

P.I.E. INDUSTRIAL BERHAD (COMPANY NO. : 424086-X)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2018

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31.12.2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2017 RM'000	CURRENT YEAR TO DATE 31.12.2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2017 RM'000
	Note				
Revenue	10	199,950	183,287	661,257	679,283
Cost of sales		(184,414)	(169,745)	(609,421)	(617,739)
Gross profit		15,536	13,542	51,836	61,544
Administrative and distribution expenses		(7,546)	(2,094)	(27,711)	(25,468)
Other operating income		13,220	18,417	25,913	22,653
Income from other investments		1,810	1,347	5,713	4,714
Finance costs		(197)	-	(366)	-
Profit before tax	10	22,823	31,212	55,385	63,443
Income tax expense	22	(2,000)	(7,352)	(12,243)	(15,432)
Profit for the period	21	20,823	23,860	43,142	48,011
<u>Other comprehensive income</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		(201)	(767)	755	(363)
Other comprehensive (loss)/income, net of tax		(201)	(767)	755	(363)
Total comprehensive income for the period		20,622	23,093	43,897	47,648
Total comprehensive income attributable to: - Owners of the Company		20,622	23,093	43,897	47,648
Basic earnings per ordinary share (sen)	26	5.42	6.21	11.23	12.50
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 31 DECEMBER 2018

	Note	UNAUDITED AS AT 31.12.2018 RM'000	AUDITED AS AT 31.12.2017 RM'000
	-----	-----	-----
ASSETS			
Non-current assets			
Property, plant and equipment	8	92,342	86,491
Investment properties		27,543	22,047
Prepaid lease payments		10,114	10,430
Goodwill on consolidation		1,722	1,722
Deferred tax assets		828	1,702
		<u>132,549</u>	<u>122,392</u>
Current assets			
Inventories		146,546	145,908
Trade and other receivables		187,852	165,783
Other financial assets		4,476	9,448
Current tax assets		19,447	8,343
Short-term deposits with licensed banks		92,123	50,709
Cash and bank balances		28,768	27,376
Total current assets		<u>479,212</u>	<u>407,567</u>
TOTAL ASSETS		<u>611,761</u>	<u>529,959</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		83,203	83,203
Reserves		12,613	11,858
Retained earnings		333,885	306,970
Total equity		<u>429,701</u>	<u>402,031</u>
Non-current liabilities			
Deferred tax liabilities		6,661	3,162
Current liabilities			
Short-term borrowings		36,299	-
Trade and other payables		118,749	111,787
Current tax liabilities		20,351	12,979
Total current liabilities		<u>175,399</u>	<u>124,766</u>
Total liabilities		<u>182,060</u>	<u>127,928</u>
TOTAL EQUITY AND LIABILITIES		<u>611,761</u>	<u>529,959</u>
NET ASSETS		429,701	402,031
Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (RM)		1.12	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 4TH QUARTER ENDED 31 DECEMBER 2018

	Share Capital RM'000	Share Premium RM'000	Foreign Currency Translation Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
<u>Period ended 31 December 2017</u>					
Balance as of 1 January 2017	76,808	6,395	12,221	278,161	373,585
Net profit for the period	-	-	-	48,011	48,011
Other comprehensive loss for the period	-	-	(363)	-	(363)
Total comprehensive (loss)/income for the period	-	-	(363)	48,011	47,648
Transition to no-par value regime on 31 January 2017	6,395	(6,395)	-	-	-
Payment of dividends	-	-	-	(19,202)	(19,202)
Balance as of 31 December 2017	83,203	-	11,858	306,970	402,031
<u>Period ended 31 December 2018</u>					
Balance as of 1 January 2018	83,203	-	11,858	306,970	402,031
Adjustment on initial application of MFRS 9	-	-	-	6,816	6,816
Balance as of 1 January 2018, restated	83,203	-	11,858	313,786	408,847
Net profit for the period	-	-	-	43,142	43,142
Other comprehensive income for the period	-	-	755	-	755
Total comprehensive income for the period	-	-	755	43,142	43,897
Payment of dividends	-	-	-	(23,043)	(23,043)
Balance as of 31 December 2018	83,203	-	12,613	333,885	429,701

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 4TH QUARTER ENDED 31 DECEMBER 2018

	12 months ended	
	31.12.2018	31.12.2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	43,142	48,011
Adjustments for:		
Income tax expense	12,243	15,432
Non-cash items	8,932	9,846
Non-operating items	(3,509)	9,794
Operating profit before working capital changes	60,808	83,083
Changes in working capital:		
Net change in current assets	(15,600)	(38,939)
Net change in current liabilities	9,912	(22,423)
Cash generated from operations	55,120	21,721
Tax refunded	1,202	-
Income tax paid	(12,802)	(11,888)
Interest received	2,199	1,299
Net cash generated from operating activities	45,719	11,132
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	854	778
Payment for property, plant and equipment	(22,740)	(12,462)
Proceeds from disposal of income funds	7,500	2,797
Purchase of investment in income funds	(2,300)	(8,325)
Net cash used in investing activities	(16,686)	(17,212)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(23,043)	(19,202)
Net proceeds from bank borrowings	96,709	-
Net repayment of bank borrowings	(60,410)	-
Interest paid	(366)	-
Bank balances held as security	(2)	1
Net cash generated from/(used in) financing activities	12,888	(19,201)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	41,921	(25,281)
Effect of foreign exchange rate differences	882	(525)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	77,991	103,797
CASH AND CASH EQUIVALENTS AT END OF PERIOD	120,794	77,991

P.I.E. INDUSTRIAL BERHAD (424086-X)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2018

	12 months ended	
	31.12.2018	31.12.2017
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	92,123	50,709
Cash and bank balances	28,768	27,376
Less : Bank balance pledged as security	(97)	(94)
	<u>120,794</u>	<u>77,991</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 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 4TH QUARTER ENDED 31 DECEMBER 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

MFRS 15 Revenue from Contracts with Customers

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

Amendments to MFRS 140 Investment Property: Transfer of Investment Property

Annual Improvements to MFRS 2014-2016 Cycle

IC Int 22 Foreign Currency Transactions and Advance Consideration

Adoption of the above standards did not have any effect on the financial statements of the Group other than MFRS 9 Financial Instruments. The impacts of the adoption of the standard on the Group’s financial statements are as follows:

MFRS 9 Financial Instruments

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

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2018

2 Significant Accounting Policies (Continued)

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The new standard contains three principle classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL), and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

The adoption of MFRS 9 replaces the incurred loss model under MFRS 139 with the expected credit loss model for impairment assessment of trade receivables. The impact of the adoption of MFRS 9 to the opening balances are discussed below:

In summary, the impacts of adopting MFRS 9 to opening balances are as follows:

Statement of financial position	(MFRS 9)		
	As previously reported RM'000	Retrospective adjustments RM'000	After adjustments RM'000
1.1.18			
Assets			
Trade and other receivables	165,783	6,816	172,599
Equity			
Retained profits	306,970	6,816	313,786

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

MFRS 16 Leases

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

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.

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2018

3 Seasonal or Cyclical Factors

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

4 Unusual Items Due To Their Nature, Size or Incidence

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

5 Changes in Estimates

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

6 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 31 December 2018.

As of 31 December 2018, total issued and fully paid-up share capital are 384,041,985 ordinary shares.

7 Dividends Paid

	12 months ended	
	<u>31.12.2018</u>	<u>31.12.2017</u>
	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
	<u>23,043</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 financial period ended 31 December 2018.

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2018

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 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

Segments	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<u>Period ended 31 December 2018</u>					
Revenue	642,781	18,287	189	-	661,257
Inter-segment revenue	99	2,089	21,521	(23,709)	-
	<u>642,880</u>	<u>20,376</u>	<u>21,710</u>	<u>(23,709)</u>	<u>661,257</u>
Segment results	32,713	276	17,076	(18,024)	32,041
Investment revenue					5,713
Other gains and losses					17,997
Finance costs					(366)
Profit before tax					<u>55,385</u>

Segments	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<u>Period ended 31 December 2017</u>					
Revenue	662,151	16,983	149	-	679,283
Inter-segment revenue	288	2,027	22,759	(25,074)	-
	<u>662,439</u>	<u>19,010</u>	<u>22,908</u>	<u>(25,074)</u>	<u>679,283</u>
Segment results	56,190	140	13,939	(15,219)	55,050
Investment revenue					4,714
Other gains and losses					3,679
Finance costs					-
Profit before tax					<u>63,443</u>

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2018

11 Changes in the Composition of the Group

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

12 Capital Commitment

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

13 Fair Value of Instruments

(a) Determination of fair value

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

	31.12.2018		31.12.2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
Financial assets :				
Trade and other receivables (excluding prepayments)	185,362	185,362	162,689	162,689
Financial assets carried at fair value through profit or loss	4,476	4,476	9,448	9,448
Cash and cash equivalents	120,891	120,891	78,085	78,085
	<u>310,729</u>	<u>310,729</u>	<u>250,222</u>	<u>250,222</u>
Financial liabilities :				
Trade and other payables	118,749	118,749	111,787	111,787
Short term borrowings	36,299	36,299	-	-
	<u>155,048</u>	<u>155,048</u>	<u>111,787</u>	<u>111,787</u>

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2018

13 Fair Value of Instruments (Continued)

(b) Fair value hierarchy

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

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

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>31 December 2018</u>				
Financial assets				
Investment in income fund	4,476	-	-	4,476
	<u>4,476</u>	<u>-</u>	<u>-</u>	<u>4,476</u>
<u>31 December 2017</u>				
Financial assets				
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 31 December 2018.

	RM '000
a) Letter of guarantee by a bank for a foreign subsidiary's import duties	115
b) Corporate guarantees given by the Company to banks for credit facilities granted to certain subsidiary companies	<u>187,799</u>
	<u>187,914</u>

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2018

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 (4th quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter ended			Current Year Quarter Ended	Preceding Year Corresponding Quarter ended		
	31.12.2018	31.12.2017			31.12.2018	31.12.2017		
	RM'000	RM'000	Amount	%	RM'000	RM'000	Amount	%
Revenue by segments								
- Manufacturing	194,798	177,834	16,964	10%	642,781	662,151	(19,370)	-3%
- Trading	5,126	5,369	(243)	-5%	18,287	16,983	1,304	8%
- Others	26	84	(58)	-69%	189	149	40	27%
Total revenue	199,950	183,287	16,663	9%	661,257	679,283	(18,026)	-3%
Revenue by geographical location of the Group's operations								
- Malaysia	188,140	174,975	13,165	8%	621,376	651,132	(29,756)	-5%
- Thailand	6,684	5,024	1,660	33%	22,574	18,161	4,413	24%
- Singapore	5,126	3,288	1,838	56%	17,307	9,990	7,317	73%
Total revenue	199,950	183,287	16,663	9%	661,257	679,283	(18,026)	-3%
Operating profit	22,823	31,212	(8,389)	-27%	55,385	63,443	(8,058)	-13%
Profit before tax by segments								
- Manufacturing	24,340	32,137	(7,797)	-24%	55,369	64,561	(9,192)	-14%
- Trading	147	(977)	1,124	-115%	443	218	225	103%
- Others	(1,664)	52	(1,716)	-3300%	(427)	(1,336)	909	-68%
Total profit before tax	22,823	31,212	(8,389)	-27%	55,385	63,443	(8,058)	-13%
Profit after tax	20,823	23,860	(3,037)	-13%	43,142	48,011	(4,869)	-10%
Total comprehensive income attributable to:								
- Owners of the Company	20,622	23,093	(2,471)	-11%	43,897	47,648	(3,751)	-8%

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2018

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 RM199.950 million and profit before tax was RM22.823 million.

The revenue was increased by RM16.663 million or 9% if compared to preceding year corresponding quarter. The increase was mainly attributable to higher demand from existing customers for electronics manufacturing (EMS) and wire harness products but partly offset by lower revenue recorded for raw wire & cable products, trading activities. For comparison of segmental revenue for the respective quarters discussed, please refer to the tables below:

Breakdown of segmental revenue for the quarter ended 31 December 2018:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	160,138	27,976	6,684	194,798	97%
Trading	-	-	-	5,126	3%
Others	-	-	-	26	0%
Total	160,138	27,976	6,684	199,950	100%

Breakdown of segmental revenue for the quarter ended 31 December 2017:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	140,740	32,070	5,024	177,834	97%
Trading	-	-	-	5,369	3%
Others	-	-	-	84	0%
Total	140,740	32,070	5,024	183,287	100%

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2018

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 RM8.389 million or 27%. The decrease is mainly attributable to higher administrative and distribution expenses, lower income from scrap sales, provision of impairment of trade receivables and provision of slow moving inventories in the current quarter compared to the corresponding quarter. However, the decline noted above were offset against higher revenue recorded and higher margin of products mix and higher foreign currency exchange gain and gain on fair value adjustment of investment properties 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 31 December 2018:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	18,737	4,101	1,502	24,340	106%
Trading	-	-	-	147	1%
Others	-	-	-	(1,664)	-7%
Total	18,737	4,101	1,502	22,823	100%

Breakdown of segmental profit before tax for the quarter ended 31 December 2017:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	26,517	4,714	906	32,137	103%
Trading	-	-	-	(977)	-3%
Others	-	-	-	52	0%
Total	26,517	4,714	906	31,212	100%

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2018

15 Review of Group Performance (Continued)

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

For the financial period ended 31 December 2018, the Group recorded revenue of RM661.257 million, a decrease of 3% or RM18.026 million as compared to the corresponding period ended 31 December 2017 of RM679.283 million.

The decrease of revenue was mainly attributable to decreased orders received from existing customers for electronics manufacturing activities (EMS) and raw wire & cable products, but partly offset with higher revenue from 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 31 December 2018:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	499,220	120,987	22,574	642,781	97%
Trading	-	-	-	18,287	3%
Others	-	-	-	189	0%
Total	499,220	120,987	22,574	661,257	100%

Breakdown of segmental revenue for the period ended 31 December 2017:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	521,619	122,371	18,161	662,151	97%
Trading	-	-	-	16,983	3%
Others	-	-	-	149	0%
Total	521,619	122,371	18,161	679,283	100%

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2018

15 Review of Group Performance (Continued)

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

For the financial period ended 31 December 2018, the Group recorded profit before tax of RM55.385 million, an decrease of 13% or RM8.058 million as compared to the corresponding period ended 31 December 2017 of RM63.443 million.

The decline recorded in our profit before tax was mainly due to decrease in revenue, higher administrative and distribution expenses, lower income from scrap sales and provision of slow moving inventories. The decline was partially offset against higher foreign currency exchange gain, reversal of impairment of trade receivables, higher investment income and gain on fair value adjustment of investment properties.

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 31 December 2018:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	33,769	17,011	4,589	55,369	100%
Trading	-	-	-	443	1%
Others	-	-	-	(427)	-1%
Total	33,769	17,011	4,589	55,385	100%

Breakdown of segmental profit before tax for the period ended 31 December 2017:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	45,624	15,207	3,730	64,561	102%
Trading	-	-	-	218	0%
Others	-	-	-	(1,336)	-2%
Total	45,624	15,207	3,730	63,443	100%

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2018

16 Comparison with Immediate Preceding Quarter's Results

Financial review for current quarter compared with immediate preceding quarter

	Individual Quarter Ended		Changes	
	31.12.2018	30.09.2018	Amount	Variance
	RM '000	RM '000	RM '000	%
Revenue				
Manufacturing segments				
- EMS activities	160,138	133,541	26,597	20%
- Raw cable & wire	27,976	30,427	(2,451)	-8%
- Wire harness	6,684	6,145	539	9%
Trading segment	5,126	4,282	844	20%
Other segment	26	27	(1)	-4%
	<u>199,950</u>	<u>174,422</u>	<u>25,528</u>	<u>15%</u>
Operating profit	22,823	14,090	8,733	62%
Profit before tax	22,823	14,090	8,733	62%
Profit after tax	20,823	8,118	12,705	157%
Total comprehensive income attributable to:				
- Owners of the Company	20,622	9,759	10,863	111%

The Group's revenue for the quarter under review has increased by 15% as compared with the preceding quarter. The increase was mainly due to higher demand recorded for EMS, wire harness products and trading segments but partly offset with lower revenue achieved by raw cable & wire products.

The Group profit before tax for the current quarter has increased by 62% as compared to preceding quarter. The improvement was mainly due to higher revenue, lower administrative and distribution expenses, gain on fair value adjustment of investment properties, higher foreign currency exchange gain, higher investment income, reversal of impairment of trade receivables and reversal of provision for slow moving inventories but was offset against higher cost of sales and lower income from scrap sales.

17 Review of Group Assets and Liabilities

	As at	As at	Changes	
	31.12.2018	31.12.2017	Amount	Variance
	RM'000	RM'000	RM '000	%
Total assets	611,761	529,959	81,802	15%
Total liabilities	182,060	127,928	54,132	42%
Total equity	429,701	402,031	27,670	7%

Total assets

As at 31 December 2018, the Group's total assets increased by 15% or RM81,802 million to RM611.761 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 and trade receivables. The increase in cash level was due to financing activities in short term borrowing of RM36.299 million and increase in trade receivables was due to the increase in sales during the quarter.

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2018

17 Review of Group Assets and Liabilities (Continued)

Total liabilities

As at 31 December 2018, the Group's total liabilities increased by 42% or RM54.132 million to RM182.060 million from RM127.928 million as at 31 December 2017. The increase was mainly from growth in short term borrowing.

Total equity

The Group's total equity as at 31 December 2018 slightly increased by 7% or RM27.670 million to RM429.701 million as compared to RM402.031 million as at 31 December 2017. The increase in total equity is due to increased in distributable retained earnings as a net result of net profit of RM43.142 million and the impacts of adopting MFRS 9 to opening balances of RM6.816 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 increased by RM0.755 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 31.12.2018	USD 1	RM4.1385	THB 1	RM0.1270
Revenue	4,806	19,890	350,083	44,461
Profit before tax	48	199	36,740	4,666
Profit after tax	48	199	36,740	4,666
Total assets	1,731	7,164	314,658	39,962
Total liabilities	1,327	5,492	54,961	6,980

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.

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2018

19 Current Year Prospect

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

For EMS activities (76%), orders are expected to increase steadily from existing customers and potential new customers through its fully built-up vertical integrated manufacturing facilities which have been improved in operation for the past 5 years. Small volume of new products from new customers will be launched from Q1/19. Due to effect of trade war between USA-China, this division will be the beneficiary to take in new more business orders from oversea new customers from 2019 onwards. The serious shortage of certain electronics component in 2018 is expected to smooth in coming months. However any drastic fluctuation of Ringgit Malaysia against USD will be the main factor affecting its performance in the near future.

Revenue derived from the manufacturing activity of raw wire & cable (18%) 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 maintain at a relatively high level in the near future, which will enhance its selling price and secure more orders from its customers.

The revenue from cable assembly & wire harness (3%) activities in Thailand is expected to grow in coming years through its the newly set-up small-scale facilities for plastic parts and PCB assembly. The management believes this division have high potential to explore wider business in Thailand market from 2019 onwards.

The trading segment (3%) will continue to promote parent company's products for the customers in ASEAN market. However, the 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 development, the Group expect highly satisfactory performance in the coming years.

20 Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was announced and published.

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2018

21 Profit for the Period

	Quarter Ended		Period Ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	695	346	2,199	1,299
Investment income	1,115	1,001	3,514	3,415
Interest expenses	(197)	-	(366)	-
Depreciation and amortisation	(4,105)	(3,711)	(15,159)	(15,759)
Net reversal/(addition) of impairment losses				
- trade receivables	387	8,089	249	(5,358)
Net reversal/(addition) of inventories written down	685	7,390	528	11,058
Net gain/(loss) on disposal of :				
- property, plant and equipment	65	115	361	255
- investment	-	-	40	8
Net foreign exchange gain	4,559	1,804	11,904	8,522
Gain from fair value adjustment of investment properties	5,450	75	5,450	214
Gain/(Loss) from fair value adjustment of financial assets through profit and loss	9	(12)	(8)	38

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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	1,362	7,524	11,709	16,079
Underprovision in prior year	(3,803)	(386)	(3,839)	(793)
Deferred tax income	4,441	214	4,373	146
	<u>2,000</u>	<u>7,352</u>	<u>12,243</u>	<u>15,432</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
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2018

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.

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 is initially fixed for hearing on 4 May 2018 and was adjourned few times to 8 October 2018. The High Court judge dismissed PIESB's application. PIESB will submit the case to court of appeal for further review. The Case Management and hearing in court of appeal is fixed on 18 February 2019 and 24 June 2019 respectively. The external legal counsel of PIESB believes that the chances of PIESB's Appeal Application against the decision of the High Court judge 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.

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2018

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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Profit attributable to ordinary equity shareholders (RM'000)	20,823	23,860	43,142	48,011
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>5.42</u>	<u>6.21</u>	<u>11.23</u>	<u>12.50</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.