

**P.I.E. INDUSTRIAL BERHAD ( COMPANY NO. : 424086-X )**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 2ND QUARTER ENDED 30 JUNE 2018**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30.06.2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2017 RM'000	CURRENT YEAR TO DATE 30.06.2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2017 RM'000
Revenue	10	141,624	176,069	286,884	337,939
Cost of sales		(134,156)	(157,394)	(274,523)	(300,610)
Gross profit		7,468	18,675	12,361	37,329
Administrative and distribution expenses		(5,935)	(7,651)	(11,525)	(17,728)
Other operating income		5,984	1,412	15,276	7,901
Income from other investments		1,388	1,154	2,530	2,213
Finance costs		(169)	-	(169)	-
Profit before tax	10	8,736	13,590	18,473	29,715
Income tax expense	22	(1,752)	(2,891)	(4,271)	(7,430)
Profit for the period	21	6,984	10,699	14,202	22,285
<u>Other comprehensive income</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		(438)	(751)	(684)	301
Other comprehensive (loss)/income, net of tax		(438)	(751)	(684)	301
Total comprehensive income for the period		6,546	9,948	13,518	22,586
Total comprehensive income attributable to: - Owners of the Company		6,546	9,948	13,518	22,586
Basic earnings per ordinary share (sen)	26	1.82	2.79	3.70	5.80
Diluted earnings per ordinary share (sen)	26	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 2017 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 2018**

	Note	UNAUDITED AS AT 30.06.2018 RM'000	AUDITED AS AT 31.12.2017 RM'000
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<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	80,235	86,491
Investment properties		22,005	22,047
Prepaid lease payments		10,272	10,430
Goodwill on consolidation		1,721	1,722
Deferred tax assets		1,701	1,702
		<u>115,934</u>	<u>122,392</u>
<b>Current assets</b>			
Inventories		157,080	145,908
Trade and other receivables		147,005	165,783
Other financial assets		7,298	9,448
Current tax assets		11,464	8,343
Short-term deposits with licensed banks		77,063	50,709
Cash and bank balances		27,703	27,376
<b>Total current assets</b>		<u>427,613</u>	<u>407,567</u>
<b>TOTAL ASSETS</b>		<u>543,547</u>	<u>529,959</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		83,203	83,203
Reserves		11,174	11,858
Retained earnings		298,129	306,970
<b>Total equity</b>		<u>392,506</u>	<u>402,031</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		3,122	3,162
<b>Current liabilities</b>			
Short-term borrowings		8,455	-
Trade and other payables		123,891	111,787
Current tax liabilities		15,573	12,979
<b>Total current liabilities</b>		<u>147,919</u>	<u>124,766</u>
<b>Total liabilities</b>		<u>151,041</u>	<u>127,928</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>543,547</u>	<u>529,959</u>
<b>NET ASSETS</b>		392,506	402,031
Net Assets Per Share Attributable to Ordinary			
Equity Holders of the Parent (RM)		1.02	1.05

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 2017 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 2018**

	Share Capital	--- Non-distributable ---  Share Premium	Foreign Currency Translation Reserve	Distributable Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Period ended 30 June 2017</u></b>					
Balance as of 1 January 2017	76,808	6,395	12,221	278,161	373,585
Net profit for the period	-	-	-	22,285	22,285
Other comprehensive income for the period	-	-	301	-	301
Total comprehensive income for the period	-	-	301	22,285	22,586
Transition to no-par value regime on 31 January 2017	6,395	(6,395)	-	-	-
Payment of dividends	-	-	-	(19,202)	(19,202)
Balance as of 30 June 2017	<u>83,203</u>	<u>-</u>	<u>12,522</u>	<u>281,244</u>	<u>376,969</u>
<b><u>Period ended 30 June 2018</u></b>					
Balance as of 1 January 2018	83,203	-	11,858	306,970	402,031
Net profit for the period	-	-	-	14,202	14,202
Other comprehensive loss for the period	-	-	(684)	-	(684)
Total comprehensive (loss)/income for the period	-	-	(684)	14,202	13,518
Payment of dividends	-	-	-	(23,043)	(23,043)
Balance as of 30 June 2018	<u>83,203</u>	<u>-</u>	<u>11,174</u>	<u>298,129</u>	<u>392,506</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 2017 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 2018**

	6 months ended	
	30.06.2018 RM'000	30.06.2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	14,202	22,285
Adjustments for:		
Income tax expense	4,271	7,430
Non-cash items	1,420	6,476
Non-operating items	3,670	5,436
Operating profit before working capital changes	23,563	41,627
Changes in working capital:		
Net change in current assets	16,847	(21,874)
Net change in current liabilities	5,621	(13,989)
Cash generated from operations	46,031	5,764
Tax refunded	250	-
Income tax paid	(5,088)	(4,834)
Interest received	925	610
Net cash generated from operating activities	42,118	1,540
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	789	185
Payment for property, plant and equipment	(3,280)	(4,252)
Proceeds from disposal of income funds	3,200	1,518
Purchase of investment in income funds	(900)	(4,724)
Net cash used in investing activities	(191)	(7,273)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(23,043)	(19,202)
Net proceeds from bank borrowings	23,455	5,000
Net repayment of bank borrowings	(15,000)	-
Interest paid	(169)	-
Bank balances held as security	1	(1)
Net cash used in financing activities	(14,756)	(14,203)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	27,171	(19,936)
Effect of foreign exchange rate differences	(488)	(3,313)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	77,991	103,797
CASH AND CASH EQUIVALENTS AT END OF PERIOD	104,674	80,548

**P.I.E. INDUSTRIAL BERHAD ( 424086-X )**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE 2ND QUARTER ENDED 30 JUNE 2018**

	6 months ended	
	30.06.2018	30.06.2017
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	77,063	54,795
Cash and bank balances	27,703	25,849
Less : Bank balance pledged as security	(92)	(96)
	104,674	80,548

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 2017 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 2018*

**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 2017, which have been prepared in accordance with MFRS, International Financial Reporting Standards and the requirements of the Companies Act 2016, 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 2017.

**2 Significant Accounting Policies**

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 2017.

The Group also applied the following standards, IC Interpretations and amendment to standard that have been issued by the Malaysian Accounting Standards Board (“MASB”) effective from 1 January 2018:

**Effective for annual periods beginning on or after 1 January 2018**

*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*

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
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**2 Significant Accounting Policies (Continued)**

The Group has not applied the following standards that have been issued by the MASB but are not yet effective for the Group :

**Effective for annual periods beginning on or after 1 January 2019**

*Amendments to MFRS 9 Financial Instrument : Prepayment Features with Negative Compensation*

*MFRS 16 Leases*

*Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement*

*Amendments to MFRS 128 Investments in Associates and Joint Ventures : Long-term Interests in*

*Associates and Joint Ventures*

*IC Int 23 Uncertainty over Income Tax Treatments*

*Annual Improvements to MFRS Standards 2015-2017 Cycle*

**Effective for annual periods beginning on or after 1 January 2020**

*Amendments to References to the Conceptual Framework in MFRS Standards*

**Effective for annual periods beginning on or after 1 January 2021**

*MFRS 17 Insurance Contracts*

**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 existing *MFRS 4* and *Amendments to MFRS 4* will be withdrawn upon the adoption of the new *MFRS 17* which will take effect on or after 1 January 2021.

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**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 2018.

As of 30 June 2018, total issued and fully paid-up share capital are 384,041,985 ordinary shares.

**7 Dividends Paid**

	6 months ended	
	30.06.2018	30.06.2017
	RM'000	RM'000
Dividends declared and paid:		
a) Special dividend:		
- 3.6 sen per ordinary share, single tier, for 2017	13,826	-
- 2.6 sen per ordinary share, single tier, for 2016	-	9,985
b) First and final dividend:		
- 2.4 sen per ordinary share, single tier, for 2017	9,217	-
- 2.4 sen per ordinary share, single tier, for 2016	-	9,217
	23,043	19,202

**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 financial period ended 30 June 2018.

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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 30 June 2018.

**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> 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 2018</u></b>					
Revenue	277,868	8,880	136	-	286,884
Inter-segment revenue	57	1,031	17,269	(18,357)	-
	<u>277,925</u>	<u>9,911</u>	<u>17,405</u>	<u>(18,357)</u>	<u>286,884</u>
Segment results	3,521	92	16,239	(15,516)	4,336
Investment revenue					2,530
Other gains and losses					11,776
Finance costs					(169)
Profit before tax					<u>18,473</u>
<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 2017</u></b>					
Revenue	331,126	6,789	24	-	337,939
Inter-segment revenue	130	1,292	18,955	(20,377)	-
	<u>331,256</u>	<u>8,081</u>	<u>18,979</u>	<u>(20,377)</u>	<u>337,939</u>
Segment results	28,176	880	13,607	(15,180)	27,483
Investment revenue					2,213
Other gains and losses					19
Finance costs					-
Profit before tax					<u>29,715</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**

	6 months ended	
	<u>30.06.2018</u>	<u>30.06.2017</u>
	RM'000	RM'000
Authorised but not contracted for:		
- Property, plant & equipment	<u>5,623</u>	<u>-</u>

**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.

	30.06.2018		31.12.2017	
	Carrying	Fair	Carrying	Fair
	Amount	Value	Amount	Value
	RM'000	RM'000	RM'000	RM'000
<b>Financial assets :</b>				
Trade and other receivables (excluding prepayments)	143,544	143,544	162,689	162,689
Financial assets carried at fair value through profit or loss	7,298	7,298	9,448	9,448
Cash and cash equivalents	<u>104,766</u>	<u>104,766</u>	<u>78,085</u>	<u>78,085</u>
	<u>255,608</u>	<u>255,608</u>	<u>250,222</u>	<u>250,222</u>
<b>Financial liabilities :</b>				
Trade and other payables	123,891	123,891	111,787	111,787
Short term borrowings	<u>8,455</u>	<u>8,455</u>	<u>-</u>	<u>-</u>
	<u>132,346</u>	<u>132,346</u>	<u>111,787</u>	<u>111,787</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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**13 Fair Value of Instruments (Continued)**

*(b) Fair value hierarchy (Continued)*

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 2018</u></b>				
<b>Financial assets</b>				
Investment in income fund	7,298	-	-	7,298
	<u>7,298</u>	<u>-</u>	<u>-</u>	<u>7,298</u>
<b><u>31 December 2017</u></b>				
<b>Financial assets</b>				
Investment in income fund	9,448	-	-	9,448
	<u>9,448</u>	<u>-</u>	<u>-</u>	<u>9,448</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 2018.

	RM '000
a) Letter of guarantee by a bank for a foreign subsidiary's import duties	110
b) Corporate guarantees given by the Company to banks for credit facilities granted to certain subsidiary companies	184,659
c) Payment of withholding tax to foreign tax authority if received dividend from foreign subsidiary company out of its non-tax exempted retained earnings	2,290
	<u>187,059</u>

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**15 Review of Group Performance**

Financial review for current quarter and financial period to date

	Individual Period (2nd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter ended			Current Year Quarter Ended	Preceding Year Corresponding Quarter ended		
	30.06.2018	30.06.2017	RM'000	RM'000	RM'000	RM'000	Amount	%
<b>Revenue by segments</b>								
- Manufacturing	137,162	170,666	(33,504)	-20%	277,868	331,126	(53,258)	-16%
- Trading	4,394	5,383	(989)	-18%	8,880	6,789	2,091	31%
- Others	68	20	48	240%	136	24	112	467%
<b>Total revenue</b>	<b>141,624</b>	<b>176,069</b>	<b>(34,445)</b>	<b>-20%</b>	<b>286,884</b>	<b>337,939</b>	<b>(51,055)</b>	<b>-15%</b>
<b>Revenue by geographical location of the Group's operations</b>								
- Malaysia	131,421	168,899	(37,478)	-22%	269,210	325,657	(56,447)	-17%
- Thailand	5,570	3,825	1,745	46%	9,745	8,872	873	10%
- Singapore	4,633	3,345	1,288	39%	7,929	3,410	4,519	133%
<b>Total revenue</b>	<b>141,624</b>	<b>176,069</b>	<b>(34,445)</b>	<b>-20%</b>	<b>286,884</b>	<b>337,939</b>	<b>(51,055)</b>	<b>-15%</b>
<b>Operating profit</b>	<b>8,736</b>	<b>13,590</b>	<b>(4,854)</b>	<b>-36%</b>	<b>18,473</b>	<b>29,715</b>	<b>(11,242)</b>	<b>-38%</b>
<b>Profit before tax by segments</b>								
- Manufacturing	8,022	13,618	(5,596)	-41%	16,927	30,586	(13,659)	-45%
- Trading	(163)	707	(870)	-123%	209	856	(647)	-76%
- Others	877	(735)	1,612	-219%	1,337	(1,727)	3,064	-177%
<b>Total profit before tax</b>	<b>8,736</b>	<b>13,590</b>	<b>(4,854)</b>	<b>-36%</b>	<b>18,473</b>	<b>29,715</b>	<b>(11,242)</b>	<b>-38%</b>
<b>Profit after tax</b>	<b>6,984</b>	<b>10,699</b>	<b>(3,715)</b>	<b>-35%</b>	<b>14,202</b>	<b>22,285</b>	<b>(8,083)</b>	<b>-36%</b>
<b>Total comprehensive income attributable to:</b>								
- Owners of the Company	6,546	9,948	(3,402)	-34%	13,518	22,586	(9,068)	-40%

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**15 Review of Group Performance (Continued)**

*(a) Comparison with Previous Year Corresponding Quarter's Results*

The Group's revenue for the current quarter under review was RM141.624 million and profit before tax was RM8.736 million.

The revenue was decreased by RM34.445 million or 20% if compared to preceding year corresponding quarter. The decrease was mainly attributable to lower demand from existing customers for electronics manufacturing (EMS), raw wire and cable products and trading activities but partly offset by higher revenue recorded for wire harness products. For comparison of segmental revenue for the respective quarters discussed, please refer to the tables below:

**Breakdown of segmental revenue for the quarter ended 30 June 2018:**

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	100,319	31,273	5,570	137,162	97%
Trading	-	-	-	4,394	3%
Others	-	-	-	68	0%
<b>Total</b>	<b>100,319</b>	<b>31,273</b>	<b>5,570</b>	<b>141,624</b>	<b>100%</b>

**Breakdown of segmental revenue for the quarter ended 30 June 2017:**

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	134,265	32,576	3,825	170,666	97%
Trading	-	-	-	5,383	3%
Others	-	-	-	20	0%
<b>Total</b>	<b>134,265</b>	<b>32,576</b>	<b>3,825</b>	<b>176,069</b>	<b>100%</b>

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
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**15 Review of Group Performance (Continued)**

**(a) Comparison with Previous Year Corresponding Quarter's Results (Continued)**

Compared with the preceding year corresponding quarter, the profit before tax decreased by RM4.854 million or 36%. The decrease is mainly attributable to lower revenue recorded and lower margin of products mix and provision for slow moving inventories in the current quarter compared to the corresponding quarter. However, the decline noted above were offset against lower administrative and distribution expenses, reversal of impairment of trade receivables and higher foreign currency exchange gain in the current quarter.

For comparison of segmental profit before tax for the respective quarters discussed, please refer to the tables below:

**Breakdown of segmental profit before tax for the quarter ended 30 June 2018:**

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	1,087	4,761	2,174	8,022	92%
Trading	-	-	-	(163)	-2%
Others	-	-	-	877	10%
Total	1,087	4,761	2,174	8,736	100%

**Breakdown of segmental profit before tax for the quarter ended 30 June 2017:**

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	8,401	4,143	1,074	13,618	100%
Trading	-	-	-	707	5%
Others	-	-	-	(735)	-5%
Total	8,401	4,143	1,074	13,590	100%

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**15 Review of Group Performance (Continued)**

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

For the financial period ended 30 June 2018, the Group recorded revenue of RM286.884 million, a decreased of 15% or RM51.055 million as compared to the corresponding period ended 30 June 2017 of RM337.939 million.

The decrease of revenue was mainly attributable to decreased orders received from existing customers for electronics manufacturing activities (EMS), but partly offset with higher revenue from raw wire & cable products, wire harness products and trading segments. For comparison of segmental revenue for the respective periods discussed, please refer to the tables below:

**Breakdown of segmental revenue for the period ended 30 June 2018:**

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	205,538	62,585	9,745	277,868	97%
Trading	-	-	-	8,880	3%
Others	-	-	-	136	0%
Total	205,538	62,585	9,745	286,884	100%

**Breakdown of segmental revenue for the period ended 30 June 2017:**

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	262,033	60,221	8,872	331,126	98%
Trading	-	-	-	6,789	2%
Others	-	-	-	24	0%
Total	262,033	60,221	8,872	337,939	100%

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**15 Review of Group Performance (Continued)**

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

For the financial period ended 30 June 2018, the Group recorded profit before tax of RM18.473 million, a decreased of 38% or RM11.242 million as compared to the corresponding period ended 30 June 2017 of RM29.715 million.

The decline recorded in our profit before tax was mainly due to decrease in revenue and provision for slow moving inventory. The decline was partially offset against lower administrative and distribution expenses, reversal of impairment of trade receivables and higher gain from foreign currency exchange transaction.

For comparison of segmental profit before tax for the respective periods discussed, please refer to the tables below:

**Breakdown of segmental profit before tax for the period ended 30 June 2018:**

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	5,384	8,952	2,591	16,927	92%
Trading	-	-	-	209	1%
Others	-	-	-	1,337	7%
<b>Total</b>	<b>5,384</b>	<b>8,952</b>	<b>2,591</b>	<b>18,473</b>	<b>100%</b>

**Breakdown of segmental profit before tax for the period ended 30 June 2017:**

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	21,666	7,166	1,754	30,586	103%
Trading	-	-	-	856	3%
Others	-	-	-	(1,727)	-6%
<b>Total</b>	<b>21,666</b>	<b>7,166</b>	<b>1,754</b>	<b>29,715</b>	<b>100%</b>

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

Financial review for current quarter compared with immediate preceding quarter

	Individual Quarter Ended		Changes	
	30.06.2018	31.03.2018	Amount	Variance
	RM '000	RM '000	RM '000	%
Revenue				
Manufacturing segments				
- EMS activities	100,319	105,219	(4,900)	-5%
- Raw cable & wire	31,273	31,313	(40)	0%
- Wire harness	5,570	4,175	1,395	33%
Trading segment	4,394	4,486	(92)	-2%
Other segment	68	67	1	1%
	<u>141,624</u>	<u>145,260</u>	<u>(3,636)</u>	<u>-3%</u>
Operating profit	8,736	9,736	(1,000)	-10%
Profit before tax	8,736	9,736	(1,000)	-10%
Profit after tax	6,984	7,218	(234)	-3%
Total comprehensive income attributable to:				
- Owners of the Company	6,546	6,970	(424)	-6%

The Group's revenue for the quarter under review has decreased by 3% as compared with the preceding quarter. The decrease was mainly due to lower demand recorded for EMS, raw cable & wire and trading segments but partly offset with higher revenue achieved by wire harness.

The Group profit before tax for the current quarter has decreased by 10% as compared to preceding quarter. The decrease was mainly due to lower revenue, higher operating expenses, higher provision of impairment of trade receivables but was offset against higher foreign currency transaction gain.

**17 Review of Group Assets and Liabilities**

	As at	As at	Changes	
	30.06.2018	31.12.2017	Amount	Variance
	RM'000	RM'000	RM '000	%
Total assets	543,547	529,959	13,588	3%
Total liabilities	151,041	127,928	23,113	18%
Total equity	392,506	402,031	(9,525)	-2%

**Total assets**

As at 30 June 2018, the Group's total assets increased by 3% or RM13.588 million to RM543.547 million from RM529.959 million as at 31 December 2017. The growth was mainly contributed by the increase in short term deposits with licensed banks. The increase in cash level was due to collection of overdue trade receivables and through financing activities in short term borrowing of RM8.455 million during the quarter.

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**17 Review of Group Assets and Liabilities (Continued)**

**Total liabilities**

As at 30 June 2018, the Group's total liabilities increased by 18% or RM23.113 million to RM151.041 million from RM127.928 million as at 31 December 2017. The increase was mainly from growth in account payables and short term borrowing.

**Total equity**

The Group's total equity as at 30 June 2018 slightly decreased by 2% or RM9.525 million to RM392.506 million as compared to RM402.031 million as at 31 December 2017. The decrease in total equity is due to reduction in distributable retained earnings as a net result of net profit of RM14.202 million for the current financial period under review and payment of dividends amounting to RM23.043 million. During the financial period under review, non-distributable reserves also decreased by RM0.684 million due to changes in foreign exchange translation reserve.

**18 Key Finance Information of Foreign Operation**

	Functional Currency USD'000	Reporting Currency RM'000	Functional Currency THB'000	Reporting Currency RM'000
Exchanges rate as at 30.06.2018	USD 1	RM4.0620	THB 1	RM0.1243
Revenue	2,276	9,192	160,647	19,567
Profit before tax	11	44	20,926	2,549
Profit after tax	11	44	20,926	2,549
Total assets	1,688	6,817	325,325	39,625
Total liabilities	1,321	5,335	61,441	7,484

Above information highlight the key financial information of foreign subsidiaries of the Group. The assets and liabilities of foreign operations are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates of the transaction date.

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**19 Current Year Prospect**

The major source of revenue and earning of the Group comes from its manufacturing segment (97%).

For EMS activities (72%), orders are expected to increase steadily from existing customers and potential customers through its fully built-up vertical integrated manufacturing facilities which have been improved in operation for the past 5 years. Nevertheless, continuous shortage of certain electronics component as well as any drastic fluctuation of Ringgit Malaysia against USD will be the main factors affecting its performance in the near future.

Revenue derived from the manufacturing activity of raw wire & cable (22%) will continue to grow, with consistent profit margin in coming year. The cost of its two main raw material i.e copper and PVC are expected to increase in the near future, enhancing its selling price and securing more orders from its customers.

The revenue from cable assembly & wire harness (3%) activities in Thailand will remain flat during the year. Nevertheless, the newly set-up small-scale facilities for plastic parts and PCB assembly, the management believes this division is expected to explore wider market in Thailand from Q418 onwards.

The trading segment (3%) will continue to promote parent company's products for the customers in ASEAN market. Management doesn't expect significant growth from this segment in the near future due to lack of attractive electronics products from parent company.

Based on the foregoing, the Group expect a flat performance during the year.

**20 Variance of Actual Profit from Forecast Profit**

Not applicable as no profit forecast was announced and published.

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**21 Profit for the Period**

	Quarter Ended		Period Ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	590	345	925	610
Investment income	798	809	1,605	1,603
Interest expenses	(169)	-	(169)	-
Depreciation and amortisation	(3,625)	(4,064)	(7,294)	(8,261)
Net (addition)/reversal of impairment losses				
- trade receivables	(464)	(1,410)	5,959	(2,204)
Net reversal/(addition) of inventories written down	126	641	(85)	3,851
Net gain on disposal of :				
- property, plant and equipment	296	10	296	140
- investment	11	1	17	4
Net foreign exchange gain	4,074	211	5,504	2,377
Gain from fair value adjustment of investment properties	-	139	-	139
(Loss)/Gain from fair value adjustment of financial assets through profit and loss	(2)	14	(2)	34

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.

**22 Income Tax Expense**

	Quarter Ended		Period Ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	1,769	2,914	4,312	7,475
Deferred tax income	(17)	(23)	(41)	(45)
	<u>1,752</u>	<u>2,891</u>	<u>4,271</u>	<u>7,430</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.

**23 Status of Corporate Proposals Announced**

There were no corporate proposals announced but pending completion as at the date of this unaudited interim financial report.

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**24 Changes in Material Litigation**

Save for the litigation described below, 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.

In the year 2015, a subsidiary of the Group, Pan-International Electronics (Malaysia) Sdn.Bhd. (“PIE”) received demand letters from RMC regarding unpaid import duties and sales tax amounting to RM8,432,283 and RM841,342 respectively.

The RMC had blacklisted all the Directors of PIE from leaving and entering Malaysia and rising from this, the external legal counsel of PIE had filed a judicial review application in the High Court of Malaya to challenge the condition imposed by RMC. RMC had subsequently withdrawn the blacklisting of all Directors with the condition that PIE remit a payment of 20% of the disputed sum and placed a bank guarantee with the RMC for the remaining sum. PIE had complied with the instructions of RMC without prejudice.

To date, the RMC had not filed any civil suit against PIE for the above said claim. PIE had filed an appeal with the Ministry of Finance (“MOF”), Malaysia regarding the alleged “unpaid import duties and sales tax” of which its application was rejected by the MOF on 31 October 2017. The external legal counsel of PIESB had filed a Judicial Review Application on 19 January 2018 in the High Court at Penang to review the decision of the MOF. The Judicial Review Application fixed for hearing on 4 May 2018 was postponed. The High Court had adjourned the case to 13 August 2018 for MOF and RMC to file their Written Submission. The external legal counsel of PIESB believes that the chances of PIESB’s Judicial Review Application against the decision of the MOF are reasonably good.

**25 Dividends**

The following Dividends for the year ended 31 December 2017, has been approved by the Company’s shareholders at the Twenty First Annual General Meeting on 25 May 2018 and have been paid on 13 June 2018 to depositors registered in the Record of Depositors on 1 June 2018:

- (a) A Special Single Tier Dividend of 3.6 sen per share; and
- (b) A First and Final Single Tier Dividend of 2.4 sen per share.

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**26 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	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
Profit attributable to ordinary equity shareholders (RM'000)	6,984	10,699	14,202	22,285
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>1.82</u>	<u>2.79</u>	<u>3.70</u>	<u>5.80</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.

**27 Derivative Financial Instruments**

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

**28 Gains/Losses Arising from Fair Value Changes of Financial Liabilities**

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

**29 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.