pertaining to the Group in respect of rental of premises are as follows:

	The Group	
	2007	**2006**
	RM	**RM**
Not later than 1 year	**84,440**	74,580
Later than 1 year but not later than 5 years	**24,270**	24,140
	108,710	98,720

28. CAPITAL COMMITMENTS

As of 31 December 2007, capital expenditure contracted but not provided for in the financial statements of the Group in respect of purchase of leasehold land and building is approximately RM3,960,000.

29. SEGMENT REPORTING

Business Segments

For management purposes, the Group is organised into the following business segments:

- manufacturing of industrial products (includes cables and wires for electrical devices, cable moulding components and PCB assemblies, cable and wireharness to the computer, communication, consumer electronic industry and cable assembly)
- trading of electrical products (includes cables, computers, capacitors, resistors and telecommunication components and equipment)
- investment holdings

Notes to the Financial Statements
31 December 2007 (cont'd)

29. SEGMENT REPORTING (cont'd)

Business Segments (cont'd)

Inter-segment revenue are charged on an arms length basis under terms, conditions and prices not materially different from transactions with unrelated parties.

	Manufacturing of industrial products RM	Trading of electrical products RM	Investment holdings RM	Elimination RM	Total RM
2007					
Revenue					
External sales	274,444,499	6,504,323	-	-	280,948,822
Inter-segment revenue	16,603,966	1,743,441	161,464,929	(179,812,336)	-
Total revenue	291,048,465	8,247,764	161,464,929	(179,812,336)	280,948,822
Results					
Segment results	45,334,719	(94,666)	157,552,507	(161,463,117)	41,329,443
Investment revenue					2,757,583
Gain on disposal of investments					11,108
Finance costs					(568)
Profit before tax					44,097,566
Income tax expense					(8,506,216)
Profit for the year					35,591,350
Assets					
Segment assets	153,041,879	5,613,200	2,140,431	-	160,795,510
Other income producing assets	53,464,157	-	23,700,000	-	77,164,157
Income tax assets	2,594,043	144,453	1,497,642	-	4,236,138
Total assets	209,100,079	5,757,653	27,338,073	-	242,195,805
Liabilities					
Segment liabilities	38,569,980	752,361	2,042,166	-	41,364,507
Income tax liabilities	4,795,992	-	-	-	4,795,992
Total liabilities	43,365,972	752,361	2,042,166	-	46,160,499
Other information					
Capital additions	2,901,368	-	-	-	2,901,368
Depreciation and amortisation	3,563,094	-	-	-	3,563,094
Non-cash expenses other than depreciation and amortisation	601,017	133,611	-	-	734,628

Notes to the Financial Statements
31 December 2007 (cont'd)

29. SEGMENT REPORTING (cont'd)

Business Segments (cont'd)

	Manufacturing of industrial products RM	Trading of electrical products RM	Investment holdings RM	Elimination RM	Total RM
2006					
Revenue					
External sales	238,985,376	38,578,974	-	-	277,564,350
Inter-segment revenue	14,191,102	347,016	11,829,600	(26,367,718)	-
Total revenue	253,176,478	38,925,990	11,829,600	(26,367,718)	277,564,350
Results					
Segment results	30,836,862	510,857	10,284,339	(11,678,987)	29,953,071
Investment revenue					2,309,013
Fair value adjustment of investment properties					460,733
Gain on disposal of investments					162,987
Interest on late payment by customers					147,412
Finance costs					(55,483)
Share of loss of jointly controlled entity					(25,000)
Profit before tax					32,952,733
Income tax expense					(6,790,451)
Profit for the year					26,162,282
Assets					
Segment assets	144,879,229	17,090,346	2,003,229	-	163,972,804
Other income producing assets	32,686,594	-	7,100,000	-	39,786,594
Income tax assets	2,840,000	240,448	551,970	-	3,632,418
Total assets	180,405,823	17,330,794	9,655,199	-	207,391,816
Liabilities					
Segment liabilities	30,426,154	1,715,821	34,000	-	32,175,975
Income tax liabilities	7,370,838	-	-	-	7,370,838
Total liabilities	37,796,992	1,715,821	34,000	-	39,546,813

(Forward)

29. SEGMENT REPORTING (cont'd)

Business Segments (cont'd)

	Manufacturing of industrial products RM	Trading of electrical products RM	Investment holdings RM	Elimination RM	Total RM
2006					
Other information					
Capital additions	1,342,687	-	-	-	1,342,687
Depreciation and amortisation	3,811,962	-	-	-	3,811,962
Non-cash expenses other than depreciation and amortisation	1,142,637	24,414	25,000	-	1,192,051

Geographical segments

The Group's operations are located in Malaysia, Thailand and Singapore. The Group's trading of electrical products division is located in Malaysia and Singapore, whereas the manufacturing of industrial products is located in Malaysia and Thailand.

The following is an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/ services:

	Sales revenue by geographical market 2007 RM	2006 RM
United States of America	**113,270,183**	104,334,988
Malaysia	**61,002,055**	85,619,705
Other Asia Pacific Countries	**69,449,765**	71,470,566
Europe	**37,226,819**	16,139,091
	280,948,822	277,564,350

29. SEGMENT REPORTING (cont'd)

Geographical segments (cont'd)

The following is an analysis of the carrying amount of segment assets and capital additions by the geographical area in which the assets are located:

	2007		2006	
	Carrying amount of segment assets RM	Capital additions RM	Carrying amount of segment assets RM	Capital additions RM
Malaysia	**143,090,173**	**2,658,936**	142,545,003	1,268,550
Thailand	**16,640,055**	**242,432**	19,212,323	74,137
Singapore	**1,065,282**	**-**	2,215,478	-
	160,795,510	**2,901,368**	163,972,804	1,342,687

30. FINANCIAL INSTRUMENTS

a. Financial risk management objectives and policies

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, market risk, credit risk, liquidity risk and cash flow risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

i. Foreign currency risk

The Group has exposure to foreign exchange risk as a result of transactions, receivables and payables in foreign currencies arising from normal operating activities. The Group does not speculate in foreign currencies.

ii. Interest rate risk

The Group's exposure to changes in interest rates risk relates primarily to the Group's short-term deposits. It has no significant interest-bearing financial assets other than the short-term deposits. The short term deposits are placed with reputable licenced banks. The Group does not use derivative financial instruments to hedge its risk.

30. FINANCIAL INSTRUMENTS (cont'd)

a. Financial risk management objectives and policies (cont'd)

iii. Market risk

The Group has in place policies to manage the Group's exposures to fluctuation in the prices of the key raw materials used in the operations.

iv. Credit risk

The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customers' financial condition and credit history. The Group also ensures a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheets.

v. Liquidity risk

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

vi. Cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

b. Fair Values

The fair values of financial assets and financial liabilities approximate their carrying amounts shown in the balance sheets because of the short maturity of these instruments.

31. CHANGE IN ACCOUNTING POLICIES

The adoption of new and revised FRSs and IC Interpretations as set out in Note 3 has no material impact on the financial statements of the Group except for the adoption of FRS 117 Leases. Prior to 1 January 2007, short leasehold land and leasehold flats were classified as property, plant and equipment and were stated at cost less accumulated depreciation and any accumulated impairment losses. The adoption of FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Short leasehold land and leasehold flats are now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of short leasehold land and leasehold flats in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortised amount of short leasehold land and leasehold flats are retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of short leasehold land and leasehold flats as prepaid lease payments has been accounted for retrospectively and the comparatives as of 31 December 2006 have been restated as follows:

	As previously reported RM	Effect of adoption of FRS 117 RM	As restated RM
Balance sheet as of 31 December 2006			
Property, plant and equipment	37,274,256	(10,905,987)	26,368,269
Prepaid lease payments	-	10,905,987	10,905,987

Statement by Directors

The directors of **P.I.E. INDUSTRIAL BERHAD** state that, in their opinion, the accompanying balance sheets and the related statements of income, changes in equity and cash flows, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable MASB approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of 31 December 2007 and of their results and cash flows for the year ended on that date.

Signed in accordance with
a resolution of the Directors,

MUI CHUNG MENG

CHEN, CHIH-WEN

Penang,

3 March 2008

Declaration by the Director

primarily responsible for the Financial Management of the Company

I, **CHEN, CHIH-WEN**, the director primarily responsible for the financial management of **P.I.E. INDUSTRIAL BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, changes in equity and cash flows, are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed **CHEN, CHIH-WEN** at)
GEORGETOWN in the State of **PENANG**)
on 3 March 2008)

Before me,

CHINNIAH MUTHUMONEY (BKM, PJK)
COMMISSIONER FOR OATHS

Analysis of Shareholdings

SHARE CAPITAL AS AT 31 MARCH 2008

Authorized	:	RM100,000,000.00
Issued and Fully paid-up	:	RM64,006,500.00*
Class of Share	:	Ordinary Shares of RM1.00 each with equal voting rights
Number of Shareholders	:	1,910

* Excluding 500 Ordinary Shares held as Treasury Shares

DISTRIBUTION OF SHAREHOLDERS AS AT 31 MARCH 2008

Holdings	No. of Holders	Total Holdings	%
1 - 99	3	150	0.00
100 - 1,000	948	901,550	1.41
1,001 - 10,000	739	3,028,801	4.73
10,001 - 100,000	182	5,326,201	8.32
100,001 - 3,200,324 (*)	35	14,709,700	22.98
3,200,325 and above (**)	3	40,040,098	62.56
TOTAL	**1,910**	**64,006,500**	**100.00**

Note:
* Less than 5% of issued shares
** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2008

		Direct		Indirect	
No.	Name of shareholders	No. of shares held	%	No. of shares held	%
1.	Pan Global Holding Co., Ltd.	32,909,998	51.42	-	-
2.	Lembaga Tabung Haji	3,722,900	5.82	-	-
3.	ICapital.Biz Berhad	3,407,200	5.32		
4.	Pan-International Industrial Corporation			32,909,998*	51.42
	TOTAL	**40,040,098**	**62.56**	**32,909,998**	**51.42**

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

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2008

No.	Name of Directors	No. of shares held	%
1.	Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohammad Jewa	10,001	0.02
2.	Mui Chung Meng	410,000	0.64
3.	Chen, Chih-Wen	210,000	0.33
4.	Cheng Shing Tsung	10,000	0.02
5.	Ahmad Murad Bin Abdul Aziz	8,001	0.01
6.	Cheung Ho Leung	-	-
	TOTAL	**648,002**	**1.02**

Note: No indirect shareholdings

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 31 MARCH 2008

(Without aggregating the securities from the different securities accounts belonging to the same depositor)

No.	Name of shareholders	No. of shares held	%
1.	Pan Global Holding Co., Ltd.	32,909,998	51.42
2.	Lembaga Tabung Haji	3,722,900	5.82
3.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Qualifier: ICapital.Biz Berhad*	3,407,200	5.32
4.	Amanah Raya Nominees (Tempatan) Sdn Bhd *Qualifier: Public Smallcap Fund*	2,051,400	3.21
5.	Outstanding Growth Technology Limited	1,180,000	1.84
6.	Goh Thong Beng	1,051,000	1.64
7.	Amanah Raya Nominees (Tempatan) Sdn Bhd *Qualifier: Public Islamic Opportunities Fund*	905,300	1.42
8.	Wong Yoke Fong @ Wong Nyok Fing	896,100	1.40
9.	Kao, Te-Pei @ Edward Kao	659,300	1.03
10.	Best Skill Technology Limited	630,000	0.98
11.	Mayban Nominees (Tempatan) Sdn Bhd *Qualifier: Capital Dynamics Asset Management Sdn Bhd for Ace Synergy Insurance Berhad (CDAM23-990350)*	620,000	0.97
12.	Wong Yoke Fong @ Wong Nyok Fing	595,500	0.93
13.	Public Nominees (Tempatan) Sdn Bhd *Qualifier: Pledged Securities Account for Wong Yoke Fong @ Wong Nyok Fing (JRC)*	500,000	0.78
14.	Mui Chung Meng	410,000	0.64
15.	Koperasi Permodalan Melayu Negeri Johor Berhad	400,000	0.62
16.	Operate Technology Limited	377,000	0.59
17.	Wong Kin Cheong	361,000	0.56
18.	Citigroup Nominees (Asing) Sdn Bhd *Qualifier: CBNY for DFA Emerging Markets Fund*	323,600	0.51
19.	Mayban Nominees (Tempatan) Sdn Bhd *Qualifier: Capital Dynamics Asset Management Sdn Bhd for Choong Lye Hock Estates Sdn Berhad (CDAM36-200748)*	300,000	0.47
20.	Mayban Nominees (Tempatan) Sdn Bhd *Qualifier: Capital Dynamics Asset Management Sdn Bhd for Perkasa Trading Sdn Bhd (CDAM44-230013)*	277,600	0.43
21.	Wong Yoon Tet	265,000	0.41
22.	Chen Ming-Lung	253,800	0.40
23.	Capital Dynamics Sdn Bhd	250,000	0.39
24.	Chen, Chih-Wen	210,000	0.33
25.	Universal Trustee (Malaysia) Berhad	205,000	0.32
26.	Neoh Choo Ee & Company, Sdn. Berhad	200,000	0.31
27.	Tan Teng Boo	194,000	0.30
28.	Wong Yoon Chyuan	194,000	0.30
29.	Yeoh Kean Hua	184,000	0.29
30.	HSBC Nominees (Asing) Sdn Bhd *Qualifier: Exempt An for Credit Suisse (SG BR-TST-Asing)*	170,500	0.27
	TOTAL	**53,704,198**	**83.90**

List of Properties

OWNER-OCCUPIED PROPERTIES

Title/ Location	Tenure/ Date of expiry of lease	Description/ Existing use (approximate age of building)	Land area/ Built-up area	Net book value as at 31.12.2007 (RM)	Date of last revaluation	Date of acquisition
H.S.(D) 4633 P.T. No. 3210, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang	60 years leasehold expiring 3.12.2050	* Industrial complex - 2 storey office - 1 storey factory (13 years)	5.0 acres/ 12,257 sq. meters	12,288,219	30 June 2005	-
H.S.(D) 4628 P.T. No. 3205, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang	60 years leasehold expiring 11.11.2050	# Industrial complex - 2 storey office - 1 storey factory - 1 storey warehouse - 2 storey training centre (15 years)	7.0 acres/ 10,448 sq. meters	12,942,723	30 June 2005	-
H.S.(D) HBM2 P.T. No. 3410, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang	99 years leasehold expiring 13.4.2091	# Staff housing - 24 units of medium-cost apartments (13 years)	1,801 sq. meters	1,893,314	30 June 2005	-
T/D No. 30175 and 1018 and 1047 No. 12/1 Moo 9 Suwannasorn Road, Dongkeelek Subdistrict, Muang Distric, Prachinburi, Thailand	Freehold	@ Industrial Complex - 1 storey office - 1 storey factory - 1 storey store (13 years)	5.84 acres/ 6,514 sq. meters	1,392,838	-	6 September 1995
			TOTAL	**28,517,094**		

Note :

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

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

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

List of Properties (cont'd)

INVESTMENT PROPERTIES

Title/ Location	Tenure/ Date of expiry of lease	Description/ Existing use (approximate age of building)	Land area/ Built-up area	Fair value as at 31.12.2007 (RM)	Date of last revaluation
H.S.(D) 4634 P.T. No. 3211, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang	60 years leasehold expiring 3.12.2050	# Vacant, Future Investment - 1 storey office - 2 storey factory - 1 storey store (15 years)	3.08 acres/ 8,527 sq. meters	8,405,556	21 December 2007
T/D No. 10832 No. 101/47/15 Moo 20 Navanakorn I.E. Zone 1, Phaholyothin Road, Klongnueng Subdistrict, Klongluang Distric, Pathumtani, Thailand	Freehold	@ Vacant, Future Investment - 2 storey office - 1 storey factory - 1 storey store (18 years)	0.64 acres/ 2,251 sq. meters	1,080,200	31 December 2007
T/D No. 10051, No. 101/4/1 Moo 20 Navanakorn I.E. Zone 1, Phaholyothin Road, Klongnueng Subdistrict, Klongluang Distric, Pathumtani, Thailand	Freehold	@ Vacant, Future Investment - 1 storey office - 1 storey factory - 1 storey store (17 years)	0.44 acres/ 1,183 sq. meters	893,620	31 December 2007
			TOTAL	**10,379,376**	

Note :

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

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

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

PROXY FORM

I/We, ____________________

of ____________________

being a Member of the above Company hereby appoint ____________________

____

or failing him, ____________________

of ____________________

or failing him, the Chairman of the Meeting, as my/our proxy, to vote for me/us on my/our behalf at the ELEVENTH ANNUAL GENERAL MEETING of the Company to be held at Balau Room, Level 2, Sunway Hotel Seberang Jaya, No. 11 Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai on Friday, 23 May 2008 at 9.00 a.m. and at any adjournment thereof.

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

No.	Resolutions	For	Against
1.	To declare a Special Dividend I of 8 sen per share tax exempt for the year ended 31 December 2007.		
2.	To declare a Special Dividend II of 16 sen per share less income tax at 26% for the year ended 31 December 2007.		
3.	To declare a First and Final Dividend of 12 sen per share less income tax at 26% for the year ended 31 December 2007.		
4.	To approve the Directors' Fee of RM48,000 for the financial year ended 31 December 2007 and payment of such fees to the Directors.		
5.	To re-elect Mr. Mui Chung Meng, a director retiring under the provision of Article 98(1) of the Articles of Association of the Company.		
6.	To re-elect Mr. Chen, Chih-Wen, a director retiring under the provision of Article 98(1) of the Articles of Association of the Company.		
7.	To re-elect Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohammad Jewa, a Director retiring under Section 129(2) of the Companies Act, 1965.		
8.	To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorize the Board of Directors to fix their remuneration.		
9.	**Special Business** **Ordinary Resolutions** To approve the resolution pursuant to Section 132D of the Companies Act, 1965.		
10.	To approve the resolution pursuant to Renewal of Authority to Purchase its own Shares		

Signed this ____________ day of ____________ 2008.

Number of shares held: [ ]

____
Signature of Member

Notes:-

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

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

The instrument appointing a proxy must be deposited at the Registered Office, 57-1, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang at least 48 hours before the time for holding the Meeting or any adjournments thereof.

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STAMP

The Secretary
P.I.E. INDUSTRIAL BERHAD (424086-x)
(Incorporated in Malaysia)

Registered Office
57-1 Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang
Malaysia.

Fold along this line

P.I.E. Industrial Berhad
(co.no. 424086-X)
(Incorporated In Malaysia)

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