

**P.I.E. INDUSTRIAL BERHAD ( COMPANY NO. : 424086-X )**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 1ST QUARTER ENDED 31 MARCH 2019**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31.03.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2018 RM'000	CURRENT YEAR TO DATE 31.03.2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2018 RM'000
Revenue	10	151,652	145,260	151,652	145,260
Cost of sales		(150,696)	(140,366)	(150,696)	(140,366)
Gross profit		956	4,894	956	4,894
Administrative and distribution expenses		(5,084)	(5,591)	(5,084)	(5,591)
Other operating income		4,172	9,291	4,172	9,291
Income from other investments		1,614	1,142	1,614	1,142
Finance costs		(187)	-	(187)	-
Profit before tax	10	1,471	9,736	1,471	9,736
Income tax expense	22	(694)	(2,518)	(694)	(2,518)
Profit for the period	21	777	7,218	777	7,218
<u>Other comprehensive income</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		317	(248)	317	(248)
Other comprehensive income/(loss), net of tax		317	(248)	317	(248)
Total comprehensive income for the period		1,094	6,970	1,094	6,970
Total comprehensive income attributable to: - Owners of the Company		1,094	6,970	1,094	6,970
Basic earnings per ordinary share (sen)	26	0.20	1.88	0.20	1.88
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 2018 and the accompanying explanatory notes attached to the interim financial report.

**P.I.E. INDUSTRIAL BERHAD ( COMPANY NO. : 424086-X )**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2019**

	Note	UNAUDITED AS AT 31.03.2019 RM'000	AUDITED AS AT 31.12.2018 RM'000
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<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	90,692	92,342
Investment properties		27,565	27,543
Prepaid lease payments		10,035	10,114
Goodwill on consolidation		1,722	1,722
Deferred tax assets		829	828
		<u>130,843</u>	<u>132,549</u>
<b>Current assets</b>			
Inventories		157,581	146,546
Trade and other receivables		118,229	173,594
Other financial assets		4,873	4,476
Current tax assets		20,745	1,167
Short-term deposits with licensed banks		71,432	92,123
Cash and bank balances		77,943	42,470
<b>Total current assets</b>		<u>450,803</u>	<u>460,376</u>
<b>TOTAL ASSETS</b>		<u>581,646</u>	<u>592,925</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		83,203	83,203
Reserves		12,930	12,613
Retained earnings		334,662	333,885
<b>Total equity</b>		<u>430,795</u>	<u>429,701</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		6,638	6,661
<b>Current liabilities</b>			
Short-term borrowings		-	36,209
Trade and other payables		123,859	118,038
Current tax liabilities		20,354	2,316
<b>Total current liabilities</b>		<u>144,213</u>	<u>156,563</u>
<b>Total liabilities</b>		<u>150,851</u>	<u>163,224</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>581,646</u>	<u>592,925</u>
<b>NET ASSETS</b>		430,795	429,701
Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (RM)		1.12	1.12

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 2018 and the accompanying explanatory notes attached to the interim financial report.

**P.I.E. INDUSTRIAL BERHAD ( 424086-X )**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 1ST QUARTER ENDED 31 MARCH 2019**

	<b>Share Capital</b>	<b>Non-distributable Foreign Currency Translation Reserve</b>	<b>Distributable Retained Profits</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Period ended 31 March 2018</u></b>				
Balance as of 1 January 2018	83,203	11,858	306,970	402,031
Net profit for the period	-	-	7,218	7,218
Other comprehensive loss for the period	-	(248)	-	(248)
Total comprehensive (loss)/income for the period	-	(248)	7,218	6,970
Balance as of 31 March 2018	<u>83,203</u>	<u>11,610</u>	<u>314,188</u>	<u>409,001</u>
<b><u>Period ended 31 March 2019</u></b>				
Balance as of 1 January 2019	83,203	12,613	333,885	429,701
Net profit for the period	-	-	777	777
Other comprehensive income for the period	-	317	-	317
Total comprehensive income for the period	-	317	777	1,094
Balance as of 31 March 2019	<u>83,203</u>	<u>12,930</u>	<u>334,662</u>	<u>430,795</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 2018 and the accompanying explanatory notes attached to the interim financial report.

**P.I.E. INDUSTRIAL BERHAD ( 424086-X )**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE 1ST QUARTER ENDED 31 MARCH 2019**

	3 months ended	
	31.03.2019 RM'000	31.03.2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	777	7,218
Adjustments for:		
Income tax expense	694	2,518
Non-cash items	3,858	(2,544)
Non-operating items	3,172	3,021
Operating profit before working capital changes	8,501	10,213
Changes in working capital:		
Net change in current assets	54,982	30,294
Net change in current liabilities	5,702	(16,142)
Cash generated from operations	69,185	24,365
Tax refunded	-	250
Income tax paid	(2,012)	(2,709)
Interest received	585	335
Net cash generated from operating activities	67,758	22,241
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	13	-
Payment for property, plant and equipment	(2,254)	(576)
Proceeds from disposal of income funds	1,800	1,200
Purchase of investment in income funds	(2,188)	-
Net cash (used in)/generated from investing activities	(2,629)	624
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment of bank borrowings	(36,298)	-
Interest paid	(187)	-
Bank balances held as security	(1)	1
Drawdown of bank borrowings	-	10,000
Net cash (used in)/generated from financing activities	(36,486)	10,001
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,643	32,866
Effect of foreign exchange rate differences	(160)	(1,043)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	120,794	77,991
CASH AND CASH EQUIVALENTS AT END OF PERIOD	149,277	109,814

**P.I.E. INDUSTRIAL BERHAD ( 424086-X )**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE 1ST QUARTER ENDED 31 MARCH 2019**

	3 months ended	
	31.03.2019	31.03.2018
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	71,432	71,705
Cash and bank balances	77,943	38,203
Less : Bank balance pledged as security	(98)	(94)
	<u>149,277</u>	<u>109,814</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 2018 and the accompanying explanatory notes attached to the interim financial report.

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
*NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT*  
*FOR THE 1ST QUARTER ENDED 31 MARCH 2019*

**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 2018, 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 2018.

**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 2018.

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 2019:

**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 Interpretation 23 Uncertainty over Income Tax Treatments*

*Annual Improvements to MFRS Standards 2015-2017 Cycle*

Initial application of the above standards is not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption :-

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 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*

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**2 Significant Accounting Policies (Continued)**

**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.

**3 Seasonal or Cyclical Factors**

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

**4 Unusual Items Due To Their Nature, Size or Incidence**

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

**5 Changes in Estimates**

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

**6 Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 31 March 2019.

As of 31 March 2019, total issued and fully paid-up share capital are 384,041,985 ordinary shares.

**7 Dividends Paid**

The Company did not pay any dividend to its shareholders during the financial period ended 31 March 2019.

**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 March 2019.

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**9 Material Post Balance Sheet Events**

There are no material events subsequent to the end of the current quarter that requires adjustment to, or disclosure in the unaudited interim financial report for the financial period ended 31 March 2019.

**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 31 March 2019</u></b>					
Revenue	147,556	4,073	23	-	151,652
Inter-segment revenue	62	969	849	(1,880)	-
	<u>147,618</u>	<u>5,042</u>	<u>872</u>	<u>(1,880)</u>	<u>151,652</u>
Segment results	(1,497)	46	110	162	(1,179)
Investment revenue					1,614
Other gains and losses					1,223
Finance costs					(187)
Profit before tax					<u>1,471</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 31 March 2018</u></b>					
Revenue	140,707	4,486	67	-	145,260
Inter-segment revenue	24	508	850	(1,382)	-
	<u>140,731</u>	<u>4,994</u>	<u>917</u>	<u>(1,382)</u>	<u>145,260</u>
Segment results	(46)	285	471	23	733
Investment revenue					1,142
Other gains and losses					7,861
Finance costs					-
Profit before tax					<u>9,736</u>



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**11 Changes in the Composition of the Group**

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

**12 Capital Commitment**

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

**13 Fair Value of Instruments**

*(a) Determination of fair value*

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

	31.03.2019		31.12.2018	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
<b>Financial assets :</b>				
Trade and other receivables (excluding prepayments)	116,587	116,587	171,104	171,104
Financial assets carried at fair value through profit or loss	4,873	4,873	4,476	4,476
Cash and cash equivalents	<u>149,375</u>	<u>149,375</u>	<u>134,593</u>	<u>134,593</u>
	<u>270,835</u>	<u>270,835</u>	<u>310,173</u>	<u>310,173</u>
<b>Financial liabilities :</b>				
Trade and other payables	123,859	123,859	118,038	118,038
Short term borrowings	-	-	36,209	36,209
	<u>123,859</u>	<u>123,859</u>	<u>154,247</u>	<u>154,247</u>

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**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
<b><u>31 March 2019</u></b>				
<b>Financial assets</b>				
Investment in income fund	4,873	-	-	4,873
	<u>4,873</u>	<u>-</u>	<u>-</u>	<u>4,873</u>
<b><u>31 December 2018</u></b>				
<b>Financial assets</b>				
Investment in income fund	4,476	-	-	4,476
	<u>4,476</u>	<u>-</u>	<u>-</u>	<u>4,476</u>

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

**14 Contingent Liabilities**

Save as disclosed below, there were no obligations and contingent liabilities for the Group as of 31 March 2019.

	RM '000
a) Letter of guarantee by a bank for a foreign subsidiary's import duties	116
b) Corporate guarantees given by the Company to banks for credit facilities granted to certain subsidiary companies	<u>162,646</u>
	<u>162,762</u>

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*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**

**15 Review of Group Performance**

Financial review for current quarter and financial period to date

	Individual Period (1st quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter ended			Current Year Quarter Ended	Preceding Year Corresponding Quarter ended		
	31.03.2019	31.03.2018	RM'000	RM'000	RM'000	RM'000	Amount	%
<b>Revenue by segments</b>								
- Manufacturing	147,556	140,707	6,849	5%	147,556	140,707	6,849	5%
- Trading	4,073	4,486	(413)	-9%	4,073	4,486	(413)	-9%
- Others	23	67	(44)	-66%	23	67	(44)	-66%
Total revenue	151,652	145,260	6,392	4%	151,652	145,260	6,392	4%
<b>Revenue by geographical location of the Group's operations</b>								
- Malaysia	141,790	137,789	4,001	3%	141,790	137,789	4,001	3%
- Thailand	5,789	4,175	1,614	39%	5,789	4,175	1,614	39%
- Singapore	4,073	3,296	777	24%	4,073	3,296	777	24%
Total revenue	151,652	145,260	6,392	4%	151,652	145,260	6,392	4%
<b>Operating profit</b>	1,471	9,736	(8,265)	-85%	1,471	9,736	(8,265)	-85%
<b>Profit before tax by segments</b>								
- Manufacturing	1,291	8,905	(7,614)	-86%	1,291	8,905	(7,614)	-86%
- Trading	89	372	(283)	-76%	89	372	(283)	-76%
- Others	91	459	(368)	-80%	91	459	(368)	-80%
Total profit before tax	1,471	9,736	(8,265)	-85%	1,471	9,736	(8,265)	-85%
<b>Profit after tax</b>	777	7,218	(6,441)	-89%	777	7,218	(6,441)	-89%
<b>Total comprehensive income attributable to:</b>								
- Owners of the Company	1,094	6,970	(5,876)	-84%	1,094	6,970	(5,876)	-84%

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
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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 RM151.652 million and profit before tax was RM1.471 million.

The revenue was increased by RM6.392 million or 4% 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 and 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 March 2019:**

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	115,807	25,960	5,789	147,556	97%
Trading	-	-	-	4,073	3%
Others	-	-	-	23	0%
<b>Total</b>	<b>115,807</b>	<b>25,960</b>	<b>5,789</b>	<b>151,652</b>	<b>100%</b>

**Breakdown of segmental revenue for the quarter ended 31 March 2018:**

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	105,219	31,313	4,175	140,707	97%
Trading	-	-	-	4,486	3%
Others	-	-	-	67	0%
<b>Total</b>	<b>105,219</b>	<b>31,313</b>	<b>4,175</b>	<b>145,260</b>	<b>100%</b>

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*NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT*  
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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 RM8.265 million or 85%. The decrease is mainly attributable to higher cost of sales, reversal of provision for impairment of trade receivables in prior corresponding period and lower gain from foreign currency exchange transaction in the current quarter compared to the corresponding quarter. However, the decline noted above were offset against higher investment income 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 March 2019:**

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	(1,729)	2,975	45	1,291	88%
Trading	-	-	-	89	6%
Others	-	-	-	91	6%
Total	(1,729)	2,975	45	1,471	100%

**Breakdown of segmental profit before tax for the quarter ended 31 March 2018:**

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	4,297	4,192	416	8,905	91%
Trading	-	-	-	372	4%
Others	-	-	-	459	5%
Total	4,297	4,192	416	9,736	100%

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
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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	
	31.03.2019	31.12.2018	Amount	Variance
	RM '000	RM '000	RM '000	%
Revenue				
Manufacturing segments				
- EMS activities	115,807	160,138	(44,331)	-28%
- Raw cable & wire	25,960	27,976	(2,016)	-7%
- Wire harness	5,789	6,684	(895)	-13%
Trading segment	4,073	5,126	(1,053)	-21%
Other segment	23	26	(3)	-12%
	<u>151,652</u>	<u>199,950</u>	<u>(48,298)</u>	<u>-24%</u>
Operating profit	1,471	22,823	(21,352)	-94%
Profit before tax	1,471	22,823	(21,352)	-94%
Profit after tax	777	20,823	(20,046)	-96%
Total comprehensive income attributable to:				
- Owners of the Company	1,094	20,622	(19,528)	-95%

The Group's revenue for the quarter under review has decreased by 24% as compared with the preceding quarter. The decrease was mainly due to lower demand recorded for EMS, raw cable & wire, wire harness products and trading segments.

The Group's profit before tax for the current quarter has declined by 94% as compared to preceding quarter. The decrease was mainly due to lower revenue and lower margin of products mix, lower foreign currency translation gain and investment income but was offset against lower administrative and distribution expenses and higher income from scrap sales.

**17 Review of Group Assets and Liabilities**

	As at	As at	Changes	
	31.03.2019	31.12.2018	Amount	Variance
	RM'000	RM'000	RM '000	%
Total assets	581,646	592,925	(11,279)	-2%
Total liabilities	150,851	163,224	(12,373)	-8%
Total equity	430,795	429,701	1,094	0%

**Total assets**

As at 31 March 2019, the Group's total assets decreased by 2% or RM11.279 million to RM581.646 million from RM592.925 million as at 31 December 2018. The decline was mainly due to decrease in trade receivables as more collection of overdue trade receivables is realized during the quarter.

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

**Total liabilities**

As at 31 March 2019, the Group's total liabilities decreased by 8% or RM12.373 million to RM150.851 million from RM163.224 million as at 31 December 2018. The decrease was mainly due to repayment of short term borrowing.

**Total equity**

The Group's total equity as at 31 March 2019 slightly increased by RM1.094 million to RM430.795 million as compared to RM429.701 million as at 31 December 2018. The increase in total equity is due to increased in distributable retained earnings as a net result of net profit of RM0.777 million for the current financial period under review. During the financial period under review, non-distributable reserves also increased by RM0.317 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 31.03.2019	USD 1	RM4.0810	THB 1	RM0.1283
Revenue	1,236	5,044	75,468	9,683
Profit before tax	19	78	346	44
Profit after tax	19	78	346	44
Total assets	1,665	6,795	324,330	41,612
Total liabilities	1,242	5,069	64,286	8,248

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 (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. This division will benefit from the USA-China trade war which will receive more business orders from new overseas customers in 2019. Nevertheless, the impact on the trade war is still uncertain at the moment. Certain high volume of new products from new customers, with initial high set-up cost and lower efficiency at the beginning of manufacturing stage, has started to ship from Q1/19. The serious shortage of certain electronics component in 2018 is expected to be 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 (17%) will continue to grow, with consistent profit margin in near future. The cost of its two main raw materials i.e copper and PVC are expected to increase in the near future. The Company will increase its selling price and secure more orders from its customers in order to maintain the profit margin.

The revenue from cable assembly & wire harness (4%) 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 will be having 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.

**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	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	585	335	585	335
Investment income	1,029	807	1,029	807
Interest expenses	(187)	-	(187)	-
Depreciation and amortisation	(4,065)	(3,669)	(4,065)	(3,669)
Net reversal/(addition) of impairment losses				
- trade receivables	304	6,424	304	6,424
Net (addition)/reversal of inventories written down	(97)	(211)	(97)	(211)
Net gain/(loss) on disposal of :				
- property, plant and equipment	14	-	14	-
- investment	15	6	15	6
Net foreign exchange gain	889	1,431	889	1,431
Gain/(Loss) from fair value adjustment of financial assets through profit and loss	1	-	1	-

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

**22 Income Tax Expense**

	Quarter Ended		Period Ended	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	717	2,541	717	2,541
Deferred tax income	(23)	(23)	(23)	(23)
	<u>694</u>	<u>2,518</u>	<u>694</u>	<u>2,518</u>

The Group's taxation for the current quarter and financial period-to-date reflects an effective tax rate which is higher than the statutory income tax rate mainly due to certain expenses which are not deductible.

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**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 Royal Malaysian Customs ("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 2018, has been approved by the Company's shareholders at the Twenty Second Annual General Meeting on 24 May 2019 and will be paid on 19 June 2019 to depositors registered in the Record of Depositors on 31 May 2019:

- (a) A Special Single Tier Dividend of 2.6 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	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Profit attributable to ordinary equity shareholders (RM'000)	777	7,218	777	7,218
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>0.20</u>	<u>1.88</u>	<u>0.20</u>	<u>1.88</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.