

P.I.E. INDUSTRIAL BERHAD (COMPANY NO. : 424086-X)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2016

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31.12.2016 RM'000	RESTATED PRECEDING YEAR CORRESPONDING QUARTER 31.12.2015 RM'000	CURRENT YEAR TO DATE 31.12.2016 RM'000	RESTATED PRECEDING YEAR CORRESPONDING PERIOD 31.12.2015 RM'000
Revenue	10	193,517	262,281	579,285	662,241
Cost of sales		(161,414)	(215,078)	(516,763)	(555,432)
Gross profit		32,103	47,203	62,522	106,809
Administrative and distribution expenses		(11,287)	(11,526)	(34,273)	(31,809)
Other operating income/(expenses)		7,418	(820)	14,294	1,850
Income from other investments		1,103	751	3,878	3,508
Finance costs		(53)	(66)	(427)	(399)
Share of results in associated company		-	(2)	-	(3)
Profit before tax	10	29,284	35,540	45,994	79,956
Income tax expense	20	(5,659)	(11,714)	(9,535)	(22,366)
Profit for the period	19	23,625	23,826	36,459	57,590
<u>Other comprehensive income</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		2,275	(1,122)	1,819	6,558
Other comprehensive income/(loss), net of tax		2,275	(1,122)	1,819	6,558
Total comprehensive income for the period		25,900	22,704	38,278	64,148
Total comprehensive income attributable to: - Owners of the Company		25,900	22,704	38,278	64,148
Basic earnings per ordinary share (sen)	24	6.15	6.20	9.49	15.00
Diluted earnings per ordinary share (sen)	24	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 DECEMBER 2016**

	Note	UNAUDITED AS AT 31.12.2016 RM'000	RESTATED AS AT 31.12.2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	90,072	91,938
Investment properties		21,850	21,681
Prepaid lease payments		10,746	11,108
Goodwill on consolidation		1,722	1,722
Deferred tax assets		1,702	1,700
Total non-current assets		126,092	128,149
Current assets			
Inventories		105,694	100,667
Trade and other receivables		172,444	263,487
Other financial assets		3,820	3,159
Other investments		-	16,088
Current tax assets		10,187	100
Short-term deposits with licensed banks		61,461	47,576
Cash and bank balances		42,431	73,460
Total current assets		396,037	504,537
TOTAL ASSETS		522,129	632,686
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		76,808	76,808
Reserves		18,641	16,822
Retained earnings		278,554	268,978
Total equity		374,003	362,608
Non-current liabilities			
Deferred tax liabilities		3,015	3,118
Current liabilities			
Short-term borrowings		-	106,620
Trade and other payables		133,826	150,552
Current tax liabilities		11,285	9,788
Total current liabilities		145,111	266,960
Total liabilities		148,126	270,078
TOTAL EQUITY AND LIABILITIES		522,129	632,686
NET ASSETS		374,003	362,608
Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (RM)		0.97	0.94

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 4TH QUARTER ENDED 31 DECEMBER 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 December 2015					
Balance as of 1 January 2015	76,808	-	10,264	230,590	317,662
Net profit for the period	-	-	-	57,590	57,590
Other comprehensive income for the period	-	-	6,558	-	6,558
Total comprehensive income for the period	-	-	6,558	57,590	64,148
Payment of dividends	-	-	-	(19,202)	(19,202)
Balance as of 31 December 2015 (Restated)	<u>76,808</u>	<u>-</u>	<u>16,822</u>	<u>268,978</u>	<u>362,608</u>
Period ended 31 December 2016					
Balance as of 1 January 2016 (Restated)	76,808	-	16,822	268,978	362,608
Net profit for the period	-	-	-	36,459	36,459
Other comprehensive income for the period	-	-	1,819	-	1,819
Total comprehensive income for the period	-	-	1,819	36,459	38,278
Payment of dividends	-	-	-	(26,883)	(26,883)
Balance as of 31 December 2016	<u>76,808</u>	<u>-</u>	<u>18,641</u>	<u>278,554</u>	<u>374,003</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 4TH QUARTER ENDED 31 DECEMBER 2016

	12 months ended	
	31.12.2016	31.12.2015
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	36,459	57,590
Adjustments for:		
Income tax expense	9,535	22,366
Non-cash items	18,483	22,931
Non-operating items	(4,107)	(374)
Operating profit before working capital changes	60,370	102,513
Changes in working capital:		
Net change in current assets	80,814	(133,812)
Net change in current liabilities	(9,083)	17,721
Cash generated from/(used in) operations	132,101	(13,578)
Tax refunded	744	1,165
Income tax paid	(18,956)	(17,101)
Interest received	1,138	2,231
Net cash generated from/(used in) operating activities	115,027	(27,283)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of other investments	16,087	18,246
Proceeds from disposal of property, plant and equipment	774	58
Payment for property, plant and equipment	(14,255)	(36,037)
Payment for investment property	-	(1,461)
Payment for prepaid lease payment on leasehold land	-	(3,878)
Proceeds from disposal of income funds	3,728	-
Purchase of investment in income funds	(4,351)	(2,536)
Net cash generated/(used in) from investing activities	1,983	(25,608)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(26,883)	(19,202)
Net repayment of bank borrowings	(106,619)	11,388
Interest paid	(427)	(399)
Bank balances held as security	(4)	(52)
Net cash used in financing activities	(133,933)	(8,265)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,923)	(61,156)
Effect of foreign exchange rate differences	(225)	6,535
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	120,945	175,566
CASH AND CASH EQUIVALENTS AT END OF PERIOD	103,797	120,945

P.I.E. INDUSTRIAL BERHAD (424086-X)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2016

	12 months ended	
	31.12.2016	31.12.2015
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	61,461	47,576
Cash and bank balances	42,431	73,460
Less : Bank balance pledged as security	(95)	(91)
	<u>103,797</u>	<u>120,945</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 4TH QUARTER ENDED 31 DECEMBER 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 29, 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 10, MFRS 12 and MFRS 128 Investment Entities: *Applying the Consolidation Exception*

Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

Amendments to MFRS 101 *Disclosure Initiative*

Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*

Amendments to MFRS 127 *Equity Method in Separate Financial Statements*

Annual Improvements to MFRS 2012-2014 Cycle

Initial application of the above standards did not have any material impact to the financial statements of the Group.

Effective for annual periods beginning on or after 1 January 2017

Amendments to MFRS 12 *Disclosure of Interest in Other Entities (under Annual Improvements to MFRS 2014-2016 Cycle)*

Amendments to MFRS 107 *Statement of Cash Flows: Disclosure Initiatives*

Amendments to MFRS 112 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*

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MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

MFRS 15 *Revenue from Contracts with Customers*

Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*

Amendments to MFRS 4 *Insurance Contracts: Applying MFRS 9 Financial Instruments with*
MFRS 4 Insurance Contracts

Amendments to MFRS 7 *Mandatory Date of MFRS 9 and Transition Disclosures*

Amendments to MFRS 140 *Investment Property: Transfer of Investment Property*
Annual Improvements to MFRS 2014-2016 Cycle

(except for Amendments to MFRS 12 *Disclosure of Interest in Other Entities*)

IC Int 22 *Foreign Currency Transactions and Advance Consideration*

Effective for annual periods beginning on or after 1 January 2019

MFRS 16 *Leases*

Effective date yet to be confirmed

Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor*
and its Associate or Joint Venture

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group upon adoption except as mentioned below:

MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* and all previous version of *MFRS 9*. This new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of *MFRS 9*, new “expected credit loss model” under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions. Upon adoption of *MFRS 9*, financial assets will be measured at either fair value or amortised cost. It is also expected that the Group’s investment in unquoted shares, if any, will be measured at fair value through other comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy. The Group are currently assessing the financial impact of adopting MFRS 9.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in *MFRS 111 Construction Contracts*, *MFRS 118 Revenue*, *IC Int 13 Customer Loyalty Programmes*, *IC Int 15 Agreements for Construction of Real Estate*, *IC Int 18 Transfers of Assets from Customers* and *IC Int 131 Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of *MFRS 15*, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group are currently assessing the financial impact of adopting MFRS 15.

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MFRS 16 Leases

The scope of *MFRS 16* includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

MFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under *MFRS 117*. The standard includes two recognition exemptions for lessees – leases of ‘low-value’ assets (e.g., personal computers) and short-term leases (e.g., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (e.g., the lease liability) and an asset representing the right to use the underlying asset during the lease term (e.g., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today’s accounting under *MFRS 117*. Lessors will continue to classify all leases using the same classification principle in *MFRS 117* and distinguish between two types of leases: operating and finance leases.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2019 with early adoption permitted. The Group are currently assessing the financial impact of adopting MFRS 16.

Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiatives

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

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.

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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 December 2016.

The issued and paid-up share capital of the Company as at 5.00 p.m. on 14 July 2016, 76,808,397 ordinary shares of RM1.00 each in the Company have been subdivided into 384,041,985 ordinary shares of RM0.20 each ("Split Shares"). The Split Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on 15 July 2016.

As of 31 December 2016, total issued and fully paid-up share capital are 384,041,985 ordinary shares of RM0.20 each.

7 Dividends Paid

	12 months ended	
	<u>31.12.2016</u>	<u>31.12.2015</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>

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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 31 December

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 December 2016</u>					
Revenue	570,105	9,146	34	-	579,285
Inter-segment revenue	407	1,202	34,213	(35,822)	-
	<u>570,512</u>	<u>10,348</u>	<u>34,247</u>	<u>(35,822)</u>	<u>579,285</u>
Segment results	31,704	243	25,044	(26,416)	30,575
Investment revenue					3,878
Other gains and losses					11,968
Finance costs					(427)
Share of results in associated company					-
Profit before tax					<u>45,994</u>

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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Segments	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<u>Period ended 31 December 2015</u>					
Revenue	654,587	7,598	56	-	662,241
Inter-segment revenue	523	1,277	30,683	(32,483)	-
	<u>655,110</u>	<u>8,875</u>	<u>30,739</u>	<u>(32,483)</u>	<u>662,241</u>
Segment results	75,022	1,778	21,287	(24,462)	73,625
Investment revenue					3,508
Other gains and losses					3,225
Finance costs					(399)
Share of results in associated company					(3)
Profit before tax					<u>79,956</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

	12 months ended	
	<u>31.12.2016</u>	<u>31.12.2015</u>
	RM	RM
Authorised but not contracted for:		
- Property, plant & equipment	<u>336,315</u>	<u>-</u>

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 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.

	31.12.2016		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)	171,267	171,267	262,644	262,644
Financial assets carried at fair value through profit or loss	3,820	3,820	3,159	3,159
Other investments	-	-	16,088	16,088
Cash and cash equivalents	103,892	103,892	121,036	121,036
	<u>278,979</u>	<u>278,979</u>	<u>402,927</u>	<u>402,927</u>
Financial liabilities :				
Trade and other payables	133,826	133,826	150,552	150,552
Short term borrowings	-	-	106,620	106,620
	<u>133,826</u>	<u>133,826</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
<u>31 December 2016</u>				
Financial assets				
Investment in income fund	3,820	-	-	3,820
	<u>3,820</u>	<u>-</u>	<u>-</u>	<u>3,820</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 December 2016.

	RM '000
a) Letter of guarantee by a bank for a foreign subsidiary's import duties	113
b) Corporate guarantees given by the Company to banks for credit facilities granted to certain subsidiary companies	198,710
c) Payment of withholding tax to foreign tax authority if received dividend from foreign subsidiary company out of its non-tax exempted retained earnings	2,700
	<u>201,523</u>
d) 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 20% of the total demand amount by RMC as payment under protest to start the appeal process in January and July 2016 respectively. The consultant, after several discussions with the management and review on the facts, opined that PIESB has a strong base to defend the case.

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2016

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 RM193.517 million and profit before tax was RM29.284 million.

The revenue was decreased by RM68.764 million or 26% if compared to preceding year corresponding quarter. The decrease was mainly attributable to lower demand from existing customers for electronics manufacturing activities but partly recovered by higher revenue achieved by raw wire & cable products and wire harness products.

Compared with the preceding year corresponding quarter, the profit before tax was decreased by RM6.256 million or 18%, which was mainly due to lower revenue and lower margin of products mix. However, the decrease in profit was partly limited by higher foreign currency gain, lower operating expenses, higher miscellaneous income, reversal of provision for doubtful debts and lower provision for slow-moving inventory.

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

The Group recorded a revenue of RM579.285 million and a profit before tax of RM45.994 million in the period ended 31 December 2016.

As compared to revenue of RM662.241 million and a profit before tax of RM79.956 million in the period ended 31 December 2015, the revenue decreased by RM82.956 million or 13%.

The decrease of revenue was mainly due to lower order from electronic manufacturing activities but partly recovered by higher orders from wire & cable products, wire harness products and trading activities.

The profit before tax was decreased by RM33.962 million or 42% if compared with preceding year corresponding period. The decrease in profit was mainly due to lower revenue and lower margin of products mix, higher operating expenses and lower interest income. However, the decrease in profit was partially limited by higher rental income, reversal of provision for doubtful debts, lower provision of slow moving inventories and higher foreign currency exchange gain.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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16 Comparison with Immediate Preceding Quarter's Results

	<u>Individual Quarter Ended</u>		Variance RM '000	Variance %
	31.12.2016 RM '000	30.09.2016 RM '000		
Revenue	193,517	130,157	63,360	49%
Profit before tax	29,284	6,092	23,192	381%

The Group's revenue for the quarter under review has increased by 49% as compared with the preceding quarter. The increase was mainly due to higher demand for electronics manufacturing products, raw wire & cable products and wire harness products but partly offset with lower revenue achieved by trading activities.

The Group profit before tax for the current quarter has soared by 381% as compared to preceding quarter. The increase was mainly due to higher revenue achieved and higher margin of products mix and higher proceed from scrap sales. However, the increase in profit was partly offset by higher operating expenses, lower from foreign currency exchange gain, higher provision of slow moving inventories.

17 Current Year Prospect

Besides slight increasing orders from current customers, the Group will start a potential voluminous ODM project from mid of the year 2017. The fluctuation of USD vs Ringgit Malaysia and increasing cost in the labour market, especially new measures on FEA Rules issued by BNM on December 5, 2016, will continue to be the key factors to affect the Group's profit. 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 anticipate to achieve a slightly high performance for year 2017.

18 Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was announced and published.

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19 Profit for the Period

	Quarter Ended		Period Ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	279	312	1,043	2,136
Investment income	824	439	2,835	1,372
Interest expenses	(53)	(66)	(427)	(399)
Depreciation and amortisation	(4,038)	(3,686)	(16,104)	(13,078)
Net reversal/(allowance) of impairment losses				
- trade receivables	796	(1,438)	1,244	(2,507)
Net (write down)/reversal of inventories	(2,073)	(3,088)	(3,696)	(7,381)
Net gain/(loss) on disposal of :				
- property, plant and equipment	10	(9)	2	39
- investment	-	-	12	-
Bad debts written off	(3)	-	(3)	-
Net foreign exchange gain/(loss)	6,386	2,361	10,645	5,646
Gain/(Loss) from fair value adjustment of investment properties	75	39	75	39
Gain/(Loss) from fair value adjustment of financial assets through profit and loss	2	4	(8)	9

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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	7,339	12,056	11,283	22,729
Underprovision in prior year	(1,658)	(342)	(1,645)	(293)
Deferred tax income	(22)	-	(103)	(70)
	<u>5,659</u>	<u>11,714</u>	<u>9,535</u>	<u>22,366</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.

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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 extraordinary general meeting approve the Proposed Share Split.

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 Malaysia Securities Berhad.

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

22 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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23 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.

24 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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Profit attributable to ordinary equity shareholders (RM'000)	23,625	23,826	36,459	57,590
Weighted average number of ordinary share in issue (units'000)	384,042	384,042	384,042	384,042
Basic earnings per ordinary share (sen)	<u>6.15</u>	<u>6.20</u>	<u>9.49</u>	<u>15.00</u>

The weighted average number of ordinary shares in issue for the current quarter and financial year-to-date are calculated as follows:

	Quarter Ended		Period Ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	'000	'000	'000	'000
Issued ordinary shares at beginning of the period	76,808	76,808	76,808	76,808
Effect of share split	<u>307,234</u>	<u>307,234</u>	<u>307,234</u>	<u>307,234</u>
Weighted average number of ordinary shares	<u>384,042</u>	<u>384,042</u>	<u>384,042</u>	<u>384,042</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.

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25 Derivative Financial Instruments

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

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

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

27 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.

28 Disclosure of Realised and Unrealised Profits

The breakdown of the retained profits of the Group as at 31 December 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 31.12.2016 RM'000	As at 31.12.2015 RM'000 (Restated)
Total retained profits of P.I.E. Industrial Berhad and it's subsidiaries		
- Realised	304,794	300,875
- Unrealised	17,840	10,918
	<u>322,634</u>	<u>311,793</u>
Total share of retained loss from associate company		
- Realised	(25)	(25)
	<u>322,609</u>	<u>311,768</u>
Add : Consolidation adjustments	(44,055)	(42,790)
Total Group retained profits as per consolidated accounts	<u><u>278,554</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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- 29 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 Per Audited RM'000	Effects of Change of Functional Currency RM'000	As Restated RM'000
As at 31 December 2015			
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 Per Audited	Effects of Change of Functional Currency	As Restated
As at 31 December 2015			
Non-current liabilities			
Deferred tax liabilities	9,837	(6,719)	3,118
Current liabilities			
Short-term borrowings	106,620		106,620
Trade and other payables	150,552		150,552
Current tax liabilities	9,788		9,788
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

	As Per Audited	Effects of Change of Functional Currency	As Restated
Comprehensive Income			
Year Ended 31 December 2015	RM'000	RM'000	RM'000
Revenue	662,241		662,241
Cost of sales	(563,263)	7,831	(555,432)
Gross profit	<u>98,978</u>		<u>106,809</u>
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	<u>70,030</u>		<u>79,956</u>
Income tax expense	(21,067)	(1,299)	(22,366)
Profit for the year	<u>48,963</u>		<u>57,590</u>
Other comprehensive income, net of tax			
Currency translation differences	37,148	(30,590)	6,558
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 Per	Effects of Change of Functional Currency	As Restated
As at 31 December 2015/ 1 January 2016	Audited		
	RM'000	RM'000	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>