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

Principal place of business

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

Registered office

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

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an equity-accounted associate. The financial statements of the Company as at and for the financial year ended 31 December 2015 do not include other entities.

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

These financial statements were authorised for issue by the Board of Directors on 23 March 2016.

1. Basis of preparation

(a) Statement of compliance

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

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

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

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

- MFRS 9, *Financial Instruments* (2014)
- MFRS 15, *Revenue from Contracts with Customers*

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

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

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

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

i) MFRS 9, *Financial Instruments*

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

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

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

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

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

iii) Amendments to MFRS 10, *Consolidated Financial Statements,* MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*

The amendments to MFRS 10, MFRS 12 and MFRS 128 require an investment entity parent to fair value a subsidiary providing investment-related services that is itself an investment entity, an intermediate parent owned by an investment entity group can be exempt from preparing consolidated financial statements and a non-investment entity investor can retain the fair value accounting applied by its investment entity associate or joint venture.

The Group is currently assessing the financial impact of adopting this amendment.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

During the financial year, the Directors of a subsidiary, Pan-International Electronics (Malaysia) Sdn Bhd ("PIESB") have determined that the functional currency of PIESB should be United States Dollar based on advice and assessment carried out pursuant to paragraph 9 of MFRS 121 *The Effects of changes in Foreign Exchange Rates.* Consequently, the functional currency of PIESB was changed from Ringgit Malaysia to United States Dollar.

1. Basis of preparation (Cont'd)

(d) Use of estimates and judgements

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

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

The significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements are outlined below.

(i) Impairment of goodwill

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

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

(ii) Inventories

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

(iii) Impairment of receivables

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

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

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

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

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

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

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

(ii) Business combinations

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

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

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

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

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

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

(iii) Loss of control

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

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Associates

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

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

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

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

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

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

(v) Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

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

2. Significant accounting policies (Cont'd)

(b) Foreign currency (Cont'd)

(i) Foreign currency transactions (Cont'd)

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

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

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

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

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

(c) Financial instruments

(i) Initial recognition and measurement

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

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows :

Financial assets

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

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

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

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(b) Loans and receivables

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

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

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

(iii) Derecognition

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

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

2. Significant accounting policies (Cont'd)

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

(i) Recognition and measurement (Cont'd)

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

(e) Leased assets

(i) Finance lease

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

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

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

2. Significant accounting policies (Cont'd)

(e) Leased assets (Cont'd)

(ii) Operating lease

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

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

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

(f) Goodwill on consolidation

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

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

(g) Investment property

(i) Investment property carried at fair value

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

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

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

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

(ii) Reclassification to/from investment property

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

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

2. Significant accounting policies (Cont'd)

(h) Inventories

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

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

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

(i) Cash and cash equivalents

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

(j) Impairment

(i) Financial assets

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

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

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

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

(ii) Other assets

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

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

2. Significant accounting policies (Cont'd)

(j) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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

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

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

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

(k) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

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

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

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

(l) Employee benefits

(i) Short-term employee benefits

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

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

2. Significant accounting policies (Cont'd)

(l) Employee benefits (Cont'd)

(ii) State plans

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

(m) Provisions

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

(n) Revenue and other income

(i) Goods sold

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

(ii) Dividend income

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

(iii) Interest income

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

(iv) Rental income

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

(v) Other income

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

(o) Borrowing costs

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

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

2. Significant accounting policies (Cont'd)

(o) Borrowing costs (Cont'd)

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

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

(p) Income tax

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

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

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

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

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

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

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

(q) Earnings per ordinary share

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

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

2. Significant accounting policies (Cont'd)

(r) Operating segments

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

(s) Contingent liabilities

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

(t) Fair value measurement

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

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

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

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

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

Level 3 : unobservable inputs for the asset or liability.

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

3. Property, plant and equipment – Group

	Freehold land RM	Short term leasehold land RM	Buildings and structures RM	Plant and machinery RM	Production tools and equipment RM	Furniture, fixtures and office equipment RM	Mechanical and electrical installation RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Cost										
At 1 January 2014	678,929	3,530,739	34,995,526	91,434,616	4,278,681	2,590,337	1,583,747	2,319,412	5,146	141,417,133
Additions	–	–	289,522	5,984,513	1,059,041	63,839	64,965	281,514	2,129,710	9,873,104
Disposals/write-off	–	–	–	(249,692)	–	(44,336)	(4)	(152,775)	–	(446,807)
Effect of movements in exchange rates	44,218	–	66,936	97,516	669	15,279	105	26,245	114,315	365,283
At 31 December 2014/ 1 January 2015	**723,147**	**3,530,739**	**35,351,984**	**97,266,953**	**5,338,391**	**2,625,119**	**1,648,813**	**2,474,396**	**2,249,171**	**151,208,713**
Additions	**–**	**–**	**7,397,353**	**20,184,694**	**3,367,877**	**28,867**	**335,689**	**100,000**	**4,622,892**	**36,037,372**
Disposals/write-off	**–**	**–**	**–**	**(204,434)**	**–**	**(29,059)**	**–**	**(531,429)**	**–**	**(764,922)**
Effect of movements in exchange rates	**87,758**	**1,593,059**	**11,412,277**	**24,375,603**	**2,375,104**	**270,608**	**260,503**	**271,381**	**871,491**	**41,517,784**
At 31 December 2015	**810,905**	**5,123,798**	**54,161,614**	**141,622,816**	**11,081,372**	**2,895,535**	**2,245,005**	**2,314,348**	**7,743,554**	**227,998,947**

3. Property, plant and equipment – Group (Cont'd)

	Freehold land RM	Short term leasehold land RM	Buildings and structures RM	Plant and machinery RM	Production tools and equipment RM	Furniture, fixtures and office equipment RM	Mechanical and electrical installation RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Accumulated depreciation										
At 1 January 2014	–	1,361,216	3,708,026	59,333,391	2,783,608	2,221,697	1,583,744	1,795,967	–	72,787,649
Depreciation for the year	–	58,846	1,367,284	8,466,969	327,494	144,820	2,767	193,068	–	10,561,248
Disposals/write-off	–	–	–	(248,901)	–	(43,683)	–	(152,774)	–	(445,358)
Effect of movements in exchange rates	–	–	54,214	45,527	535	9,324	92	12,963	–	122,655
At 31 December 2014/ 1 January 2015	**–**	**1,420,062**	**5,129,524**	**67,596,986**	**3,111,637**	**2,332,158**	**1,586,603**	**1,849,224**	**–**	**83,026,194**
Depreciation for the year	**–**	**59,751**	**1,381,822**	**10,610,021**	**791,503**	**133,055**	**19,079**	**238,868**	**–**	**13,234,099**
Disposals/write-off	**–**	**–**	**–**	**(185,473)**	**–**	**(28,928)**	**–**	**(531,426)**	**–**	**(745,827)**
Effect of movements in exchange rates	**–**	**646,389**	**922,119**	**15,145,445**	**966,452**	**240,232**	**167,240**	**182,070**	**–**	**18,269,947**
At 31 December 2015	**–**	**2,126,202**	**7,433,465**	**93,166,979**	**4,869,592**	**2,676,517**	**1,772,922**	**1,738,736**	**–**	**113,784,413**

3. Property, plant and equipment – Group (Cont'd)

	Freehold land RM	Short term leasehold land RM	Buildings and structures RM	Plant and machinery RM	Production tools and equipment RM	Furniture, fixtures and office equipment RM	Mechanical and electrical installation RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Carrying amounts										
At 1 January 2014	678,929	2,169,523	31,287,500	32,101,225	1,495,073	368,640	3	523,445	5,146	68,629,484
At 31 December 2014/ 1 January 2015	**723,147**	**2,110,677**	**30,222,460**	**29,669,967**	**2,226,754**	**292,961**	**62,210**	**625,172**	**2,249,171**	**68,182,519**
At 31 December 2015	**810,905**	**2,997,596**	**46,728,149**	**48,455,837**	**6,211,780**	**219,018**	**472,083**	**575,612**	**7,743,554**	**114,214,534**

Security

At 31 December 2015, freehold land and buildings with a carrying amount of RM1,013,244 (2014 : RM914,107) were charged to a bank as securities for credit facilities granted to the Group.

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

4. Investment properties – Group

	2015 RM	2014 RM
At 1 January	**19,977,095**	19,319,962
Additions	**1,461,438**	–
Change in fair value recognised in profit or loss	**38,562**	553,090
Effect of movements in exchange rates	**4,715,580**	104,043
At 31 December	**26,192,675**	19,977,095
Included in the above are :		
At fair value		
Freehold land and buildings	**1,880,618**	1,677,095
Short term leasehold land and buildings	**24,312,057**	18,300,000
	26,192,675	19,977,095

Investment properties comprise a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1 to 2 years (see Note 25). No contingent rents are charged.

Investment properties of the Group amounting to RM1,880,618 (2014 : RM1,677,095) are charged to a bank as securities for credit facilities granted to the Group.

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

	2015 RM	2014 RM
Rental income	**1,372,104**	994,377
Direct operating expenses :		
- income generating investment properties	**670,991**	101,405
- non-income generating investment properties	**–**	569,726

Fair value information

Fair value of investment properties are categorised as follows :

	Level 3	
	2015 RM	2014 RM
Freehold land and buildings	**1,880,618**	1,677,095
Short term leasehold land and buildings	**24,312,057**	18,300,000
	26,192,675	19,977,095

4. Investment properties – Group (Cont'd)

Fair value information (Cont'd)

Level 3 fair value

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

	2015 RM	2014 RM
At 1 January	**19,977,095**	19,319,962
Additions	**1,461,438**	–
Gains and losses recognised in profit or loss		
Change in fair value - other operating income - unrealised	**38,562**	553,090
Effect of movement in exchange rates	**4,715,580**	104,043
At 31 December	**26,192,675**	19,977,095

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

Description of valuation technique and input used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sales comparison approach: Sales price of similar property in the locality are adjusted for differences in key attributes such as location, time, size, tenure, neighbourhood and other relevant factors. The most significant input into this valuation approach is price per square foot.	Price per square foot (RM23 - RM67)	The estimated fair value would increase/(decrease) if the price per square foot is higher/(lower).

Valuation process applied by the Group for level 3 fair value

At 31 December 2015, the fair value of the Group's investment properties of short term leasehold land and buildings of RM24,312,057 (2014 : RM18,300,000), has been arrived at on the basis of a valuation carried out at that date by an independent property valuer, having appropriate recognised professional qualifications and recent experience in the valuation of properties in the relevant locations. The valuation company provides the fair value of the Group's investment properties portfolio annually. Changes in Level 3 fair values are analysed by the management annually after obtaining valuation report from the valuation company.

The fair value of the Group's investment properties of freehold land and buildings of RM1,880,618 (2014 : RM1,677,095) was determined by the Directors by reference to market evidence of transaction prices for similar properties.

Highest and best use

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

5. Prepaid lease payments – Group

	Unexpired period less than 50 years RM
Cost	
At 1 January 2014/ 31 December 2014/ 1 January 2015	7,999,468
Additions	3,878,000
Effect of movements in exchange rate	1,933,477
At 31 December 2015	**13,810,945**
Accumulated amortisation	
At 1 January 2014	359,633
Amortisation for the year	205,047
At 31 December 2014/1 January 2015	564,680
Amortisation for the year	207,456
Effect of movements in exchange rate	36,467
At 31 December 2015	**808,603**
Carrying amounts	
At 1 January 2014	7,639,835
At 31 December 2014/1 January 2015	**7,434,788**
At 31 December 2015	**13,002,342**

6. Goodwill on consolidation – Group

	2015 RM	2014 RM
At cost :		
At beginning and end of financial year	**1,721,665**	1,721,665

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

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

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a period of 3 years with an estimated growth rate of 0% (2014 : negative 9%) and a discount rate of 10% (2014 : 10%) per annum.

6. Goodwill on consolidation – Group (Cont'd)

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

7. Investment in subsidiaries – Company

	2015 RM	2014 RM
Unquoted shares, at cost	**79,918,805**	79,918,805

Details of the subsidiaries are as follows :

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2015 %	2014 %
Pan-International Electronics (Malaysia) Sdn. Bhd.	Malaysia	Contract electronic manufacturing, cable assemblies and PCB assemblies and manufacture of fixed and handheld barcode readers and its related sub-assembly	**100**	100
Pan International Electronics (Thailand) Co., Ltd. #	Thailand	Manufacturing and providing of cable and wire harness to computer, communication and consumer electronic industry	**100**	100
Pan-International Wire & Cable (Malaysia) Sdn. Bhd.	Malaysia	Manufacture of cables and wires for electronic devices and cable moulding compounds	**100**	100
Pan-International Corporation (S) Pte. Ltd. #	Singapore	Marketing and trading of electronic and telecommunication components and equipment	**100**	100
PIE Enterprise (M) Sdn. Bhd.	Malaysia	Trading of peripheral products of computer, telecommunication, consumer electronics and cable assembly products and manufacture, refurbishment and sale of electronics appliances	**100**	100
P.I.W. Enterprise (Malaysia) Sdn. Bhd.	Malaysia	Dormant	**100**	100

Not audited by member firms of KPMG International.

8. Investment in an associate

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Unquoted shares, at cost	**25,000**	25,000	**25,000**	25,000
Share of post-acquisition reserves	**(25,000)**	(22,234)	**–**	–
	–	2,766	**25,000**	25,000

Details of the associate are as follows :

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2015 %	Effective ownership interest and voting interest 2014 %
Infra-Info Telecommunications Sdn. Bhd.	Malaysia	Provision of wireless broadband services and sale of telecommunication products	**49**	49

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

	Infra-Info Telecommunications Sdn Bhd 2015 RM	Infra-Info Telecommunications Sdn Bhd 2014 RM
Group		
Summarised financial information		
As at 31 December		
Non-current assets	**8,784**	19,284
Current assets	**1,037**	11,433
Current liabilities	**(24,592)**	(25,072)
Net assets	**(14,771)**	5,645
Year ended 31 December		
Loss from continuing operations	**21,415**	16,385
Included in the total comprehensive income is :		
Revenue	**–**	10
Reconciliation of net assets to carrying amount		
As at 31 December		
Group's share of net assets	**–**	2,766
Carrying amount in the statement of financial position	**–**	2,766

8. Investment in an associate (Cont'd)

	Infra-Info Telecommunications Sdn Bhd 2015 RM	Infra-Info Telecommunications Sdn Bhd 2014 RM
Group (Cont'd)		
Group's share of results		
Year ended 31 December		
Group's share of loss from continuing operations	**2,766**	8,028
Group's share of total comprehensive expense	**2,766**	8,028

9. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deferred tax assets	**1,700,021**	1,368,123	**1,664,000**	1,336,000
Deferred tax liabilities	**(9,837,288)**	(2,859,347)	**–**	–
	(8,137,267)	(1,491,224)	**1,664,000**	1,336,000

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deferred tax assets				
Unutilised tax losses	**777,000**	490,000	**777,000**	490,000
Provisions	**8,217,000**	5,272,000	**887,000**	846,000
	8,994,000	5,762,000	**1,664,000**	1,336,000
Deferred tax liabilities				
Property, plant and equipment	**(10,132,785)**	(7,207,224)	**–**	–
Other deductible temporary differences	**(278,831)**	(46,000)	**–**	–
Remeasurement differences	**(6,719,651)**	–	**–**	–
	(8,137,267)	(1,491,224)	**1,664,000**	1,336,000

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

	At 1.1.2014 RM	Recognised in other comprehensive income RM	Recognised in profit or loss (Note 21) RM	At 31.12.2014/ 1.1.2015 RM	Recognised in other comprehensive income RM	Recognised in profit or loss (Note 21) RM	At 31.12.2015 RM
Group							
Property, plant and equipment	(7,212,110)	–	4,886	(7,207,224)	–	(2,925,561)	**(10,132,785)**
Unutilised tax losses	740,000	–	(250,000)	490,000	–	287,000	**777,000**
Provisions	3,304,000	3,305	1,964,695	5,272,000	3,898	2,941,102	**8,217,000**
Other deductible temporary differences	647,000	–	(693,000)	(46,000)	–	(232,831)	**(278,831)**
Remeasurement differences	–	–	–	–	(8,019,000)	1,299,349	**(6,719,651)**
	(2,521,110)	3,305	1,026,581	(1,491,224)	(8,015,102)	1,369,059	**(8,137,267)**
Company							
Unutilised tax losses	740,000	–	(250,000)	490,000	–	287,000	**777,000**
Other deductible temporary differences	431,000	–	415,000	846,000	–	41,000	**887,000**
	1,171,000	–	165,000	1,336,000	–	328,000	**1,664,000**

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

Unrecognised deferred tax assets

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

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Unutilised tax losses	**217,000**	375,000	**217,000**	–
Other deductible temporary differences	**–**	90,000	**–**	–
	217,000	465,000	**217,000**	–

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

10. Inventories – Group

	2015 RM	**2014 RM**
Raw materials	**44,983,123**	35,605,499
Work-in-progress	**26,380,443**	19,040,630
Finished goods	**26,315,460**	17,692,849
Goods-in-transit	**2,987,976**	4,449,464
	100,667,002	76,788,442

	2015 RM	**2014 RM**
Recognised in profit or loss as cost of sales		
Write-down to net realisable value	**7,476,705**	52,002
Reversal of write-down	**(95,219)**	(216,409)

11. Trade and other receivables

	Note	Group		Company	
		2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Trade					
Trade receivables		**261,327,279**	162,726,545	**–**	–
Amount due from related parties	11.1	**21,770**	–	**–**	–
		261,349,049	162,726,545	**–**	–

11. Trade and other receivables (Cont'd)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Non-trade					
Amount due from subsidiaries	11.1	**–**	–	**39,375,460**	44,318,856
Amount due from related parties	11.1	**257**	–	**–**	–
Other receivables		**1,030,122**	1,284,778	**16**	1,425
Deposits		**264,891**	239,372	**2,000**	2,000
Prepayments		**842,636**	1,279,288	**13,844**	13,844
		2,137,906	2,803,438	**39,391,320**	44,336,125
		263,486,955	165,529,983	**39,391,320**	44,336,125

11.1 Amounts due from subsidiaries and related parties

The trade amount due from related parties is subject to normal trade terms.

The non-trade amounts due from subsidiaries and related parties are unsecured, interest free and repayable on demand.

12. Short-term investments

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Short-term deposits with licensed banks	**16,087,343**	34,333,472	**–**	–
Investment in Islamic income fund	**3,159,423**	558,867	**3,159,423**	558,867
	19,246,766	34,892,339	**3,159,423**	558,867

13. Cash and cash equivalents

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash and bank balances	**73,460,350**	18,626,712	**8,251,200**	123,641
Short-term deposits with licensed banks	**47,575,663**	156,978,323	**1,164**	1,001,129
	121,036,013	175,605,035	**8,252,364**	1,124,770

Included in the cash and bank balances is RM90,592 (2014 : RM38,268) pledged as guarantee for the issuance of letter of guarantee by a bank for a foreign subsidiary's installation of electrical transformer and guarantee for the performance.

14. Share capital – Group/Company

	2015		2014	
	Number of shares	Amount RM	Number of shares	Amount RM
Authorised :				
Ordinary shares of RM1 each				
At 1 January/31 December	**100,000,000**	**100,000,000**	100,000,000	100,000,000
Issued and fully paid share classified as equity instruments :				
Ordinary shares of RM1 each				
At 1 January	**76,808,397**	**76,808,397**	64,007,000	64,007,000
Bonus issue during the year	**–**	**–**	12,801,397	12,801,397
At 31 December	**76,808,397**	**76,808,397**	76,808,397	76,808,397

Ordinary shares

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

Treasury shares

In the previous financial year, the Company disposed 73,900 of its issued share capital to the open market at an average selling price of RM7.88 per share. The total consideration received was RM582,438. The surplus on disposal of treasury shares was credited to the share premium account.

15. Reserves

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Non-distributable					
Share premium	15.1	**6,394,505**	6,394,505	**6,394,505**	6,394,505
Foreign currency translation reserve	15.2	**41,017,196**	3,869,682	**–**	–
Merger reserve	15.3	**–**	–	**16,408,221**	16,408,221
		47,411,701	10,264,187	**22,802,726**	22,802,726
Distributable					
Retained earnings		**260,351,417**	230,590,076	**28,976,544**	25,025,754
		307,763,118	240,854,263	**51,779,270**	47,828,480

15. Reserves (Cont'd)

15.1 Share premium

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

15.2 Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of subsidiaries which the functional currency is not Ringgit Malaysia.

15.3 Merger reserve

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

16. Trade and other payables

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Trade					
Trade payables		**71,416,061**	69,727,164	**–**	–
Amount due to ultimate holding company	16.1	**6,961**	70,989	**–**	–
Amount due to related parties	16.1	**51,016,175**	38,130,565	**–**	–
		122,439,197	107,928,718	**–**	–
Non-trade					
Amount due to related parties	16.1	**–**	786,950	**–**	–
Other payables		**5,365,661**	6,696,206	**91,195**	–
Accrued expenses		**22,746,969**	17,451,119	**3,732,050**	3,792,471
		28,112,630	24,934,275	**3,823,245**	3,792,471
		150,551,827	132,862,993	**3,823,245**	3,792,471

16.1 Amounts due to ultimate holding company and related parties

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

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

17. Borrowings – Group

	2015 RM	2014 RM
Unsecured		
Short term loan	**106,619,961**	95,231,155

18. Revenue

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Sale of goods	**662,185,277**	561,709,738	**–**	–
Investment income earned on financial asset at fair value through profit or loss	**56,003**	17,418	**56,003**	17,418
Management fee	**–**	–	**6,216,000**	5,520,000
Dividend income from subsidiaries	**–**	–	**24,466,910**	7,461,326
	662,241,280	561,727,156	**30,738,913**	12,998,744

19. Operating profit

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Operating profit is arrived at after charging :				
Auditors' remuneration :				
- Audit fees				
- KPMG Malaysia	**100,000**	93,000	**36,500**	35,000
- Other auditors				
- Current year	**46,688**	41,220	**–**	–
- Non-audit fees				
- KPMG Malaysia				
- Current year	**19,900**	25,100	**8,400**	7,400
- Prior year	**6,300**	24,100	**–**	6,400
- Other auditors	**94,000**	30,000	**54,000**	30,000
Depreciation of property, plant and equipment	**13,234,099**	10,561,248	**–**	–
Amortisation of prepaid lease payment	**207,456**	205,047	**–**	–
Rental of :				
- premises	**329,093**	262,017	**–**	–
- office equipment	**24,389**	17,297	**–**	–
Plant and equipment written off	**1**	1,439	**–**	–
Loss on foreign exchange :				
- realised	**657,649**	137,212	**–**	–
- unrealised	**134,495**	12,302	**–**	80
Impairment loss on trade receivables	**2,507,436**	154,574	**–**	–
Inventories written down	**7,476,705**	52,002	**–**	–
and after crediting :				
Fair value gain on financial asset at fair value through profit or loss	**9,048**	344	**9,048**	344
Fair value gain on investment properties	**38,562**	553,090	**–**	–

19. Operating profit (Cont'd)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
and after crediting (Cont'd) :				
Gain on foreign exchange :				
- realised	**2,791,720**	10,810,241	**162,017**	27,364
- unrealised	**1,555,536**	262,346	**1,326,848**	–
Gain on disposal of property, plant and equipment	**38,977**	220,051	**–**	–
Interest income on short-term deposits	**2,136,015**	1,987,963	**40,961**	27,941
Investment income earned on financial asset at fair value through profit or loss	**56,003**	17,418	**56,003**	17,418
Rental income from investment properties	**1,372,104**	994,377	**–**	–
Reversal of inventories written down	**95,219**	216,409	**–**	–

20. Staff costs

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Personnel expenses (including key management personnel) :				
- Contribution to Employees' Provident Funds and central provident fund	**1,448,371**	1,365,475	**102,852**	100,110
- Wages, salaries and others	**56,560,864**	41,301,222	**4,104,951**	3,192,034
	58,009,235	42,666,697	**4,207,803**	3,292,144

21. Income tax expense

Recognised in profit or loss

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current tax expense				
- Malaysia				
- current year	**22,523,004**	12,964,137	**–**	–
- prior year	**(292,776)**	107,885	**–**	–
- Overseas				
- current year	**205,635**	217,781	**–**	–
Total current tax	**22,435,863**	13,289,803	**–**	–

21. Income tax expense (Cont'd)

Recognised in profit or loss (Cont'd)

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Deferred tax expense				
Origination and reversal of temporary differences	**(2,398,059)**	(1,078,279)	**(328,000)**	(161,000)
Under/(Over) provision in prior year	**1,029,000**	51,698	**–**	(4,000)
Total deferred tax	**(1,369,059)**	(1,026,581)	**(328,000)**	(165,000)
Total income tax expense	**21,066,804**	12,263,222	**(328,000)**	(165,000)

Reconciliation of tax expense

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Profit for the year	**48,963,440**	38,510,555	**23,152,889**	6,904,729
Total income tax expense	**21,066,804**	12,263,222	**(328,000)**	(165,000)
Profit excluding tax	**70,030,244**	50,773,777	**22,824,889**	6,739,729
Income tax at Malaysian tax rate of 25%	**17,507,561**	12,693,444	**5,706,223**	1,684,932
Non-deductible expenses	**3,887,704**	360,920	**317,782**	30,710
Income not subject to tax	**(9,641)**	–	**(6,475,005)**	(1,876,642)
Effect of tax incentives	**(759,411)**	(574,561)	**–**	–
Effect of tax rates in foreign jurisdictions	**(233,633)**	(376,164)	**–**	–
Effect of deferred tax assets not recognised	**(62,000)**	–	**54,250**	–
Others	**–**	–	**68,750**	–
	20,330,580	12,103,639	**(328,000)**	(161,000)
Under/(Over) provided in prior years	**736,224**	159,583	**–**	(4,000)
	21,066,804	12,263,222	**(328,000)**	(165,000)

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

22. Earnings per ordinary share

Basic earnings per ordinary share

The basic earnings per ordinary share is calculated by dividing the Group's profit attributable to owners of the Company of RM48,963,440 (2014 : RM38,510,555) by the weighted average number of ordinary shares outstanding during the financial year of 76,808,397 (2014 : 76,774,384).

Diluted earnings per ordinary share

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

23. Dividends

Dividends recognised by the Company :

	Sen per share (net of tax)	Total amount RM	Date of payment
2015			
In respect of financial year 2014 :			
Special single tier dividend	**13.00**	**9,985,091**	**16 June 2015**
First and final single tier dividend	**12.00**	**9,217,008**	**16 June 2015**
	25.00	**19,202,099**	
2014			
In respect of financial year 2013:			
Special dividend	8.00	5,120,560	11 June 2014
First and final dividend	12.00	7,680,840	11 June 2014
	20.00	12,801,400	

24. Related parties

Identity of related parties

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

i) Subsidiaries as disclosed in Note 7.

ii) The immediate and ultimate holding companies.

iii) Subsidiaries of the immediate and ultimate holding companies.

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

v) Key management personnel.

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

24. Related parties (Cont'd)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 11 and 16.

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
A. Ultimate holding company				
Purchase of raw materials	**123,668**	433,754	**–**	–
Inspection fee paid	**179,353**	69,171	**–**	–
B. Subsidiaries				
Management fee received	**–**	–	**6,216,000**	5,520,000
Dividend received	**–**	–	**24,466,910**	7,461,326
C. Related parties				
Sale of finished goods				
- Funing Precision Component Co., Ltd.	**20,773**	–	**–**	–
- Foxconn Interconnect Technology Singapore Pte. Ltd.	**5,553**	–	**–**	–
Purchase of raw materials				
- Pan-International Electronics (USA) Inc.	**925**	–	**–**	–
- Hon Hai Precision Industries Co., Ltd.	**65,595,563**	72,219,485	**–**	–
- FIH (Hong Kong) Ltd.	**269,212**	43,847	**–**	–
- Iris World Enterprise Ltd.	**1,111,382**	602,114	**–**	–
- Foxconn Interconnect Technology Singapore Pte. Ltd.	**25,953,289**	17,453,584	**–**	–
- View Great Limited	**209,529**	–	**–**	–
- ShenZhen Futaihong Precision Ind. Co., Ltd.	**4,124,395**	–	**–**	–
- Fu Hong Precision Component (Bac Giang) Ltd.	**–**	6,479,319	**–**	–
- Funing Precision Component Co., Ltd.	**–**	14,978,558	**–**	–
Purchase of machinery				
- Hon Hai Precision Ind. Co. Ltd.	**342,298**	686,105	**–**	–
- FIH Precision Electronics (LangFang) Co., Ltd.	**358,501**	–	**–**	–
- HongFuJin Precision Industry (ShenZhen) Co., Ltd.	**823,451**	–	**–**	–
- Foxconn Precision Electronics (LangFang) Co., Ltd.	**–**	185,820	**–**	–

24. Related parties (Cont'd)

Significant related party transactions (Cont'd)

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
C. Related parties (Cont'd)				
Purchase of machinery (Cont'd)				
- FuShiKang Electronical Industrial Development (KunShan) Co., Ltd.	–	518,880	–	–
- FIH Indis Private Limited	–	839,396	–	–
- FIH Precision Component (Beijing) Co., Ltd.	–	300,479	–	–
- Fuding Precision Industrial (Zhengzhou) Co., Ltd.	–	482,861	–	–
- Hongfujin Precision Industry (Wuhan) Co., Ltd.	–	303,605	–	–
Purchase of factory supplies				
- ShenZhen Futaihong Precision Ind. Co., Ltd.	**9,019**	–	–	–
Forwarder fee paid				
- Foxconn Slovakia, spol s.r.o.	**1,557**	–	–	–

There were no transactions with any key management personnel during the year other than key management personnel compensation as disclosed in Note 30.

25. Operating lease – Group

Leases as lessee

Non-cancellable operating lease rentals are payable as follows :

	2015 RM	2014 RM
Less than one year	**161,730**	243,350
Between one and five years	**72,090**	200,150
	233,820	443,500

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

25. Operating lease – Group (Cont'd)

Leases as lessor

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

	2015 RM	2014 RM
Less than one year	**2,780,000**	210,000
Between one and five years	**7,935,000**	–
More than 5 years	**9,600,000**	–
	20,315,000	210,000

26. Capital commitments – Group

	2015 RM	2014 RM
Capital expenditure commitments on property, plant and equipment		
Authorised but not contracted for	**–**	172,886

27. Contingent liabilities

During the financial year, Pan-International Electronics (Malaysia) Sdn. Bhd. ("PIESB") received demand letters dated 2 February 2015, 19 March 2015, 22 June 2015 and 21 July 2015 from Royal Malaysian Customs (RMC) regarding short collection of import duty and sales tax amounted to RM8,432,283 and RM841,342 respectively.

PIESB received a letter from RMC in January 2016 to blacklist the Directors of PIESB. Upon request of RMC and advice from consultant, PIESB paid 10% of the total amount demanded by RMC to start the appeal process in January 2016. The consultant, after several discussions with the management and review on the facts, opined that PIESB has a strong ground to defend the case.

28. Operating segments – Group

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

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

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

c) investment holding.

28. Operating segments – Group (Cont'd)

Segment profit

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

Segment assets

The total of segment asset is measured based on all assets of a segment, excluding investment properties, investment in an associate, short-term investments, short-term deposits with licensed banks and income tax assets as included in the internal management reports that are reviewed by the Group's Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

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

	Manufacturing of industrial products RM	Trading of electrical products RM	Investment holding RM	Eliminations RM	Total RM
2015					
Revenue					
External sales	**654,586,770**	**7,598,507**	**56,003**	**–**	**662,241,280**
Inter-segment revenue	**523,387**	**1,241,224**	**30,682,910**	**(32,447,521)**	**–**
Total revenue	**655,110,157**	**8,839,731**	**30,738,913**	**(32,447,521)**	**662,241,280**
Results					
Segment profit/(loss)	**67,368,248**	**1,889,501**	**22,783,928**	**(22,117,590)**	**66,924,087**
Rental income					**1,372,104**
Interest income					**2,136,015**
Interest expense					**(399,196)**
Share of loss of an associate					**(2,766)**
Profit before tax					**70,030,244**
Income tax expense					**(21,066,804)**
Profit for the year					**48,963,440**
2014					
Revenue					
External sales	559,498,084	2,211,654	17,418	–	561,727,156
Inter-segment revenue	1,308,088	1,594,159	12,981,326	(15,883,573)	–
Total revenue	560,806,172	3,805,813	12,998,744	(15,883,573)	561,727,156

28. Operating segments – Group (Cont'd)

	Manufacturing of industrial products RM	Trading of electrical products RM	Investment holding RM	Eliminations RM	Total RM
Results					
Segment profit/(loss)	49,567,438	(106,819)	6,711,788	(8,006,247)	48,166,160
Rental income					994,377
Interest income					1,987,963
Interest expense					(366,695)
Share of loss of an associate					(8,028)
Profit before tax					50,773,777
Income tax expense					(12,263,222)
Profit for the year					38,510,555

	Manufacturing of industrial products RM	Trading of electrical products RM	Investment holding RM	Total RM
2015				
Assets				
Segment assets	**550,795,935**	**5,848,055**	**9,908,858**	**566,552,848**
Income producing assets				**89,855,681**
Investment in an associate				**–**
Income tax assets				**1,800,224**
Investment in Islamic income fund				**3,159,423**
Total assets				**661,368,176**
2014				
Assets				
Segment assets	333,347,953	4,795,246	140,910	338,284,109
Income producing assets				211,288,890
Investment in an associate				2,766
Income tax assets				2,529,919
Investment in Islamic income fund				558,867
Total assets				552,664,551

28. Operating segments – Group (Cont'd)

	Manufacturing of industrial products RM	Trading of electrical products RM	Investment holding RM	Eliminations RM	Total RM
2015					
Other information					
Additions to non-current assets	**41,376,810**	**–**	**–**	**–**	**41,376,810**
Interest income	**2,092,095**	**2,959**	**40,961**	**–**	**2,136,015**
Interest expense	**399,196**	**–**	**–**	**–**	**399,196**
Depreciation and amortisation expenses	**13,441,555**	**–**	**–**	**–**	**13,441,555**
Non-cash expenses other than depreciation and amortisation	**2,513,344**	**3,133**	**–**	**–**	**2,516,477**
2014					
Other information					
Additions to non-current assets	9,873,104	–	–	–	9,873,104
Interest income	1,928,894	31,128	27,941	–	1,987,963
Interest expense	366,695	–	–	–	366,695
Depreciation and amortisation expenses	10,766,295	–	–	–	10,766,295
Non-cash expenses other than depreciation and amortisation	424,260	9,372	80	2,850	436,562

Geographical information

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

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

	Revenue RM	Non-current assets RM
2015		
Malaysia	**249,135,525**	**143,152,134**
Other Asia Pacific countries	**168,399,593**	**10,257,417**
Europe	**161,100,321**	**–**
United States of America	**83,605,841**	**–**
	662,241,280	**153,409,551**

28. Operating segments – Group (Cont'd)

Geographical information (Cont'd)

	Revenue RM	Non-current assets RM
2014		
Malaysia	174,538,423	89,643,671
Other Asia Pacific countries	147,884,557	5,950,731
Europe	191,443,048	–
United States of America	47,861,128	–
	561,727,156	95,594,402

29. Financial instruments

29.1 Categories of financial instruments

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

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

	Carrying amount RM	L&R/(FL) RM	FVTPL RM
2015			
Financial assets			
Group			
Trade and other receivables (excluding prepayments)	**262,644,319**	**262,644,319**	**–**
Short-term investments	**19,246,766**	**16,087,343**	**3,159,423**
Cash and cash equivalents	**121,036,013**	**121,036,013**	**–**
	402,927,098	**399,767,675**	**3,159,423**
Company			
Trade and other receivables (excluding prepayments)	**39,377,476**	**39,377,476**	**–**
Short-term investments	**3,159,423**	**–**	**3,159,423**
Cash and cash equivalents	**8,252,364**	**8,252,364**	**–**
	50,789,263	**47,629,840**	**3,159,423**

29. Financial instruments (Cont'd)

29.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	L&R/(FL) RM	FVTPL RM
2015			
Financial liabilities			
Group			
Trade and other payables	**(150,551,827)**	**(150,551,827)**	**–**
Short term loan	**(106,619,961)**	**(106,619,961)**	**–**
	(257,171,788)	**(257,171,788)**	**–**
Company			
Other payables	**(3,823,245)**	**(3,823,245)**	**–**
2014			
Financial assets			
Group			
Trade and other receivables (excluding prepayments)	164,250,695	164,250,695	–
Short-term investments	34,892,339	34,333,472	558,867
Cash and cash equivalents	175,605,035	175,605,035	–
	374,748,069	374,189,202	558,867
Company			
Trade and other receivables (excluding prepayments)	44,322,281	44,322,281	–
Short-term investments	558,867	–	558,867
Cash and cash equivalents	1,124,770	1,124,770	–
	46,005,918	45,447,051	558,867
Financial liabilities			
Group			
Trade and other payables	(132,862,993)	(132,862,993)	–
Short term loan	(95,231,155)	(95,231,155)	–
	(228,094,148)	(228,094,148)	–
Company			
Other payables	(3,792,471)	(3,792,471)	–

29. Financial instruments (Cont'd)

29.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Net gains/(losses) on :				
Fair value through profit or loss	**65,051**	17,762	**65,051**	17,762
Loans and receivables	**3,975,835**	20,046,145	**1,367,810**	27,861
Financial liabilities measured at amortised cost	**(792,144)**	(7,716,663)	**162,017**	27,364
	3,248,742	12,347,244	**1,594,878**	72,987

29.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

29.4 Credit risk

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

Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

At the reporting date, approximately 70% (2014: 67%) of the Group's trade receivables were due from three major customers and its related companies. Apart from these major customers, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

29. Financial instruments (Cont'd)

29.4 Credit risk (Cont'd)

Receivables (Cont'd)

Impairment losses

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

	Gross RM	Individual impairment RM	Net RM
Group			
2015			
Not past due	**226,351,740**	**–**	**226,351,740**
Past due 1 - 30 days	**35,422,622**	**(850,091)**	**34,572,531**
Past due 31 - 60 days	**1,990,942**	**(1,566,164)**	**424,778**
Past due 61 - 90 days	**371,634**	**(371,634)**	**–**
Past due 91 - 120 days	**484,490**	**(484,490)**	**–**
Past due more than 120 days	**1,169,530**	**(1,169,530)**	**–**
	265,790,958	**(4,441,909)**	**261,349,049**
2014			
Not past due	143,643,147	–	143,643,147
Past due 1 - 30 days	14,366,485	–	14,366,485
Past due 31 - 60 days	5,394,149	(677,236)	4,716,913
Past due 61 - 90 days	141,579	(141,579)	–
Past due 91 - 120 days	207,136	(207,136)	–
Past due more than 120 days	888,989	(888,989)	–
	164,641,485	(1,914,940)	162,726,545

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

	2015 RM	2014 RM
At 1 January	**1,914,940**	1,750,545
Impairment loss recognised	**2,507,436**	154,574
Effect of movements in exchange rates	**19,533**	9,821
At 31 December	**4,441,909**	1,914,940

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

29. Financial instruments (Cont'd)

29.4 Credit risk (Cont'd)

Intercompany balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

Impairment losses

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

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

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

Impairment losses

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

Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM106,619,961 (2014 : RM95,231,155) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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

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

29.5 Liquidity risk

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

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

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

29. Financial instruments (Cont'd)

29.5 Liquidity risk (Cont'd)

Maturity analysis

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

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM
Group				
2015				
Trade and other payables	**150,551,827**	**–**	**150,551,827**	**150,551,827**
Short term loan	**106,619,961**	**0.75 - 1.05**	**106,619,961**	**106,619,961**
	257,171,788		**257,171,788**	**257,171,788**
2014				
Trade and other payables	132,862,993	–	132,862,993	132,862,993
Short term loan	95,231,155	0.75 - 0.93	95,231,155	95,231,155
	228,094,148		228,094,148	228,094,148
Company				
2015				
Other payables	**3,823,245**	**–**	**3,823,245**	**3,823,245**
Financial guarantee	**–**	**–**	**106,619,960**	**106,619,960**
	3,823,245		**110,443,205**	**110,443,205**
2014				
Other payables	3,792,471	–	3,792,471	3,792,471
Financial guarantee	–	–	95,231,155	95,231,155
	3,792,471		99,023,626	99,023,626

29.6 Market risk

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

29.6.1 Currency risk

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

29. Financial instruments (Cont'd)

29.6 Market risk (Cont'd)

29.6.1 Currency risk (Cont'd)

Risk management objectives, policies and processes for managing the risk

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

Exposure to foreign currency risk

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

	Denominated in				
	RM	**USD**	**EURO**	**SGD**	**Others**
	RM	**RM**	**RM**	**RM**	**RM**
Group					
2015					
Balances recognised in the statement of financial position					
Trade and other receivables	**7,770,368**	**3,051,227**	**5,172,313**	**742,704**	**–**
Trade and other payables	**(24,192,784)**	**(2,157,206)**	**(2,750)**	**(33,296)**	**–**
Short-term deposits with licensed banks	**–**	**1,885,500**	**–**	**–**	**–**
Cash and bank balances	**4,063,813**	**17,490,028**	**1,014,632**	**541,344**	**94,382**
	(12,358,603)	**20,269,549**	**6,184,195**	**1,250,752**	**94,382**

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

29. Financial instruments (Cont'd)

29.6 Market risk (Cont'd)

29.6.1 Currency risk (Cont'd)

Currency risk sensitivity analysis

A 10% (2014 : 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases. There is no impact to equity arising from exposure to currency risk.

	Profit or loss	
	2015	**2014**
	RM	**RM**
RM	**(926,895)**	–
USD	**(1,520,216)**	(3,044,852)
EURO	**(463,815)**	(379,412)
SGD	**(93,806)**	(74,107)
Others	**(7,079)**	(86,613)
	(3,011,811)	(3,584,984)

A 10% (2014 : 10%) weakening of the RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

29.6.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

Exposure to interest rate risk

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Fixed rate instruments				
Short-term deposits with licensed bank	**63,663,006**	191,311,795	**1,164**	1,001,129
Short term loan	**(106,619,961)**	(95,231,155)	**–**	–
	(42,956,955)	96,080,640	**1,164**	1,001,129

29. Financial instruments (Cont'd)

29.6 Market risk (Cont'd)

29.6.2 Interest rate risk (Cont'd)

Exposure to interest rate risk (Cont'd)

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Floating rate instruments				
Investment in Islamic income fund	**3,159,423**	558,867	**3,159,423**	558,867

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	Profit or loss	
	100 bp Increase	**100 bp Decrease**
Group/Company		
2015		
Investment in Islamic income fund	**31,594**	**(31,594)**
2014		
Investment in Islamic income fund	5,589	(5,589)

29.7 Fair value information

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

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

29. Financial instruments (Cont'd)

29.7 Fair value information (Cont'd)

	Fair value of financial instruments carried at fair value			Total	Carrying
	Level 1	Level 2	Level 3	fair value	amount
	RM	RM	RM	RM	RM
Financial assets					
2015					
Group					
Investment in Islamic income fund	**3,159,423**	**–**	**–**	**3,159,423**	**3,159,423**
Company					
Investment in Islamic income fund	**3,159,423**	**–**	**–**	**3,159,423**	**3,159,423**
2014					
Group					
Investment in Islamic income fund	558,867	–	–	558,867	558,867
Company					
Investment in Islamic income fund	558,867	–	–	558,867	558,867

Policy on transfer between levels

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

Level 1 fair value

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

Level 2 fair value

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

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2014 : no transfer in either directions).

Level 3 fair value

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

30. Key management personnel compensations

The key management personnel compensations are as follows :

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Directors of the Company				
- Fees	**72,000**	72,000	**72,000**	72,000
- Other emoluments	**3,008,167**	2,251,565	**3,008,167**	2,251,565
- Contributions to Employees' Provident Fund	**50,544**	48,618	**50,544**	48,618
	3,130,711	2,372,183	**3,130,711**	2,372,183

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

31. Capital management

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

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

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

	Group		**Company**	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Total retained earnings of the Company and its subsidiaries :				
- Realised	**292,249,333**	260,476,311	**25,975,497**	23,688,683
- Unrealised	**10,917,580**	12,758,561	**3,001,047**	1,337,071
	303,166,913	273,234,872	**28,976,544**	25,025,754
Total share of retained earnings of an associate :				
- Realised	**(25,000)**	(22,234)	**–**	–
	303,141,913	273,212,638	**28,976,544**	25,025,754
Less : Consolidation adjustments	**(42,790,496)**	(42,622,562)	**–**	–
Total retained earnings	**260,351,417**	230,590,076	**28,976,544**	25,025,754

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

STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 30 to 86 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 32 on page 87 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Mui Chung Meng

Chen, Chih-Wen

Penang

Date : 23 March 2016

STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

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 financial statements set out on pages 30 to 87 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named at Georgetown in the State of Penang on 23 March 2016.

Chen, Chih-Wen

Before me :

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

Report on the Financial Statements

We have audited the financial statements of P.I.E. Industrial Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 30 to 86.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 32 on page 87 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

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

KPMG
AF 0758
Chartered Accountants

Lee Yee Keng
2880/04/17 (J)
Chartered Accountant

Date : 23 March 2016

Penang

SHARE CAPITAL AS AT MARCH 31, 2016

Authorised	:	RM100,000,000.00
Issued and Fully paid-up	:	RM76,808,397.00
Class of Share	:	Ordinary Shares of RM1.00 each with equal voting rights
Number of Shareholders	:	1,919

DISTRIBUTION OF SHAREHOLDERS AS AT MARCH 31, 2016

Holdings	No. of Holders	Total Holdings	%
1 - 99	36	1,347	0.00
100 - 1,000	251	159,640	0.21
1,001 - 10,000	1,357	3,858,212	5.02
10,001 – 100,000	217	6,414,581	8.35
100,001 – 3,840,418	57	26,882,620	35.00
3,840,419 and above	1	39,491,997	51.42
Total	1,919	76,808,397	100.00

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT MARCH 31, 2016

	Name	Shareholdings	%
1.	Pan Global Holding Co. Ltd	39,491,997	51.42
2.	HSBC Nominees (Tempatan) Sdn Bhd *Qualifier: HSBC (M) Trustee Bhd for RHB Kidsave Trust*	3,674,000	4.78
3.	Citigroup Nominees (Tempatan) Sdn Bhd *Qualifier: Employees Provident Fund Board (RHB INV)*	2,242,500	2.92
4.	Citigroup Nominees (Tempatan) Sdn Bhd *Qualifier: Kumpulan Wang Persaraan (Diperbadankan) (RHB INV)*	1,700,800	2.21
5.	Outstanding Growth Technology Limited	1,416,000	1.84
6.	Goh Thong Beng	1,274,000	1.66
7.	Amanahraya Trustees Berhad *Qualifier: Public Smallcap Fund*	1,005,960	1.31
8.	HSBC Nominees (Tempatan) Sdn Bhd *Qualifier: HSBC (M) Trustee Bhd for RHB Growth and Income Focus Trust*	856,060	1.11
9.	Amanahraya Trustees Berhad *Qualifier: Public South-East Asia Select Fund*	832,200	1.08
10.	Public Invest Nominees (Tempatan) Sdn Bhd *Qualifier: Pledged Securities Account for Wong Yoke Fong @ Wong Nyok Fing (M)*	765,600	1.00
11.	Best Skill Technology Limited	756,000	0.98
12.	HSBC Nominees (Tempatan) Sdn Bhd *Qualifier: HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)*	718,800	0.94
13.	CIMSEC Nominees (Tempatan) Sdn Bhd *Qualifier: CIMB Bank for Mak Tian Meng (MY0343)*	662,680	0.86
14.	Public Nominees (Tempatan) Sdn Bhd *Qualifier: Pledged Securities Account for Wong Yoke Fong @ Wong Nyok Fing (JRC)*	600,000	0.78
15.	Citigroup Nominees (Asing) Sdn Bhd *Qualifier: Exempt an for Citibank New York (Norges Bank 14)*	556,200	0.72
16.	HSBC Nominees (Tempatan) Sdn Bhd *Qualifier: HSBC (M) Trustee Bhd for RHB Small Cap Opportunity Unit Trust*	516,000	0.67
17.	RHB Nominees (Tempatan) Sdn Bhd *Qualifier: RHB Asset Management Sdn Bhd for RHB Insurance Berhad*	505,200	0.66
18.	Chung Lean Hwa	492,000	0.64
19.	HSBC Nominees (Tempatan) Sdn Bhd *Qualifier: HSBC (M) Trustee Bhd for RHB-OSK Private Fund - Series 3*	461,820	0.60
20.	Operate Technology Limited	452,400	0.59

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT MARCH 31, 2016 (Cont'd)

	Name	Shareholdings	%
21.	Neoh Choo Ee & Company, Sdn. Berhad	415,800	0.54
22.	Lim Soon Huat	405,600	0.53
23.	UOBM Nominees (Tempatan) Sdn Bhd *Qualifier: Pledged Securities Account for Wong Yoke Fong @ Wong Nyok Fing (6110553745-T232)*	360,000	0.47
24.	Citigroup Nominees (Asing) Sdn Bhd *Qualifier: CBNY for Dimensional Emerging Markets Value Fund*	336,220	0.44
25.	Wong Yoon Tet	318,000	0.41
26.	Wong Yoke Fong @ Wong Nyok Fing	284,900	0.37
27.	Amanahraya Trustees Berhad *Qualifier: Public Equity Fund*	267,400	0.35
28.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Qualifier: Pledged Securities Account for Ting Siew Pin (8118995)*	243,300	0.32
29.	HSBC Nominees (Tempatan) Sdn Bhd *Qualifier: HSBC (M) Trustee Bhd for Manulife Investment Dividend Fund (5311-401)*	243,260	0.32
30.	Wong Yoon Chyuan	232,800	0.30

SUBSTANTIAL SHAREHOLDERS AS AT MARCH 31, 2016

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

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

DIRECTORS' SHAREHOLDINGS AS AT MARCH 31, 2016

	Name	Direct Shareholding	%	Indirect Shareholding	%
1.	Ahmad Murad bin Abdul Aziz	1	negligible	–	–
2.	Mui Chung Meng[1]	–	–	–	–
3.	Cheng Shing Tsung	12,000	0.02	–	–
4.	Chen, Chih-Wen[2]	–	–	–	–
5.	Cheung Ho Leung	–	–	–	–
6.	Loo Hooi Beng	10,000	0.01	–	–
7.	Khoo Lay Tatt	–	–	–	–

Note: No indirect shareholdings.

PERSON CONNECTED TO DIRECTOR

	Name	Direct Shareholding	%	Indirect Shareholding	%
1.	Chung Lean Hwa [1]	492,000	0.64	–	–
2.	Khor Bee Kiow [2]	86,000	0.11		

[1,2] *Being spouse of the Director*

TOP 10 PROPERTIES OWNED BY P.I.E. INDUSTRIAL BERHAD GROUP OF COMPANIES

as at 31 December 2015

Location/ Title	Tenure	Approximate Area	Description	Net book value as at 31.12.2015 (RM)	Age of building (Years)	Year of Acquisition (A)/ Revaluation (R)
H.S.(D) 4628 P.T. No. 3205, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang #	Leasehold – 60 years (expire on 11.11.2050)	Land : 7.0 acres Built up : 10,448 sq. meters	Industrial complex - 2 storey office - 1 storey factory - 1 storey warehouse - 2 storey training centre	15,035,162	23	1990 (A) & 2010 (R)
H.S.(D) 37959, Lot no. 3188, MK 1, Daerah Seberang Perai Tengah, Pulau Pinang. #	Leasehold – 60 years (expire on 6.6.2050)	Land : 5.782 acres Built up : 17,970 sq. meters	Industrial complex - 1 1/2 storey office cum factory - 2 storey factory complex - guard house and other out buildings	13,318,536	25	2015 (R)
H.S.(D) 31755, Lot no. 5019, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang #	Leasehold – 60 years (expire on 11.11.2050	Land : 4 acres Built up : 5,923 sq. meters	Industrial complex - 2 storey office - 1 storey factory - 1 storey store	13,265,923	25	2015 (A)
H.S.(D) 31801, PT 3245 Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang ^	Leasehold – 60 years (expire on 3.6.2051)	Land : 5.54 acres Built up : 5,626 sq. meters	Industrial complex - 1 storey detached factory building	11,897,240	25	2010 (A) & 2010 (R)
H.S (D) No. 38146, P.T. No. 3227, Mukim 1, Seberang Perai Tengah, Pulau Pinang #	Leasehold – 60 years (expire on 5.2.2051)	Land : 4 acres Built up : 15,076 sq. meters	Industrial complex - 3 storey office - 2 storey factory complex - guard house	11,309,920	20	2012 (R)

TOP 10 PROPERTIES OWNED BY P.I.E. INDUSTRIAL BERHAD GROUP OF COMPANIES (Cont'd)

as at 31 December 2015

Location/ Title	Tenure	Approximate Area	Description	Net book value as at 31.12.2015 (RM)	Age of building (Years)	Year of Acquisition (A)/ Revaluation (R)
H.S.(D) 4634 P.T. No. 3211, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang #	Leasehold – 60 years (expire on 3.12.2050	Land : 3.08 acres Built up : 8,527 sq. meters	Industrial complex - 1 storey office - 2 storey factory - 1 storey store	10,993,520	23	2015 (R)
H.S.(D) 4633 P.T. No. 3210, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang *	Leasehold – 60 years (expire on 3.12.2050)	Land : 5.0 acres Built up : 12,257 sq. meters	Industrial complex - 2 storey office - 1 storey factory	7,866,514	21	1990 (A) & 2010 (R)
H.S.(D) HBM2 P.T. No. 3410, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang #	Leasehold – 99 years (expire on 13.4.2091)	Built up : 1,801 sq. meters	Staff housing - 24 units of medium-cost apartments	2,932,060	21	2010 (R)
T/D no. 10832 No.101/47/15 Moo 20 Navanakorn I.E.Zone 1, Phaholyothin Road, Klongnueng Subdistrict, Klongluang Distric, Pathumtani, Thailand @	Freehold	Land : 0.64 acres Built up : 2,251 sq. meters	Industrial complex - 2 storey office - 1 storey factory - 1 storey store	1,081,383	26	2015 (R)
T/D no. 30175 and 1018 and 1047, No.12/1 Moo 9 Suwannasorn Road, Dongkeelek Subdistrict, Muang Distric, Prachinburi, Thailand @	Freehold	Land : 5.84 acres Built up : 6,514 sq. meters	Industrial complex - 1 storey office - 1 storey factory - 1 storey store	1,013,244	21	2010 (R)

Note :

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

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

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

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

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be held at Cinnamon, 2nd Floor, The Light Hotel, Lebuh Tenggiri 2, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai on Friday, 27 May 2016 at 9.00 a.m.

AGENDA

1. To receive the Audited Financial Statements of the Company for the year ended 31 December 2015 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 2015 :
   a) A Special Single Tier Dividend of 23 sen per share ; (Resolution 1)
   b) A First and Final Single Tier Dividend of 12 sen per share. (Resolution 2)

3. To approve the payment of Directors' Fees of up to RM72,000 for the financial year ended 31 December 2015. (Resolution 3)

4. To re-elect the following directors retiring under the Article 98 (1) of the Articles of Association of the Company, and who being eligible, offered themselves for re-election :
   a. Loo Hooi Beng (Resolution 4)
   b. Khoo Lay Tatt (Resolution 5)

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

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

6. To appoint Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration : (Resolution 7)

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto and marked "Annexure A" has been received by the Company for the nomination of Messrs. Grant Thornton for appointment as Auditors of the Company in place of the retiring Auditors, Messrs. KPMG and of the intention to move the following motion to be passed as an Ordinary Resolution :

   "THAT Messrs. Grant Thornton be and are hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs. KPMG to hold office until the conclusion of the next Annual General Meeting AND THAT authority be and is hereby given for the Directors to determine their remuneration."

SPECIAL BUSINESS

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

   <u>ORDINARY RESOLUTIONS</u>

   a) <u>Continue in Office as Senior Independent Non-Executive Director</u> (Resolution 8)

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

SPECIAL BUSINESS (Cont'd)

7. To consider and if thought fit, to pass the following resolutions : (Cont'd)

ORDINARY RESOLUTIONS (Cont'd)

b) Authority to Issue Shares (Resolution 9)

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

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

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

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

ii) The maximum fund to be allocated by the Company for the purpose of purchasing the Company's shares shall not exceed the retained profits and share premium account of the Company. As at the latest financial year ended 31 December 2015, the audited retained profits and share premium account of the Company stood at RM28,976,544 and RM6,394,505 respectively;

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

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

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

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

SPECIAL BUSINESS (Cont'd)

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

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

Penang
Date: 29 April 2016

Notes :

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

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the AGM, the Company shall be requesting the Record of Depositors as at 18 May 2016. Only a depositor whose name appears on the Record of Depositors as at 18 May 2016 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend, speak and vote on his/ her stead.

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

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

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

5. The instrument appointing a proxy must be deposited at the Registered Office, 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, not less than 48 hours before the time appointed for holding the meeting.

<u>Explanatory Note On Special Business :</u>

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

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

   The proposed Resolution 8, if passed, enable En. Ahmad Murad to continue to act as Senior Independent Non-Executive Director of the Company. Otherwise, he will be re-designated as a Non-Independent Non-Executive Director and relinquished his position as the Senior Independent Non-Executive Director of the Company upon the conclusion of the 19th Annual General Meeting.

Explanatory Note On Special Business : (Cont'd)

2. Resolution 9 – Authority to issue Shares

The proposed Resolution No. 9, if passed, will grant a renewed general mandate (Mandate 2016) and empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

The Mandate 2016 will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited for further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the 18th Annual General Meeting. The Company did not issue any share pursuant to the mandate granted because there was no investment, acquisition or working capital that required fund raising activity.

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

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that the following Dividends for the year ended 31 December 2015, if approved, will be paid on 15 June 2016 to depositors registered in the Records of Depositors on 3 June 2016 :

a) A Special Single Tier Dividend of 23 sen per share; and
b) A First and Final Single Tier Dividend of 12 sen per share.

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

a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 3 June 2016 in respect of ordinary transfers;

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

By Order of the Board,

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

Penang
Date: 29 April 2016

"ANNEXURE A"

Pan Global Holding Co. Ltd
Reg No. 156001
C/O P.I.E. Industrial Berhad, Plot 6 Jalan Jelawat Satu
Kaw Perusahaan Sbg Jaya, 13700 Sbg Perai Pulau Pinang

Date: 12 April 2016

The Board of Directors
P.I.E. INDUSTRIAL BERHAD
57-G Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang

Dear Sirs,

NOMINATION OF AUDITORS

We, Pan Global Holding Co. Ltd being a Shareholder of the Company hereby give notice, pursuant to Section 172(11) of the Companies Act, 1965 of our nomination of Messrs. Grant Thornton (AF:0042) as Auditors for P.I.E. INDUSTRIAL BERHAD in place of the retiring auditors, Messrs. KPMG, and our intention to propose the following as an ordinary resolution at the forthcoming Nineteenth Annual General Meeting of the Company:-

Resolution

"That Grant Thornton be and are hereby appointed auditors of the Company in place of the retiring auditors, Messrs. KPMG, to hold office until the conclusion of the next Annual General Meeting and that the directors be authorized to determine their remuneration."

Yours faithfully
For and on behalf of Pan Global Holding Co. Ltd

F. A. Huang

HUANG, FENG-AN
Authorised Signatory/Director

1. DISCLAIMER STATEMENT

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

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

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

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

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

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

3. RETAINED PROFITS AND SHARE PREMIUM

Based on the audited financial statements of PIE as at 31 December 2015, the retained profits and share premium of the Company stood at RM28,976,544 and RM6,394,505 respectively.

4. SOURCE OF FUNDING

The Proposed Share Buy-Back will be funded from internally generated funds. The Company has adequate resources to undertake the Proposed Share Buy-Back in view that the Company has net cash and cash equivalent balance of approximately RM8,252,000 based on the audited financial statements of PIE as at 31 December 2015. 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.

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

Based on the Register of Directors and the Register of Substantial Shareholders of PIE as at 31 March 2016 and assuming that PIE implements the Proposed Share Buy-Back in full, the effects of the Proposed Share Buy-Back on the shareholdings of the Directors, Substantial Shareholders and Person Connected to Director of PIE are as follows :

Directors

	Existing as at 31 March 2016				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
Name	**No. of Shares**	**% ***	**No. of Shares**	**%***	**No. of Shares**	**%^**	**No. of Shares**	**%^**
Ahmad Murad Bin Abdul Aziz	1	negligible	–	–	1	negligible	–	–
Mui Chung Meng [2]	–	–	–	–	–	–	–	–
Chen, Chih-Wen [3]	–	–	–	–	–	–	–	–
Cheng Shing Tsung	12,000	0.02	–	–	12,000	0.02	–	–
Cheung Ho Leung	–	–	–	–	–	–	–	–
Loo Hooi Beng	10,000	0.01	–	–	10,000	0.01	–	–
Khoo Lay Tatt	–	–	–	–	–	–	–	–

Substantial Shareholders

	Existing as at 31 March 2016				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
Name	**No. of Shares**	**% ***	**No. of Shares**	**%***	**No. of Shares**	**%^**	**No. of Shares**	**%^**
Pan Global Holding Co. Ltd.	39,491,997	51.42	–	–	39,491,997	57.13	–	–
Pan-International Industrial Corporation	–	–	39,491,997[1]	51.42	–	–	39,491,997[1]	57.13

Person Connected To Director

	Existing as at 31 March 2016				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
Name	**No. of Shares**	**% ***	**No. of Shares**	**%***	**No. of Shares**	**%^**	**No. of Shares**	**%^**
Chung Lean Hwa [2]	492,000	0.64	–	–	492,000	0.71	–	–
Khor Bee Kiow [3]	86,000	0.11	–	–	86,000	0.12	–	–

Note :

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

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

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

[2, 3] Being spouse of the Director

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

6.1 Potential Advantages of the Proposed Share Buy-Back

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

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 2016, the issued and paid-up capital of PIE was RM76,808,397 comprising 76,808,397 Shares. In the event that the 7,680,839 Shares representing 10% of the issued and paid-up share capital of the Company are purchased and cancelled, the effect on the share capital of the Company are illustrated as follows :

	No. of Shares
Issued and fully paid-up share capital as at 31 March 2016	76,808,397
Assumed the Shares purchased and cancelled	(7,680,839)
Resultant issued and paid-up capital	69,127,558

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

7.2 NTA

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

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

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

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

7.3 Working Capital

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

7.4 Earnings

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

In view that the Purchased Shares would be retained as treasury shares, the reduction in the number of Shares applied in the computation of the EPS pursuant to the Proposed Share Buy-Back may generally, all else being equal, have a positive impact on the EPS for the financial year ending 31 December 2016.

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

7.5 Dividends

Assuming the Proposed Share Buy-Back is implemented in full, dividends would be paid on the remaining issued and paid-up share capital of PIE (excluding the Shares already purchased). The Proposed Share Buy-Back may have an impact on the Company's dividend policy for the financial year ending 31 December 2016 as it would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

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

7.6 Substantial Shareholders

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

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

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

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

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

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

"a person" includes persons acting in concert.

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

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

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 2015 is as set out on the page 26 of this Annual Report.

10. PUBLIC SHAREHOLDING SPREAD

According to the Record of Depositors maintained by Bursa Malaysia Depository Sdn. Bhd. as at 31 March 2016, approximately 36,707,399 Shares representing 47.79% of the issued and paid-up share capital of the Company were held by the public shareholders. In this regard, the Board undertakes to purchase Shares only to the extent that the public shareholding spread of PIE shall not fall below 25% of the issued and paid-up share capital of the Company (excluding treasury shares) at all times pursuant to the Proposed Share Buy-Back, in accordance with Para 8.02(1) and 12.14 of the Bursa Securities Main Market Listing Requirements (LR).

11. DIRECTORS' STATEMENT

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

12. DIRECTORS' RECOMMENDATION

The Board recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming Nineteenth 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.

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PROXY FORM

P.I.E. INDUSTRIAL BERHAD (424086-X)
(Incorporated in Malaysia)

No. of Ordinary Shares Held

I/We, ____
__________of______________________________________
being a Member of the above Company hereby appoint (Proxy 1) ______________________
__________________ of ______________________________
____ and*/or failing
him* (Proxy 2), ______________________ of ______________________
____
______________________ and*/or failing him*, the Chairman of the Meeting, as my/our proxy(ies), to vote for me/us on my/our behalf at the NINETEENTH ANNUAL GENERAL MEETING of the Company to be held at Cinnamon, 2nd Floor, The Light Hotel, Lebuh Tenggiri 2, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai on Friday, 27 May 2016 at 9.00 a.m. and at any adjournment thereof.

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

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

* Strike out whichever is inapplicable

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

Resolutions	**For**	**Against**
1. To declare a Special Single Tier Dividend of 23 sen per share for the year ended 31 December 2015.		
2. To declare a First and Final Single Tier Dividend of 12 sen per share for the year ended 31 December 2015.		
3. To approve the payment of Directors' Fees of up to RM72,000 for the financial year ended 31 December 2015.		
To re-elect the following directors retiring under the Article 98 (1) of the Articles of Association of the Company, and who being eligible, offered themselves for re-election :		
4. Loo Hooi Beng		
5. Khoo Lay Tatt		
6. To re-elect Cheng Shing Tsung, a Director retiring under Section 129(2) of the Companies Act, 1965.		
7. To appoint Messrs. Grant Thornton as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
Special Business Ordinary Resolutions 8. To authorise Ahmad Murad Bin Abdul Aziz to continue to serve as Senior Independent Non-Executive Director of the Company.		
9. To approve the resolution pursuant to Section 132D of the Companies Act, 1965.		
10. To approve the resolution pursuant to Renewal of Authority to Purchase its own Shares.		

Signature of Member: …………………………………..

Signed this on the …..........…day of ……………………......... 2016

Notes

1. *For the purpose of determining a member who shall be entitled to attend, speak and vote at the AGM, the Company shall be requesting the Record of Depositors as at 18 May 2016. Only a depositor whose name appears on the Record of Depositors as at 18 May 2016 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend, speak and vote on his/ her stead.*
2. *A Member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend and to vote in his place. A proxy may but need not be a Member and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointer. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.*
5. *The instrument appointing a proxy must be deposited at the Registered Office, 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, not less than 48 hours before the time appointed for holding the meeting.*

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Stamp

The Company Secretaries

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

(Incorporated in Malaysia)

Registered Office

57-G Persiaran Bayan Indah

Bayan Bay, Sungai Nibong

11900 Penang, Malaysia

Fold here

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

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

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