

P.I.E. INDUSTRIAL BERHAD (COMPANY NO. : 424086-X)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30.09.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2018 RM'000	CURRENT YEAR TO DATE 30.09.2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2018 RM'000
Revenue	10	166,482	174,422	498,715	461,306
Cost of sales		(142,757)	(150,484)	(466,336)	(425,007)
Gross profit		23,725	23,938	32,379	36,299
Administrative and distribution expenses		(7,505)	(8,639)	(18,281)	(20,164)
Other operating income/(loss)		4,734	(2,582)	13,870	12,693
Income from other investments		1,793	1,373	5,263	3,903
Finance costs		(97)	-	(404)	(169)
Profit before tax	10	22,650	14,090	32,827	32,562
Income tax expense	22	(5,859)	(5,972)	(7,237)	(10,243)
Profit for the period	21	16,791	8,118	25,590	22,319
<u>Other comprehensive income</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		656	1,641	2,540	956
Other comprehensive income, net of tax		656	1,641	2,540	956
Total comprehensive income for the period		17,447	9,759	28,130	23,275
Total comprehensive income attributable to:					
- Owners of the Company		17,447	9,759	28,130	23,275
Basic earnings per ordinary share (sen)	26	4.37	2.11	6.66	5.81
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 30 SEPTEMBER 2019

	Note	UNAUDITED AS AT 30.09.2019 RM'000	AUDITED AS AT 31.12.2018 RM'000
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ASSETS			
Non-current assets			
Property, plant and equipment	8	87,500	92,342
Investment properties		27,711	27,543
Prepaid lease payments		9,877	10,114
Goodwill on consolidation		1,722	1,722
Deferred tax assets		790	828
		<u>127,600</u>	<u>132,549</u>
Current assets			
Inventories		125,987	146,546
Trade and other receivables		159,630	173,594
Other financial assets		9,487	4,476
Current tax assets		19,881	1,167
Short-term deposits with licensed banks		88,422	92,123
Cash and bank balances		44,413	42,470
Total current assets		<u>447,820</u>	<u>460,376</u>
TOTAL ASSETS		<u>575,420</u>	<u>592,925</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		83,203	83,203
Reserves		15,153	12,613
Retained earnings		340,273	333,885
Total equity		<u>438,629</u>	<u>429,701</u>
Non-current liabilities			
Deferred tax liabilities		5,332	6,661
Current liabilities			
Short-term borrowings		16,890	36,209
Trade and other payables		92,203	118,038
Current tax liabilities		22,366	2,316
Total current liabilities		<u>131,459</u>	<u>156,563</u>
Total liabilities		<u>136,791</u>	<u>163,224</u>
TOTAL EQUITY AND LIABILITIES		<u>575,420</u>	<u>592,925</u>
NET ASSETS		438,629	429,701
Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (RM)		1.14	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 3RD QUARTER ENDED 30 SEPTEMBER 2019

	Share Capital RM'000	Non-distributable Foreign Currency Translation Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
<u>Period ended 30 September 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	-	-	22,319	22,319
Other comprehensive income for the period	-	956	-	956
Total comprehensive income for the period	-	956	22,319	23,275
Payment of dividends	-	-	(23,043)	(23,043)
Balance as of 30 September 2018	83,203	12,814	313,062	409,079
<u>Period ended 30 September 2019</u>				
Balance as of 1 January 2019	83,203	12,613	333,885	429,701
Net profit for the period	-	-	25,590	25,590
Other comprehensive income for the period	-	2,540	-	2,540
Total comprehensive income for the period	-	2,540	25,590	28,130
Payment of dividends	-	-	(19,202)	(19,202)
Balance as of 30 September 2019	83,203	15,153	340,273	438,629

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 3RD QUARTER ENDED 30 SEPTEMBER 2019

	9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	25,590	22,319
Adjustments for:		
Income tax expense	7,237	10,243
Non-cash items	13,532	11,349
Non-operating items	371	450
Operating profit before working capital changes	46,730	44,361
Changes in working capital:		
Net change in current assets	45,778	(42,054)
Net change in current liabilities	(26,423)	38,839
Cash generated from operations	66,085	41,146
Tax refunded	1,352	702
Income tax paid	(8,332)	(9,260)
Interest received	1,954	1,504
Net cash generated from operating activities	61,059	34,092
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	133	789
Payment for property, plant and equipment	(6,682)	(12,693)
Proceeds from disposal of income funds	8,316	7,500
Purchase of investment in income funds	(13,104)	(1,800)
Net cash used in investing activities	(11,337)	(6,204)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(19,202)	(23,043)
Net proceeds from bank borrowings	33,395	49,119
Net repayment of bank borrowings	(52,255)	(23,455)
Interest paid	(404)	(169)
Bank balances held as security	(8)	(3)
Net cash (used in)/generated from in financing activities	(38,474)	2,449
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,248	30,337
Effect of foreign exchange rate differences	689	83
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	120,794	77,991
CASH AND CASH EQUIVALENTS AT END OF PERIOD	132,731	108,411

P.I.E. INDUSTRIAL BERHAD (424086-X)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019

	9 months ended	
	30.09.2019	30.09.2018
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	88,422	91,665
Cash and bank balances	44,413	16,843
Less : Bank balance pledged as security	(104)	(97)
	132,731	108,411

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 3RD QUARTER ENDED 30 SEPTEMBER 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 -

Effective for annual periods beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3 Business Combinations: Definition of a Business

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors : Definition of Material

Effective for annual periods beginning on or after 1 January 2021

MFRS 17 Insurance Contracts

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019

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 30 September 2019.

As of 30 September 2019, total issued and fully paid-up share capital are 384,041,985 ordinary shares.

7 Dividends Paid

	9 months ended	
	<u>30.09.2019</u>	<u>30.09.2018</u>
	RM'000	RM'000
Dividends declared and paid:		
a) Special dividend:		
- 2.6 sen per ordinary share, single tier, for 2018	9,985	-
- 3.6 sen per ordinary share, single tier, for 2017	-	13,826
b) First and final dividend:		
- 2.4 sen per ordinary share, single tier, for 2018	9,217	-
- 2.4 sen per ordinary share, single tier, for 2017	-	9,217
	<u>19,202</u>	<u>23,043</u>

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019

8 Revaluation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward without amendment from the previous annual audited financial statements for the financial period 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 30 September 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

Segments	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<u>Period ended 30 September 2019</u>					
Revenue	493,995	4,624	96	-	498,715
Inter-segment revenue	139	1,811	15,920	(17,870)	-
	<u>494,134</u>	<u>6,435</u>	<u>16,016</u>	<u>(17,870)</u>	<u>498,715</u>
Segment results	17,820	7	14,113	(13,081)	18,859
Investment revenue					5,263
Other gains and losses					9,109
Finance costs					(404)
Profit before tax					<u>32,827</u>
Segments	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<u>Period ended 30 September 2018</u>					
Revenue	447,981	13,162	163	-	461,306
Inter-segment revenue	9,850	1,694	20,672	(32,216)	-
	<u>457,831</u>	<u>14,856</u>	<u>20,835</u>	<u>(32,216)</u>	<u>461,306</u>
Segment results	20,312	166	18,751	(17,927)	21,302
Investment revenue					3,903
Other gains and losses					7,526
Finance costs					(169)
Profit before tax					<u>32,562</u>

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019

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.

	30.09.2019		31.12.2018	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial assets :				
Trade and other receivables (excluding prepayments)	158,583	158,583	171,104	171,104
Financial assets carried at fair value through profit or loss	9,487	9,487	4,476	4,476
Cash and cash equivalents	<u>132,835</u>	<u>132,835</u>	<u>134,593</u>	<u>134,593</u>
	<u>300,905</u>	<u>300,905</u>	<u>310,173</u>	<u>310,173</u>
Financial liabilities :				
Trade and other payables	92,203	92,203	118,038	118,038
Short term borrowings	<u>16,890</u>	<u>16,890</u>	<u>36,209</u>	<u>36,209</u>
	<u>109,093</u>	<u>109,093</u>	<u>154,247</u>	<u>154,247</u>

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019

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>30 September 2019</u>				
Financial assets				
Investment in income fund	9,487	-	-	9,487
	<u>9,487</u>	<u>-</u>	<u>-</u>	<u>9,487</u>
<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>

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 September 2019.

	RM '000
a) Letter of guarantee by a bank for a foreign subsidiary's import duties	124
b) Corporate guarantees given by the Company to banks for credit facilities granted to certain subsidiary companies	<u>130,882</u>
	<u>131,006</u>

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019

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 (3rd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter ended			Current Year Quarter Ended	Preceding Year Corresponding Quarter ended		
	30.09.2019	30.09.2018	RM'000	RM'000	RM'000	RM'000	Amount	%
Revenue by segments								
- Manufacturing	166,362	170,113	(3,751)	-2%	493,995	447,981	46,014	10%
- Trading	72	4,282	(4,210)	-98%	4,624	13,162	(8,538)	-65%
- Others	48	27	21	78%	96	163	(67)	-41%
Total revenue	166,482	174,422	(7,940)	-5%	498,715	461,306	37,409	8%
Revenue by geographical location of the Group's operations								
- Malaysia	160,819	164,023	(3,204)	-2%	477,788	433,234	44,554	10%
- Thailand	5,591	6,145	(554)	-9%	16,304	15,890	414	3%
- Singapore	72	4,254	(4,182)	-98%	4,623	12,182	(7,559)	-62%
Total revenue	166,482	174,422	(7,940)	-5%	498,715	461,306	37,409	8%
Operating profit	22,650	14,090	8,560	61%	32,827	32,562	265	1%
Profit before tax by segments								
- Manufacturing	22,244	14,104	8,140	58%	31,394	31,030	364	1%
- Trading	17	86	(69)	-80%	68	295	(227)	-77%
- Others	389	(100)	489	-489%	1,365	1,237	128	10%
Total profit before tax	22,650	14,090	8,560	61%	32,827	32,562	265	1%
Profit after tax	16,791	8,118	8,673	107%	25,590	22,319	3,271	15%
Total comprehensive income attributable to:								
- Owners of the Company	17,447	9,759	7,688	79%	28,130	23,275	4,855	21%

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019

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 RM166.482 million and profit before tax was RM22.650 million.

The revenue decreased by RM7.940 million or 5% as compared to preceding year corresponding quarter. The decrease was mainly attributable to lower demand from existing customers for electronics manufacturing (EMS), raw wire & cable products, wire harness 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 30 September 2019:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	132,803	27,969	5,590	166,362	100%
Trading	-	-	-	72	0%
Others	-	-	-	48	0%
Total	132,803	27,969	5,590	166,482	100%

Breakdown of segmental revenue for the quarter ended 30 September 2018:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	133,541	30,427	6,145	170,113	98%
Trading	-	-	-	4,282	2%
Others	-	-	-	27	0%
Total	133,541	30,427	6,145	174,422	100%

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019

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 increased by RM8.560 million or 61%. The increase was mainly attributable to lower administrative and distribution expenses, higher gain from foreign currency exchange transaction and higher income from other investment in the current quarter as compared to the corresponding quarter. However, the improvement noted above were offset against lower in revenue recorded and increase in provision for slow moving inventory 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 September 2019:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	17,807	3,702	735	22,244	98%
Trading	-	-	-	17	0%
Others	-	-	-	389	2%
Total	17,807	3,702	735	22,650	100%

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

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	9,651	3,957	496	14,104	100%
Trading	-	-	-	86	1%
Others	-	-	-	(100)	-1%
Total	9,651	3,957	496	14,090	100%

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019

15 Review of Group Performance (Continued)

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

For the financial period ended 30 September 2019, the Group recorded revenue of RM498.715 million, an increase of 8% or RM37.409 million as compared to the corresponding period ended 30 September 2018 of RM461.306 million.

The increase of revenue was mainly attributable to increased orders received from existing customers for electronics manufacturing activities (EMS) and wire harness products, but partly offset with lower revenue from raw wire & cable 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 September 2019:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	396,253	81,438	16,304	493,995	99%
Trading	-	-	-	4,624	1%
Others	-	-	-	96	0%
Total	396,253	81,438	16,304	498,715	100%

Breakdown of segmental revenue for the period ended 30 September 2018:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	339,079	93,012	15,890	447,981	97%
Trading	-	-	-	13,162	3%
Others	-	-	-	163	0%
Total	339,079	93,012	15,890	461,306	100%

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019

15 Review of Group Performance (Continued)

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

For the financial period ended 30 September 2019, the Group recorded profit before tax of RM32.827 million, a increase of 1% or RM0.265 million as compared to the corresponding period ended 30 September 2018 of RM32.562 million.

The slight increase recorded in our profit before tax was mainly due to increase in revenue, lower administrative and distribution expenses, higher gain from foreign currency exchange transaction and higher income from other investment. The increase was partially offset against the increase in provision for slow moving inventory.

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 September 2019:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	20,262	9,931	1,201	31,394	96%
Trading	-	-	-	68	0%
Others	-	-	-	1,365	4%
Total	20,262	9,931	1,201	32,827	100%

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

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	15,033	12,910	3,087	31,030	95%
Trading	-	-	-	295	1%
Others	-	-	-	1,237	4%
Total	15,033	12,910	3,087	32,562	100%

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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	
	30.09.2019	30.06.2019	Amount	Variance
	RM '000	RM '000	RM '000	%
Revenue				
Manufacturing segments				
- EMS activities	132,803	147,643	(14,840)	-10%
- Raw cable & wire	27,969	27,509	460	2%
- Wire harness	5,590	4,924	666	14%
Trading segment	72	479	(407)	-85%
Other segment	48	26	22	85%
	<u>166,482</u>	<u>180,581</u>	<u>(14,099)</u>	-8%
Operating profit	22,650	8,706	13,944	160%
Profit before tax	22,650	8,706	13,944	160%
Profit after tax	16,791	8,022	8,769	109%
Total comprehensive income attributable to:				
- Owners of the Company	17,447	9,589	7,858	82%

The Group's revenue for the quarter under review has decreased by 8% as compared with the preceding quarter. The decrease was mainly due to lower demand recorded for EMS and trading segments but partly offset with higher revenue achieved by raw cable & wire products and wire harness products.

The Group's profit before tax for the current quarter has increased by 160% as compared to preceding quarter. The increase was mainly due to higher gain from foreign currency translation, reversal of impairment of trade receivables and lower operating expenses but was offset against lower revenue, higher administrative and distribution expenses and higher provision of slow moving inventory.

17 Review of Group Assets and Liabilities

	As at	As at	Changes	
	30.09.2019	31.12.2018	Amount	Variance
	RM'000	RM'000	RM '000	%
Total assets	575,420	592,925	(17,505)	-3%
Total liabilities	136,791	163,224	(26,433)	-16%
Total equity	438,629	429,701	8,928	2%

Total assets

As at 30 September 2019, the Group's total assets decreased by RM17.505 million to RM575.420 million from RM592.925 million as at 31 December 2018. The decline was mainly due to decrease in trade receivables as a result of collection of overdue trade receivables and the decrease in inventory as a result of implementing an effective inventory management system that reduce inventory holding costs.

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17 Review of Group Assets and Liabilities (Continued)

Total liabilities

As at 30 September 2019, the Group's total liabilities decreased by 16% or RM26.433 million to RM136.791 million from RM163.224 million as at 31 December 2018. The decrease was mainly due to repayment of short term borrowing and trade payables.

Total equity

The Group's total equity as at 30 September 2019 slightly increased by RM8.928 million to RM438.629 million as compared to RM429.701 million as at 31 December 2018. The increase in total equity is due to reduction in distributable retained earnings as a net result of net profit of RM25.590 million for the current financial period under review and payment of dividends amounting to RM19.202 million. During the financial period under review, non-distributable reserves also increased by RM2.540 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 30.09.2019	USD 1	RM4.1870	THB 1	RM0.1370
Revenue	1,554	6,507	210,501	28,839
Profit before tax	5	21	9,059	1,241
Profit after tax	5	21	8,756	1,200
Total assets	463	1,939	286,843	39,297
Total liabilities	54	226	51,389	7,040

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 profit of the Group is from its manufacturing segment (99%).

For EMS activities (80%), orders are expected to increase in the long run 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. Due to the beneficial effect of USA-China trade war, this division is expected to receive more orders from new overseas customers in 2019. This division will cancel certain new low-margin, high-volume products since beginning of 2019 and focus on profitable projects from potential new customers. The serious shortage of certain electronics component in 2018 is expected to be smoothen in coming quarters. 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 (16%) 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 is expected to increase its selling price and secure more orders from its customers in order to maintain the profit margin from this segment.

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

The trading segment (1%) will continue to promote respective parent companies products for the customers in the ASEAN market. However, the management does not expect significant growth from this segment in the near future due to the lack of attractive electronics products from the parent companies.

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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	603	579	1,954	1,504
Investment income	1,190	794	3,309	2,399
Interest expenses	(97)	-	(404)	(169)
Depreciation and amortisation	(4,187)	(3,760)	(12,276)	(11,054)
Net reversal/(addition) of impairment losses				
- trade receivables	354	(6,098)	536	(139)
Net (addition)/reversal of inventories written down	(1,713)	(71)	(1,792)	(156)
Net (loss)/gain on disposal of :				
- property, plant and equipment	(44)	-	14	296
- investment	-	23	50	40
Net foreign exchange gain	4,534	1,840	8,473	7,344
Gain/(Loss) from fair value adjustment of financial assets through profit and loss	30	(15)	36	(17)

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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	5,814	6,036	8,526	10,348
Underprovision in prior year	-	(36)	-	(36)
Deferred tax income	45	(28)	(1,289)	(69)
	<u>5,859</u>	<u>5,972</u>	<u>7,237</u>	<u>10,243</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. Arising 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 remits payment of 20% of the disputed sum and places 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 PIESB for the above-said claim. PIESB 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. Subsequent to the rejection, the external legal counsel of PIESB had applied for a judicial review on the decision of the MOF with the High Court at Penang. The High Court Judge dismissed PIESB’s application for a judicial review. Following the dismissal by the High Court, PIESB had submitted an appeal application against the decision of High Court Judge to the Court of Appeals of which hearing of the cases were fixed on 18 February 2018, 24 June 2019 and 23 July 2019 (“Appeal Application”) respectively.

The Court of Appeal advised the external legal counsel of PIESB’s to withdraw the appeal application and gave an opinion that the first filing of Judicial Review was premature since the reply from the Minister of Finance was not obtained in the proceedings. Subsequently, PIESB had resubmitted the appeal letter to Minister of Finance on 7 October 2019 in order to obtain the reply directly from the Minister of Finance for judicial review purpose. The external legal counsel of PIESB will realign the legal process and believes that the chances of PIESB’s judicial review on the decision of the MOF are reasonably good.

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25 Dividends

The following Dividends for the year ended 31 December 2018, had been approved by the Company's shareholders at the Twenty Second Annual General Meeting on 24 May 2019 and had been 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.

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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
Profit attributable to ordinary equity shareholders (RM'000)	16,791	8,118	25,590	22,319
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>4.37</u>	<u>2.11</u>	<u>6.66</u>	<u>5.81</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.

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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.