

**P.I.E. INDUSTRIAL BERHAD ( COMPANY NO. : 424086-X )**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 2ND QUARTER ENDED 30 JUNE 2016**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30.06.2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2015 RM'000	CURRENT YEAR TO DATE 30.06.2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2015 RM'000
Revenue	10	135,886	136,355	255,611	247,422
Cost of sales		-120,906	-117,441	-227,135	-215,678
Gross profit		14,980	18,914	28,476	31,744
Administrative and distribution expenses		-9,122	-7,148	-16,894	-13,616
Other operating income/(expenses)		1,102	1,314	-2,409	6,487
Income from other investments		1,092	988	1,779	2,031
Finance costs		-91	-73	-335	-238
Share of results in associated company		0	0	0	-1
Profit before tax	10	7,961	13,995	10,617	26,407
Income tax expense	20	-1,829	-4,447	-2,381	-6,609
Profit for the period	19	6,132	9,548	8,236	19,798
<u>Other comprehensive income</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		1,396	-1,263	-2,180	2,949
Other comprehensive income, net of tax		1,396	-1,263	-2,180	2,949
Total comprehensive income for the period		7,528	8,285	6,056	22,747
Total comprehensive income attributable to:					
- Owners of the Company		7,528	8,285	6,056	22,747
Basic earnings per ordinary share (sen)	25	8	12	11	26
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 30 JUNE 2016**

	Note	UNAUDITED AS AT 30.06.2016 RM'000	RESTATED AS AT 31.12.2015 RM'000
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<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	90,642	91,938
Investment properties		21,603	21,681
Prepaid lease payments		10,904	11,108
Goodwill on consolidation		1,722	1,722
Deferred tax assets		1,698	1,700
<b>Total non-current assets</b>		<u>126,569</u>	<u>128,149</u>
<b>Current assets</b>			
Inventories		102,626	100,667
Trade and other receivables		130,831	263,487
Other financial assets		15	3,159
Other investments		1,316	16,088
Current tax assets		5,238	100
Short-term deposits with licensed banks		67,618	47,576
Cash and bank balances		47,942	73,460
<b>Total current assets</b>		<u>355,586</u>	<u>504,537</u>
<b>TOTAL ASSETS</b>		<u>482,155</u>	<u>632,686</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		76,808	76,808
Reserves		14,642	16,822
Retained earnings		250,331	268,978
<b>Total equity</b>		<u>341,781</u>	<u>362,608</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		3,060	3,118
<b>Current liabilities</b>			
Short-term borrowings		24,612	106,620
Trade and other payables		102,696	150,552
Current tax liabilities		10,006	9,788
<b>Total current liabilities</b>		<u>137,314</u>	<u>266,960</u>
<b>Total liabilities</b>		<u>140,374</u>	<u>270,078</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>482,155</u>	<u>632,686</u>
<b>NET ASSETS</b>		341,781	362,608
Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (RM)		4.45	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 2ND QUARTER ENDED 30 JUNE 2016**

	Share Capital	Treasury Shares	Non- distributable Reserves	Distributable Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Period ended 30 June 2015</b>					
Balance as of 1 January 2015	76,808	0	10,264	230,590	317,662
Net profit for the period	0	0	0	19,798	19,798
Other comprehensive income for the period	0	0	2,949	0	2,949
Total comprehensive income for the period	0	0	2,949	19,798	22,747
Payment of dividends	0	0	0	-19,202	-19,202
Balance as of 30 June 2015	<u>76,808</u>	<u>0</u>	<u>13,213</u>	<u>231,186</u>	<u>321,207</u>
<b>Period ended 30 June 2016</b>					
Balance as of 1 January 2016 (Restated)	76,808	0	16,822	268,978	362,608
Net profit for the period	0	0	0	8,236	8,236
Other comprehensive income for the period	0	0	-2,180	0	-2,180
Total comprehensive income for the period	0	0	-2,180	8,236	6,056
Sale of treasury shares	0	0	0	0	0
Bonus issued	0	0	0	0	0
Payment of dividends	0	0	0	-26,883	-26,883
Balance as of 30 June 2016	<u>76,808</u>	<u>0</u>	<u>14,642</u>	<u>250,331</u>	<u>341,781</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 2ND QUARTER ENDED 30 JUNE 2016**

	6 months ended	
	30.06.2016 RM'000	30.06.2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	8,236	19,798
Adjustments for:		
Income tax expense	2,381	6,609
Non-cash items	10,181	8,798
Non-operating items	-5,561	-1,433
Operating profit before working capital changes	15,237	33,772
Changes in working capital:		
Net change in current assets	124,972	-9,905
Net change in current liabilities	-35,019	-13,467
Cash generated from operations	105,190	10,400
Tax refunded	346	1,165
Income tax paid	-7,702	-6,050
Interest received	652	1,474
Net cash generated from operating activities	98,486	6,989
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of other investments	14,771	14,120
Payment for property, plant and equipment	-6,765	-8,506
Payment for investment property	0	-1,461
Proceeds from disposal of income funds	3,728	0
Purchase of investment in income funds	-550	-1,600
Net cash generated from investing activities	11,184	2,553
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	-26,883	-19,202
Net repayment of bank borrowings	-82,008	-48,695
Interest paid	-335	-238
Bank balances held as security	4	-47
Net cash used in financing activities	-109,222	-68,182
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	448	-58,640
Effect of foreign exchange rate differences	-5,920	2,709
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	120,945	175,567
CASH AND CASH EQUIVALENTS AT END OF PERIOD	115,473	119,636

**P.I.E. INDUSTRIAL BERHAD ( 424086-X )**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE 2ND QUARTER ENDED 30 JUNE 2016**

	6 months ended	
	30.06.2016	30.06.2015
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	67,618	83,537
Cash and bank balances	47,942	36,184
Less : Bank balance pledged as security	-87	-85
	<u>115,473</u>	<u>119,636</u>

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 2ND QUARTER ENDED 30 JUNE 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 30 June 2016.

As of 30 June 2016, total issued and fully paid-up share capital are 76,808,397 ordinary shares of RM1 each.

**P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)**  
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**FOR THE 2ND QUARTER ENDED 30 JUNE 2016**

**7 Dividends Paid**

	6 months ended	
	<u>30.06.2016</u>	<u>30.06.2015</u>
	RM'000	RM'000
Dividends declared and paid:		
a) Special dividend:		
- 23 sen per ordinary share of RM1.00 each, single tier, for 2015	17,666	-
- 13 sen per ordinary share of RM1.00 each, single tier, for 2014	-	9,985
b) First and final dividend:		
- 12 sen per ordinary share of RM1.00 each, single tier, for 2015	9,217	-
- 12 sen per ordinary share of RM1.00 each, single tier, for 2014	-	9,217
	<u>26,883</u>	<u>19,202</u>

**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.

**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 30 June 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

<b>Segments</b>	<b>Manufacturing</b>	<b>Trading</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Period ended 30 June 2016</u></b>					
Revenue	249,780	5,799	32	-	255,611
Inter-segment revenue	<u>237</u>	<u>616</u>	<u>29,713</u>	<u>(30,566)</u>	<u>-</u>
	<u>250,017</u>	<u>6,415</u>	<u>29,745</u>	<u>(30,566)</u>	<u>255,611</u>
Segment results	12,135	1,499	25,370	(26,486)	12,518
Investment revenue					1,779
Other gains and losses					(3,345)
Finance costs					(335)
Share of results in associated company					-
Profit before tax					<u>10,617</u>



**P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)**  
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<b>Segments</b>	<b>Manufacturing</b> RM'000	<b>Trading</b> RM'000	<b>Others</b> RM'000	<b>Elimination</b> RM'000	<b>Total</b> RM'000
<b><u>Period ended 30 June 2015</u></b>					
Revenue	242,766	4,656	-	-	247,422
Inter-segment revenue	346	590	27,575	(28,511)	-
	<u>243,112</u>	<u>5,246</u>	<u>27,575</u>	<u>(28,511)</u>	<u>247,422</u>
Segment results	18,731	1,052	25,293	(24,432)	20,644
Investment revenue					2,031
Other gains and losses					3,971
Finance costs					(238)
Share of results in associated company					(1)
Profit before tax					<u>26,407</u>

#### **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.

**P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE 2ND QUARTER ENDED 30 JUNE 2016**

**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.

	30.06.2016		31.12.2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
<b>Financial assets :</b>				
Trade and other receivables (excluding prepayments)	129,448	129,448	262,644	262,644
Financial assets carried at fair value through profit or loss	15	15	3,159	3,159
Other investments	1,316	1,316	16,088	16,088
Cash and cash equivalents	115,560	115,560	121,036	121,036
	<u>246,339</u>	<u>246,339</u>	<u>402,927</u>	<u>402,927</u>
<b>Financial liabilities :</b>				
Trade and other payables	102,696	102,696	150,552	150,552
Short term borrowings	24,612	24,612	106,620	106,620
	<u>127,308</u>	<u>127,308</u>	<u>257,172</u>	<u>257,172</u>

**(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).

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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
<b><u>30 June 2016</u></b>				
<b>Financial assets</b>				
Investment in income fund	15	-	-	15
	<u>15</u>	<u>-</u>	<u>-</u>	<u>15</u>
<b><u>31 December 2015</u></b>				
<b>Financial assets</b>				
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 30 June 2016.

	RM '000
a) Letter of guarantee by a bank for a foreign subsidiary's import duties	103
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	184,157
d) Payment of withholding tax to foreign tax authority if received dividend from foreign subsidiary company out of its non-tax exempted retained earnings	2,465
	<u>186,750</u>
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.

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**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 RM135.886 million and profit before tax was RM7.961 million.

The revenue was slightly decreased by RM0.469 million or 0.3% if compared to preceding year corresponding quarter. The decrease was mainly attributable to lower demand from existing customers for electronics manufacturing activities and raw wire & cable products but partly recovered by higher revenue achieved by trading activities.

Compared with the preceding year corresponding quarter, the profit before tax was decreased by RM6.034 million or 43%, which was mainly due to lower margin of products mix, higher operating expenses and higher provision for slow moving inventories. However, the decrease in profit was partly limited by higher gain from foreign currency exchange and reversal of doubtful debts provision.

*(b) Comparison with Previous Year Corresponding Period's Results*

The Group recorded a revenue of RM255.611 million and a profit before tax of RM10.617 million in the period ended 30 June 2016.

As compared to revenue of RM247.422 million and a profit before tax of RM26.407 million in the period ended 30 June 2015, the revenue increased by RM8.189 million or 3.3%.

The increase of revenue was mainly due to more order from new and existing customers on all manufacturing activities and trading activities.

The profit before tax was decreased by RM15.790 million or 60% if compared with preceding year corresponding period. The decreased in profit was mainly due to lower margin of products mix, higher operating expenses, higher provision of slow moving inventories and losses from foreign currency exchange transaction. However, the decreased in profit was partially limited by higher revenue achieved and lower provision of doubtful debts provision.

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**16 Comparison with Immediate Preceding Quarter's Results**

	Individual Quarter Ended		Variance RM '000	Variance %
	30.06.2016	31.03.2016		
	RM '000	RM '000		
Revenue	135,886	119,725	16,161	13%
Profit before tax	7,961	2,656	5,305	200%

The Group's revenue for the quarter under review has increased by 13% as compared with the preceding quarter. The increase was mainly due to higher demand for electronics manufacturing products, raw wire & cable products and trading goods products but partly offset with lower revenue achieved by wire harness activities.

The Group profit before tax for the current quarter has soared by 200% as compared to preceding quarter. The increase was mainly due to higher revenue achieved, gain from foreign currency exchange transactions and reversal of doubtful debts provision. However, the increase in profit was partly offset by higher operating expenses and higher provision of slow moving inventories.

**17 Current Year Prospect**

With low visibility of global economic recovery, our shipments to overseas customers in the first half year moves not as expected in the end of last year. Coming implementation of minimum wage in the labour market and strengthening Ringgit against US dollar will also stand as major challenges to the Group's profit performance. However, the Group will continue to strengthen its vertical integration of manufacturing capability and maintain sufficient manufacturing capacity to cater to outsourcing orders from new and existing customers. Barring any unforeseen circumstances, the Group anticipates 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.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
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**19 Profit for the Period**

	Quarter Ended		Period Ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	314	667	557	1,434
Investment income	778	321	1,222	597
Interest expenses	-90	-73	-335	-238
Depreciation and amortisation	-3,934	-3,056	-7,977	-6,025
Net allowance of impairment losses				
- trade receivables	940	-348	-603	-1,837
Net reversal of inventories	-3,427	-1,327	-1,601	-934
Net foreign exchange (loss)/gain	2,153	1,495	-2,744	5,809
Loss from fair value adjustment of financial assets through profit and loss	-4	-1	-10	-1

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.

**20 Income Tax Expense**

	Quarter Ended		Period Ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	1,851	4,422	2,427	6,607
Underprovision in prior year	0	49	12	49
Deferred tax income	-22	-24	-58	-47
	<u>1,829</u>	<u>4,447</u>	<u>2,381</u>	<u>6,609</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.

**P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
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**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.

On 23 June 2016, shareholders had at its Extraordinary General Meeting approved the Proposals.

On 15 July 2016, the Proposed Share Split had been completed following the listing of and quotation for 384,041,985 Split Shares on the Main Market of Bursa Securities.

Upon the completion of the Proposed Share Split, the resultant issued and paid-up share capital of PIB was RM76,808,397 comprising 384,041,985 Shares of RM0.20 each.

**22 Group Borrowings and Debt Securities**

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

		Foreign Currency	Equivalent in RM
		'000	RM'000
<u>Unsecured Borrowings</u>			
Short-term loan	USD	5,990	24,612
Total			24,612

**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.

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**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 has been 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	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
Profit attributable to ordinary equity shareholders (RM'000)	6,132	9,548	8,236	19,798
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>8</u>	<u>12</u>	<u>11</u>	<u>26</u>

*(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.



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**29 Disclosure of Realised and Unrealised Profits**

The breakdown of the retained profits of the Group as at 30 June 2016, into realised and unrealised profits, pursuant to directives by Bursa Securities on 25 March 2010 and 20 December 2010 is as follows:

	<u>As at</u> 30.06.2016	<u>As at</u> 31.12.2015
	RM'000	RM'000
		(Restated)
Total retained profits of P.I.E. Industrial Berhad and it's subsidiaries		
- Realised	273,278	300,875
- Unrealised	20,341	10,918
	<u>293,619</u>	<u>311,793</u>
Total share of retained loss from associate company		
- Realised	(25)	(25)
	<u>293,594</u>	<u>311,768</u>
Add : Consolidation adjustments	(43,263)	(42,790)
Total Group retained profits as per consolidated accounts	<u><u>250,331</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.

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.

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- 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

<b>As at 31 December 2015</b>	As Per Audited RM'000	Effects of Change of Functional Currency RM'000	As Restated RM'000
<b>Non-current assets</b>			
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
<b>Total non-current assets</b>	<u>156,831</u>		<u>128,149</u>
<b>Current assets</b>			
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
<b>Total current assets</b>	<u>504,537</u>		<u>504,537</u>
<b>TOTAL ASSETS</b>	<u>661,368</u>		<u>632,686</u>
<b>Equity attributable to owners of the parent</b>			
Share capital	76,808		76,808
Reserves	47,412	-30,590	16,822
Retained earnings	260,351	8,627	268,978
<b>Total equity</b>	<u>384,571</u>		<u>362,608</u>

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

b) Reconciliation of Statement of Comprehensive Income

<b>Comprehensive Income</b>	As Per Audited	Effects of Change of Functional Currency	As Restated
<b>Year Ended 31 December 2015</b>	RM'000	RM'000	RM'000
Revenue	662,241		662,241
Cost of sales	-563,263	7,831	-555,432
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	-3		-3
Profit before tax	70,030		79,956
Income tax expense	-21,067	-1,299	-22,366
Profit for the year	48,963		57,590
<b>Other comprehensive income, net of tax</b>			
Currency translation differences	37,148	-30,590	6,558
Other comprehensive income, net of tax	37,148		6,558
<b>Total comprehensive income for the year</b>	<b>86,111</b>		<b>64,148</b>

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c) Reconciliation of Statement of Changes in Equity

<b>As at 31 December 2015/ 1 January 2016</b>	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	<u>260,351</u>	8,627	<u>268,978</u>
Total	<u><u>384,571</u></u>		<u><u>362,608</u></u>