

P.I.E. INDUSTRIAL BERHAD (COMPANY NO. : 424086-X)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2016

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31.03.2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2015 RM'000	CURRENT YEAR TO DATE 31.03.2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2015 RM'000
Revenue	10	119,725	111,067	119,725	111,067
Cost of sales		(106,229)	(98,237)	(106,229)	(98,237)
Gross profit		13,496	12,830	13,496	12,830
Administrative and distribution expenses		(7,772)	(6,468)	(7,772)	(6,468)
Other operating (expenses)/income		(3,511)	5,173	(3,511)	5,173
Income from other investments		687	1,043	687	1,043
Finance costs		(244)	(165)	(244)	(165)
Share of results in associated company		0	(1)	0	(1)
Profit before tax	10	2,656	12,412	2,656	12,412
Income tax expense	20	(552)	(2,162)	(552)	(2,162)
Profit for the period	19	2,104	10,250	2,104	10,250
<u>Other comprehensive income</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		(3,576)	4,212	(3,576)	4,212
Other comprehensive income, net of tax		(3,576)	4,212	(3,576)	4,212
Total comprehensive income for the period		(1,472)	14,462	(1,472)	14,462
Total comprehensive income attributable to: - Owners of the Company		(1,472)	14,462	(1,472)	14,462
Basic earnings per ordinary share (sen)	25	3	13	3	13
Diluted earnings per ordinary share (sen)	25	N/A	N/A	N/A	N/A

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.

P.I.E. INDUSTRIAL BERHAD (COMPANY NO. : 424086-X)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Note	UNAUDITED AS AT 31.03.2016 RM'000	RESTATED AS AT 31.12.2015 RM'000
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ASSETS			
Non-current assets			
Property, plant and equipment	8	90,921	91,938
Investment properties		21,556	21,681
Prepaid lease payments		10,982	11,108
Goodwill on consolidation		1,722	1,722
Deferred tax assets		1,698	1,700
Total non-current assets		<u>126,879</u>	<u>128,149</u>
Current assets			
Inventories		100,249	100,667
Trade and other receivables		123,413	263,487
Other financial assets		1,633	3,159
Other investments		15,111	16,088
Current tax assets		372	100
Short-term deposits with licensed banks		77,997	47,576
Cash and bank balances		49,210	73,460
Total current assets		<u>367,985</u>	<u>504,537</u>
TOTAL ASSETS		<u>494,864</u>	<u>632,686</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		76,808	76,808
Reserves		13,246	16,822
Retained earnings		271,082	268,978
Total equity		<u>361,136</u>	<u>362,608</u>
Non-current liabilities			
Deferred tax liabilities		3,082	3,118
Current liabilities			
Short-term borrowings		45,965	106,620
Trade and other payables		77,838	150,552
Current tax liabilities		6,843	9,788
Total current liabilities		<u>130,646</u>	<u>266,960</u>
Total liabilities		<u>133,728</u>	<u>270,078</u>
TOTAL EQUITY AND LIABILITIES		<u>494,864</u>	<u>632,686</u>
NET ASSETS		361,136	362,608
Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (RM)		4.70	4.72

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.

P.I.E. INDUSTRIAL BERHAD (424086-X)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2016

	Share Capital RM'000	Treasury Shares RM'000	Non- distributable Reserves RM'000	Distributable Retained Profits RM'000	Total RM'000
Period ended 31 March 2015					
Balance as of 1 January 2015	76,808	0	10,264	230,590	317,662
Net profit for the period	0	0	0	10,250	10,250
Other comprehensive income for the period	0	0	4,212	0	4,212
Total comprehensive income for the period	0	0	4,212	10,250	14,462
Balance as of 31 March 2015	<u>76,808</u>	<u>0</u>	<u>14,476</u>	<u>240,840</u>	<u>332,124</u>
Period ended 31 March 2016					
Balance as of 1 January 2016 (Restated)	76,808	0	16,822	268,978	362,608
Net profit for the period	0	0	0	2,104	2,104
Other comprehensive income for the period	0	0	(3,576)	0	(3,576)
Total comprehensive income for the period	0	0	(3,576)	2,104	(1,472)
Balance as of 31 March 2016	<u>76,808</u>	<u>0</u>	<u>13,246</u>	<u>271,082</u>	<u>361,136</u>

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.

P.I.E. INDUSTRIAL BERHAD (424086-X)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2016

	3 months ended	
	31.03.2016 RM'000	31.03.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	2,104	10,250
Adjustments for:		
Income tax expense	552	2,162
Non-cash items	3,759	4,068
Non-operating items	3,191	(429)
Operating profit before working capital changes	9,606	16,051
Changes in working capital:		
Net change in current assets	134,833	14,544
Net change in current liabilities	(64,643)	(8,803)
Cash generated from operations	79,796	21,792
Tax refunded	346	1,130
Income tax paid	(4,147)	(2,568)
Interest received	296	770
Net cash generated from operating activities	76,291	21,124
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in other investments	0	(2,813)
Proceeds from disposal of other investments	2,524	0
Payment for property, plant and equipment	(3,364)	(3,790)
Payment for investment property	0	(1,461)
Net cash used in investing activities	(840)	(8,064)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of bank borrowings	(58,986)	(61,748)
Interest paid	(244)	(165)
Bank balances held as security	6	(49)
Net cash used in financing activities	(59,224)	(61,962)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	16,227	(48,902)
Effect of foreign exchange rate differences	(10,050)	5,331
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	120,945	175,567
CASH AND CASH EQUIVALENTS AT END OF PERIOD	127,122	131,996

P.I.E. INDUSTRIAL BERHAD (424086-X)
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	3 months ended	
	31.03.2016	31.03.2015
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	77,997	75,550
Cash and bank balances	49,210	56,533
Less : Bank balance pledged as security	(85)	(87)
	127,122	131,996

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2016

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING

1 Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of Chapter 9, Continuing Disclosure, Paragraph 9.22 of the Main Market Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and in compliance with Malaysian Financial Reporting Standards (“MFRSs”) 134, Interim Financial Reporting issued by Malaysian Accounting Standards Board (MASB), and should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 December 2015, which have been prepared in accordance with MFRS, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The explanatory notes attached to these interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2015.

2 Significant Accounting Policies

Save as disclose in Note 30, the significant accounting policies, methods of computation and basis of consolidation adopted by the Group for the preparation of the interim financial report are consistent with those adopted in the annual audited financial statements for the year ended 31 December 2015 except for the adoption of the following MFRSs, IC Interpretations (“IC Int.”) and amendments to MFRSs for the financial period beginning on 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, MFRS 12 and MFRS 128, *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)*

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The initial adoption of the above standards and interpretations are not expected to have any material financial impact to the Group's results.

The Group has not adopted the following MFRSs and Amendments to MFRSs, which were issued by the MASB but not yet effective:-

- MFRS 9, *Financial Instruments (IFRS 9 as issued by IASB in July 2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Amendments to MFRS 10 and MFRS 128, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

3 Seasonal or Cyclical Factors

The cyclical nature of the manufacturing sector is generally correlated to the global economy and is normally seasonal with demand peaking at the year-end festive seasons.

4 Unusual Items Due To Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period-to-date because of their nature, size or incidence.

5 Changes in Estimates

There were no material changes in estimates of amount reported in either the prior interim period of the current financial period or prior financial years that have a material effect on the results during the current quarter and financial period-to-date.

6 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 31 March 2016.

As of 31 March 2016, total issued and fully paid-up share capital are 76,808,397 ordinary shares of RM1 each.

7 Dividends Paid

The Company did not pay any dividend to its shareholders during the financial period ended 31 March 2016.

8 Revaluation of Property, Plant and Equipment

The valuation of property, plant and equipment have been brought forward without amendment from the previous annual audited financial statements for the year ended 31 December 2015.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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9 Material Post Balance Sheet Events

There are no material events subsequent to the end of the current quarter that requires adjustment to, or disclosure in the unaudited interim financial report for the financial period ended 31 March 2016.

10 Operating Segment

Segment information is presented in respect of the Group's business segments.

The Group comprises the following main business segments:

- a) Manufacturing Manufacturing of industrial products
- b) Trading Trading of electrical products
- c) Others Investment holdings

Segments	Manufacturing	Trading	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Period ended 31 March 2016</u>					
Revenue	117,564	2,141	20	-	119,725
Inter-segment revenue	104	392	1,554	(2,050)	-
	<u>117,668</u>	<u>2,533</u>	<u>1,574</u>	<u>(2,050)</u>	<u>119,725</u>
Segment results	8,335	413	(173)	75	8,650
Investment revenue					687
Other gains and losses					(6,437)
Finance costs					(244)
Share of results in associated company					-
Profit before tax					<u>2,656</u>
Segments	Manufacturing	Trading	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Period ended 31 March 2015</u>					
Revenue	107,717	3,350	-	-	111,067
Inter-segment revenue	513	292	1,554	(2,359)	-
	<u>108,230</u>	<u>3,642</u>	<u>1,554</u>	<u>(2,359)</u>	<u>111,067</u>
Segment results	7,779	588	295	48	8,710
Investment revenue					1,043
Other gains and losses					2,825
Finance costs					(165)
Share of results in associated company					(1)
Profit before tax					<u>12,412</u>

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
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11 Changes in the Composition of the Group

There was no change in the composition of the Group for the current quarter and financial period-to-date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

12 Capital Commitment

There was no capital expenditure contracted but not provided for in the unaudited interim financial report of the Group during the current financial period under review.

13 Fair Value of Instruments

(a) Determination of fair value

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments, by class, which are not carried at fair value in the financial statements.

	31.03.2016		31.12.2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
Financial assets :				
Trade and other receivables (excluding prepayments)	122,367	122,367	262,644	262,644
Financial assets carried at fair value through profit or loss	1,633	1,633	3,159	3,159
Other investments	15,111	15,111	16,088	16,088
Cash and cash equivalents	127,207	127,207	121,036	121,036
	<u>266,318</u>	<u>266,318</u>	<u>402,927</u>	<u>402,927</u>
Financial liabilities :				
Trade and other payables	77,838	77,838	150,552	150,552
Short term borrowings	45,965	45,965	106,620	106,620
	<u>123,803</u>	<u>123,803</u>	<u>257,172</u>	<u>257,172</u>

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(b) Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at the reporting date, the Group held the following financial assets and liabilities that were measured at fair value by level of fair value hierarchy :

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>31 March 2016</u>				
Financial assets				
Investment in income fund	1,633	-	-	1,633
	<u>1,633</u>	<u>-</u>	<u>-</u>	<u>1,633</u>
<u>31 December 2015</u>				
Financial assets				
Investment in income fund	3,159	-	-	3,159
	<u>3,159</u>	<u>-</u>	<u>-</u>	<u>3,159</u>

There have been no transfers between any levels during the current quarter under review and the comparative period.

14 Contingent Liabilities

Save as disclosed below, there were no obligations and contingent liabilities for the Group as of 31 March 2016.

	RM '000
a) Letter of guarantee by a bank for a foreign subsidiary's import duties	241
b) Letter of guarantee by a bank to foreign Revenue Department for a foreign subsidiary's tax liabilities	25
c) Corporate guarantees given by the Company to banks for credit facilities granted to certain subsidiary companies	181,001
d) Payment of withholding tax to foreign tax authority if received dividend from foreign subsidiary company out of its non-tax exempted retained earnings	3,882
	<u>185,149</u>

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- e) Pan-International Electronics (Malaysia) Sdn Bhd (PIESB), a wholly owned subsidiary company of P.I.E. Industrial Berhad, had 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 from PIESB amounted to RM8,432,282.51 and RM841,342.00 respectively.

PIESB had received a letter from RMC in January 2016 to blacklist the directors of PIESB. Upon request of RMC and advice from consultant, PIESB had paid 10% of the total demand amount 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 base to defend the case

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

15 Review of Performance

Comparison with Previous Year Corresponding Quarter's Results

The Group's revenue for the current quarter under review was RM119.725 million and profit before tax was RM2.656 million.

The revenue was increased by RM8.658 million or 8% if compared to preceding year corresponding quarter. The increase was mainly attributable to higher demand from existing customers for all manufacturing activities but partly offset with lower revenue achieved by trading activities.

Compared with the preceding year corresponding quarter, the profit before tax was decreased by RM9.756 million or 79%, which was mainly due to losses from foreign currency exchange transactions, higher operating expenses and lower proceed from scrap sales. However, the decrease in profit was partly limited by higher revenue achieved and reversal of slow moving inventories provision.

16 Comparison with Immediate Preceding Quarter's Results

	<u>Individual Quarter Ended</u>		Variance RM '000	Variance %
	31.03.2016	31.12.2015		
	RM '000	RM '000		
Revenue	119,725	262,281	(142,556)	-54%
Profit before tax	2,656	35,541	(32,885)	-93%

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The Group's revenue for the quarter under review has decreased by 54% as compared with the preceding quarter. The decrease was mainly due to lower demand for electronics manufacturing products and raw wire & cable products but partly offset with higher revenue achieved by wire harness activities.

The Group profit before tax for the current quarter has dropped by 93% as compared to preceding quarter. The decrease was mainly due to lower revenue achieved, lower margin of product mix and losses from foreign currency exchange transactions. However, the decrease in profit was partly offset by lower operating expenses and reversal of slow moving inventories provision.

17 Current Year Prospect

The global economics is still full of uncertainty. Furthermore, the recent fluctuation of Ringgit against other major foreign currencies is also a major challenge to the Group's profit performance. However, the Group will continue to strengthen its vertical integration of manufacturing capability and expand sufficient manufacturing capacity to attract more outsourcing orders from new and existing customers. Barring any unforeseen circumstances, the Group anticipate to achieve a flat performance for year 2016.

18 Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was announced and published.

19 Profit for the Period

	Quarter Ended		Period Ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	243	767	243	767
Investment income	444	276	444	276
Interest expenses	(244)	(165)	(244)	(165)
Depreciation and amortisation	(4,043)	(2,969)	(4,043)	(2,969)
Net allowance of impairment losses				
- trade receivables	(1,543)	(1,489)	(1,543)	(1,489)
Net reversal of inventories	1,826	392	1,826	392
Net foreign exchange (loss)/gain	(4,896)	4,314	(4,896)	4,314
Loss from fair value adjustment of financial assets through profit and loss	(6)	0	(6)	0

Save as disclosed above, the other items as required under Appendix 9B, Part A(16) of the Bursa Securities Main Market Listing Requirements are not applicable.

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20 Income Tax Expense

	Quarter Ended		Period Ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	575	2,186	575	2,186
Underprovision in prior year	12	0	12	0
Deferred tax income	(35)	(24)	(35)	(24)
	<u>552</u>	<u>2,162</u>	<u>552</u>	<u>2,162</u>

The Group's taxation for the current quarter and financial period-to-date reflects an effective tax rate which is lower than the statutory income tax rate mainly due to certain income which is not taxable and investment tax incentives enjoyed by the certain subsidiaries in the Group.

21 Status of Corporate Proposals Announced

Save as disclose below, there were no corporate proposals announced but pending completion as at the date of this unaudited interim financial report.

- (a) On 12 April 2016, Company announced that it proposed to undertake the following:-
- i. The proposed share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each in P.I.E. Industrial Berhad ("PIB") into five (5) ordinary shares of RM0.20 each in PIB ("Proposed Share Split"); and
 - ii. Amendment to the Memorandum of Association of PIB ("Proposed Amendment").
- (collectively known as "Proposals")

On 29 April 2016, the application for the Proposed Share Split has been submitted to Bursa Malaysia Securities Berhad (Bursa Securities).

On 9 May 2016, Bursa Securities had, vide its letter, resolved to approve the Proposed Share Split.

The Proposed Share Split and the Proposed Amendment are inter-conditional upon each other. However, the Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company. The Proposals are conditional upon approvals being obtained, amongst others, the Company's shareholders at an extraordinary general meeting to be held on 23 June 2016. Upon completion of the Proposed Share Split, the resultant issued and paid-up share capital of PIB will be RM76,808,397 comprising 384,041,985 Shares of RM0.20 each. Please refer the Circular dated 25 May 2016 for the details of the Proposals.

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22 Group Borrowings and Debt Securities

The details of the Group's borrowings as at end of current quarter are as follows:

		Foreign Currency <u>'000</u>	Equivalent in RM <u>RM'000</u>
<i>Unsecured Borrowings</i>			
Short-term loan	USD	11,434	<u>45,965</u>
Total			<u><u>45,965</u></u>

23 Changes in Material Litigation

The Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Directors do not have any knowledge of any proceedings, pending or threatened, against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

24 Dividends

The following Dividends for the year ended 31 December 2015, has been approved by the Company's shareholders at the Nineteenth Annual General Meeting on 27 May 2016 and will be paid on 15 June 2016 to depositors registered in the Record 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.

25 Earnings Per Ordinary Share

(a) Basic earnings per ordinary share

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

	Quarter Ended		Period Ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Profit attributable to ordinary equity shareholders (RM'000)	2,104	10,250	2,104	10,250
Weighted average number of ordinary share in issue (units'000)	76,808	76,808	76,808	76,808
Basic earnings per ordinary share (sen)	<u>3</u>	<u>13</u>	<u>3</u>	<u>13</u>

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(b) Diluted earnings per ordinary share

There are no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the current quarter and financial period-to-date.

26 Derivative Financial Instruments

There were no material outstanding derivatives entered into by the Group as at the end of the quarter under review.

27 Gains/Losses Arising from Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of financial liabilities.

28 Auditors' Report on Preceding Annual Financial Statements

The auditors' report of the Group's most recent annual audited financial statements did not contain any qualification.

29 Disclosure of Realised and Unrealised Profits

The breakdown of the retained profits of the Group as at 31 March 2016, into realised and unrealised profits, pursuant to directives by Bursa Securities on 25 March 2010 and 20 December 2010 is as follows:

	As at 31.03.2016 RM'000	As at 31.12.2015 RM'000 (Restated)
Total retained profits of P.I.E. Industrial Berhad and it's subsidiaries		
- Realised	298,651	300,875
- Unrealised	15,683	10,918
	<u>314,334</u>	<u>311,793</u>
Total share of retained loss from associate company		
- Realised	(25)	(25)
	<u>314,309</u>	<u>311,768</u>
Add : Consolidation adjustments	(43,227)	(42,790)
Total Group retained profits as per consolidated accounts	<u><u>271,082</u></u>	<u><u>268,978</u></u>

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

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The disclosure of realised and unrealised profits above is solely for the purpose of complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

- 30** During the financial period, the Board of Directors of the Company have further reviewed MFRS 121 *The Effects of Changes in Foreign Exchange Rates* to determine the functional currency of its subsidiary company, PIESB. The Directors, with the assistance of independent professional accountants, after careful consideration of the quantitative and qualitative factors, have determined that the functional currency of the said subsidiary to be Ringgit Malaysia instead of United States Dollar. Consequently, the functional currency of PIESB was changed from United States Dollar to Ringgit Malaysia with effect from the beginning of this quarter under review.

The financial effects of change of functional currency are set out as per below:-

a) Reconciliation of Statement of Financial Position

As at 31 December 2015	As Per Audited RM'000	Effects of Change of Functional Currency RM'000	As Restated RM'000
Non-current assets			
Property, plant and equipment	114,214	(22,276)	91,938
Investment properties	26,193	(4,512)	21,681
Prepaid lease payments	13,002	(1,894)	11,108
Goodwill on consolidation	1,722		1,722
Deferred tax assets	1,700		1,700
Total non-current assets	<u>156,831</u>		<u>128,149</u>
Current assets			
Inventories	100,667		100,667
Trade and other receivables	263,487		263,487
Other financial assets	3,159		3,159
Other investments	16,088		16,088
Current tax assets	100		100
Short-term deposits with licensed banks	47,576		47,576
Cash and bank balances	73,460		73,460
Total current assets	<u>504,537</u>		<u>504,537</u>
TOTAL ASSETS	<u>661,368</u>		<u>632,686</u>
Equity attributable to owners of the parent			
Share capital	76,808		76,808
Reserves	47,412	(30,590)	16,822
Retained earnings	260,351	8,627	268,978
Total equity	<u>384,571</u>		<u>362,608</u>

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As at 31 December 2015	As Per Audited	Effects of Change of Functional Currency	As Restated
Non-current liabilities			
Deferred tax liabilities	<u>9,837</u>	(6,719)	<u>3,118</u>
Current liabilities			
Short-term borrowings	106,620		106,620
Trade and other payables	150,552		150,552
Current tax liabilities	<u>9,788</u>		<u>9,788</u>
Total current liabilities	<u>266,960</u>		<u>266,960</u>
Total liabilities	<u>276,797</u>		<u>270,078</u>
TOTAL EQUITY AND LIABILITIES	<u>661,368</u>		<u>632,686</u>

b) Reconciliation of Statement of Comprehensive Income

Comprehensive Income	As Per Audited	Effects of Change of Functional Currency	As Restated
Year Ended 31 December 2015	RM'000	RM'000	RM'000
Revenue	662,241		662,241
Cost of sales	<u>(563,263)</u>	7,831	<u>(555,432)</u>
Gross profit	98,978		106,809
Administrative and distribution expenses	(31,813)	4	(31,809)
Other operating (expenses)/income	(241)	2,091	1,850
Income from other investments	3,508		3,508
Finance costs	(399)		(399)
Share of results in associated company	<u>(3)</u>		<u>(3)</u>
Profit before tax	70,030		79,956
Income tax expense	<u>(21,067)</u>	(1,299)	<u>(22,366)</u>
Profit for the year	<u>48,963</u>		<u>57,590</u>
<u>Other comprehensive income, net of tax</u>			
Currency translation differences	<u>37,148</u>	(30,590)	<u>6,558</u>
Other comprehensive income, net of tax	<u>37,148</u>		<u>6,558</u>
Total comprehensive income for the year	<u>86,111</u>		<u>64,148</u>

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c) Reconciliation of Statement of Changes in Equity

As at 31 December 2015/ 1 January 2016	As Per Audited RM'000	Effects of Change of Functional Currency RM'000	As Restated RM'000
Share Capital	76,808		76,808
Non-distributable Reserves	47,412	(30,590)	16,822
Distributable Retained Profits	260,351	8,627	268,978
Total	<u>384,571</u>		<u>362,608</u>