



P.I.E. INDUSTRIAL BERHAD

(Registration No. 199701008590 (424086-X))

(Incorporated in Malaysia)

Interim Financial Report for the Financial
Period Ended 31 March 2020

P.I.E. INDUSTRIAL BERHAD

(REGISTRATION NO. : 199701008590 (424086-X))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2020**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31.03.2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2019 RM'000	CURRENT YEAR TO DATE 31.03.2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2019 RM'000
Revenue	10	100,697	151,652	100,697	151,652
Cost of sales		(102,488)	(150,696)	(102,488)	(150,696)
Gross (loss)/profit		(1,791)	956	(1,791)	956
Administrative and distribution expenses		(5,005)	(5,084)	(5,005)	(5,084)
Other operating income		3,265	4,172	3,265	4,172
Income from other investments		1,703	1,614	1,703	1,614
Finance costs		-	(187)	-	(187)
(Loss)/profit before tax	10	(1,828)	1,471	(1,828)	1,471
Income tax expense	22	(628)	(694)	(628)	(694)
(Loss)/profit for the period	21	(2,456)	777	(2,456)	777
<u>Other comprehensive (loss)/income</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		(1,104)	317	(1,104)	317
Other comprehensive (loss)/income, net of tax		(1,104)	317	(1,104)	317
Total comprehensive (loss)/income for the period		(3,560)	1,094	(3,560)	1,094
Total comprehensive (loss)/income attributable to: - Owners of the Company		(3,560)	1,094	(3,560)	1,094
(Loss)/basic earnings per ordinary share (sen)	26	(0.64)	0.20	(0.64)	0.20
(Loss)/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 2019 and the accompanying explanatory notes attached to the interim financial report.

P.I.E. INDUSTRIAL BERHAD

(REGISTRATION NO. : 199701008590 (424086-X))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	Note	UNAUDITED AS AT 31.03.2020 RM'000	AUDITED AS AT 31.12.2019 RM'000
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ASSETS			
Non-current assets			
Property, plant and equipment	8	85,392	74,431
Investment properties		44,142	44,228
Prepaid lease payments		6,358	6,409
Goodwill on consolidation		1,722	1,722
Deferred tax assets		662	662
		138,276	127,452
Current assets			
Inventories		131,824	106,481
Trade and other receivables		94,523	129,818
Other financial assets		10,163	10,533
Current tax assets		978	347
Short-term deposits with licensed banks		164,448	142,289
Cash and bank balances		37,681	25,097
Total current assets		439,617	414,565
TOTAL ASSETS		577,893	542,017
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		83,203	83,203
Reserves		16,316	17,420
Retained earnings		348,784	351,240
Total equity		448,303	451,863
Non-current liabilities			
Deferred tax liabilities		4,439	4,437
Current liabilities			
Trade and other payables		123,346	81,980
Refund liabilities		1,702	1,644
Current tax liabilities		103	2,093
Total current liabilities		125,151	85,717
Total liabilities		129,590	90,154
TOTAL EQUITY AND LIABILITIES		577,893	542,017
NET ASSETS		448,303	451,863
Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (RM)		1.17	1.18

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 2019 and the accompanying explanatory notes attached to the interim financial report.

P.I.E. INDUSTRIAL BERHAD

(REGISTRATION NO. : 199701008590 (424086-X))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2020**

	Share Capital RM'000	Non-distributable Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
Period ended 31 March 2019					
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>-</u>	<u>334,662</u>	<u>430,795</u>
Period ended 31 March 2020					
Balance as of 1 January 2020	83,203	14,760	2,660	351,240	451,863
Net loss for the period	-	-	-	(2,456)	(2,456)
Other comprehensive loss for the period	-	(1,104)	-	-	(1,104)
Total comprehensive loss for the period	-	(1,104)	-	(2,456)	(3,560)
Balance as of 31 March 2020	<u>83,203</u>	<u>13,656</u>	<u>2,660</u>	<u>348,784</u>	<u>448,303</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 2019 and the accompanying explanatory notes attached to the interim financial report.

P.I.E. INDUSTRIAL BERHAD
(REGISTRATION NO. : 199701008590 (424086-X))
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2020

	3 months ended	
	31.03.2020 RM'000	31.03.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit for the period	(2,456)	777
Adjustments for:		
Income tax expense	628	694
Non-cash items	8,613	3,858
Non-operating items	(4,009)	3,172
Operating profit before working capital changes	2,776	8,501
Changes in working capital:		
Net change in current assets	10,900	54,982
Net change in current liabilities	36,248	5,702
Cash generated from operations	49,924	69,185
Tax refunded	24	-
Income tax paid	(3,274)	(2,012)
Interest received	760	585
Net cash generated from operating activities	47,434	67,758
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	13
Payment for property, plant and equipment	(15,367)	(2,254)
Proceeds from disposal of income funds	1,500	1,800
Purchase of investment in income funds	(1,000)	(2,188)
Net cash used in investing activities	(14,867)	(2,629)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of bank borrowings	-	(36,298)
Interest paid	-	(187)
Bank balances held as security	4	(1)
Net cash generated from/(used in) financing activities	4	(36,486)
NET INCREASE IN CASH AND CASH EQUIVALENTS	32,571	28,643
Effect of foreign exchange rate differences	2,176	(160)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	167,282	120,794
CASH AND CASH EQUIVALENTS AT END OF PERIOD	202,029	149,277

P.I.E. INDUSTRIAL BERHAD

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2020**

	3 months ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	164,448	71,432
Cash and bank balances	37,681	77,943
Less : Bank balance pledged as security	(100)	(98)
	<u>202,029</u>	<u>149,277</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 2019 and the accompanying explanatory notes attached to the interim financial report.

P.I.E. INDUSTRIAL BERHAD
(REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2020

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 2019, which have been prepared in accordance with MFRSs, 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 2019.

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 2019.

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 2020:

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

Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform

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

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

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 for annual periods beginning on or after 1 January 2022

Amendments to MFRS 101 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*

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*

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 2020.

As of 31 March 2020, 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 2020.

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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 March 2020.

9 Material Post Balance Sheet Events

The World Health Organisation had on 11 March 2020 declared the 2019 Novel Coronavirus (COVID-19) outbreak a pandemic. To contain the spread of infections of this virus in the country, Malaysian government has issued a Gazetted Order known as the Movement Control Order (MCO) to restrict the movements of people for the period from 18 March 2020 to 31 March 2020. On 25 March 2020, the government announced the extension of the MCO for another 2 weeks until 14 April 2020. On 10 April 2020, the government had further extended the MCO for another 2 weeks until 28 April 2020. On 23 April 2020, the government has announced a further extension of the MCO to 12 May 2020. On 10 May 2020, the government has announced that the conditional MCO extension for another four weeks until 9 June 2020. On 7 June 2020, the government has announced that the conditional MCO will be replaced with the recovery MCO from 10 June 2020 until 31 August 2020, to continue to take precautions to contain the COVID-19 pandemic.

The financial statements for the financial period ending 31 March 2020 are not adjusted for any effects arising from the COVID-19 pandemic as it is pre-mature at this juncture to quantify the financial impact of the pandemic to the Group's financial position. Management, however anticipates that there will be cancellation or deferment of customers' orders in the FYE 2020 and this will result in a reduction of revenue for FYE 2020.

10 Operating Segment

Segment information is presented in respect of the Group's business segments.

The Group comprises the following main business segments:

- a) Manufacturing Manufacturing of industrial products
- b) Trading Trading of electrical products
- c) Others Investment holdings

Segments	Manufacturing	Trading	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Period ended 31 March 2020</u>					
Revenue	100,538	66	93	-	100,697
Inter-segment revenue	(24,551)	314	969	23,268	-
	<u>75,987</u>	<u>380</u>	<u>1,062</u>	<u>23,268</u>	<u>100,697</u>
Segment results	(10,574)	(34)	576	87	(9,945)
Investment revenue					1,703
Other gains and losses					6,414
Finance costs					-
Profit before tax					<u>(1,828)</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2020

10 Operating Segment (Continued)

Segments	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<u>Period ended 31 March 2019</u>					
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>

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.

	31.03.2020		31.12.2019	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial assets :				
Trade and other receivables (excluding prepayments)	92,317	92,317	126,104	126,104
Financial assets carried at fair value through profit or loss	10,163	10,163	10,533	10,533
Cash and cash equivalents	<u>202,129</u>	<u>202,129</u>	<u>167,386</u>	<u>167,386</u>
	<u>304,609</u>	<u>304,609</u>	<u>304,023</u>	<u>304,023</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2020

13 Fair Value of Instruments (Continued)

(b) Fair value hierarchy

	31.03.2020		31.12.2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
Financial liabilities :				
Trade and other payables	123,346	123,346	81,980	81,980
	<u>123,346</u>	<u>123,346</u>	<u>81,980</u>	<u>81,980</u>

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 March 2020</u>				
Financial assets				
Investment in unit trusts	10,163	-	-	10,163
	<u>10,163</u>	<u>-</u>	<u>-</u>	<u>10,163</u>
<u>31 December 2019</u>				
Financial assets				
Investment in unit trusts	10,533	-	-	10,533
	<u>10,533</u>	<u>-</u>	<u>-</u>	<u>10,533</u>

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

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(REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2020

14 Contingent Liabilities

Save as disclosed below, there were no obligations and contingent liabilities for the Group as of 31 March 2020.

	RM '000
a) Letter of guarantee by a bank for a foreign subsidiary's import duties	119
b) Corporate guarantees given by the Company to banks for credit facilities granted to certain subsidiary companies	<u>180,535</u>
	<u><u>180,654</u></u>

P.I.E. INDUSTRIAL BERHAD

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2020**

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		
	31.03.2020	31.03.2019	Amount	%	31.03.2020	31.03.2019	Amount	%
	RM'000	RM'000			RM'000	RM'000		
Revenue by segments								
- Manufacturing	100,538	147,556	(47,018)	-32%	100,538	147,556	(47,018)	-32%
- Trading	66	4,073	(4,007)	-98%	66	4,073	(4,007)	-98%
- Others	93	23	70	304%	93	23	70	304%
Total revenue	100,697	151,652	(50,955)	-34%	100,697	151,652	(50,955)	-34%
Revenue by geographical location of the Group's operations								
- Malaysia	97,004	141,790	(44,786)	-32%	97,004	141,790	(44,786)	-32%
- Thailand	3,627	5,789	(2,162)	-37%	3,627	5,789	(2,162)	-37%
- Singapore	66	4,073	(4,007)	-98%	66	4,073	(4,007)	-98%
Total revenue	100,697	151,652	(50,955)	-34%	100,697	151,652.00	(50,955)	-34%
Operating profit	(1,828)	1,471	(3,299)	-224%	(1,828)	1,471	(3,299)	-224%
Profit before tax by segments								
- Manufacturing	(2,407)	1,291	(3,698)	-286%	(2,407)	1,291	(3,698)	-286%
- Trading	(34)	89	(123)	-138%	(34)	89	(123)	-138%
- Others	613	91	522	574%	613	91	522	574%
Total profit before tax	(1,828)	1,471	(3,299)	-224%	(1,828)	1,471	(3,299)	-224%
Profit after tax	(2,456)	777	(3,233)	-416%	(2,456)	777	(3,233)	-416%
Total comprehensive income attributable to:								
- Owners of the Company	(3,560)	1,094	(4,654)	-425%	(3,560)	1,094	(4,654)	-425%

P.I.E. INDUSTRIAL BERHAD
 (REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2020

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

15 Review of Group Performance (Continued)

Comparison with Previous Year Corresponding Quarter's Results

The Group's revenue for the current quarter under review was RM100.697 million and loss before tax was RM1.828 million.

The revenue decreased by RM50.955 million or 34% as compared to preceding year corresponding quarter. The decrease was mainly attributable to the US-China trade war and global spread of COVID-19 with worldwide lockdown have led to a decline in customer demand 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 31 March 2020:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	73,523	23,388	3,627	100,538	100%
Trading	-	-	-	66	0%
Others	-	-	-	93	0%
Total	73,523	23,388	3,627	100,697	100%

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%
Total	115,807	25,960	5,789	151,652	100%

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2020

15 Review of Group Performance (Continued)

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

Compared with the preceding year corresponding quarter, the profit before tax decreased by RM3.299 million or 224%. The decrease was mainly attributable to lower revenue recorded, income from scrap sales and provision for slow moving inventories in the current quarter as compared to the corresponding quarter. However, the decline noted above were offset against higher gain from foreign currency translation in the current quarter.

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

Breakdown of segmental (loss)/profit before tax for the quarter ended 31 March 2020:

(Loss)/profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	(5,261)	2,610	244	(2,407)	132%
Trading	-	-	-	(34)	2%
Others	-	-	-	613	-34%
Total	(5,261)	2,610	244	(1,828)	100%

Breakdown of segmental (loss)/profit before tax for the quarter ended 31 March 2019:

(Loss)/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%

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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	
	31.03.2020	31.12.2019	Amount	Variance
	RM '000	RM '000	RM '000	%
Revenue				
Manufacturing segments				
- EMS activities	73,523	130,708	(57,185)	-44%
- Raw cable & wire	23,388	25,088	(1,700)	-7%
- Wire harness	3,627	4,693	(1,066)	-23%
Trading segment	66	62	4	6%
Other segment	93	75	18	24%
	<u>100,697</u>	<u>160,626</u>	<u>(59,929)</u>	-37%
Operating profit	(1,828)	12,974	(14,802)	-114%
(Loss)/profit before tax	(1,828)	12,974	(14,802)	-114%
(Loss)/profit after tax	(2,456)	10,968	(13,424)	-122%
Total comprehensive (loss)/income attributable to:				
- Owners of the Company	(3,560)	10,575	(14,135)	-134%

The Group's revenue for the quarter under review has decreased by 37% as compared with the preceding quarter. The decrease was mainly due the US-China trade war and global spread of COVID-19 with worldwide lockdown have led to a decline in customer demand for EMS, raw cable & wire products and wire harness products.

The Group's profit before tax for the current quarter has decreased by 114% as compared to preceding quarter. The decrease was mainly due to lower revenue recorded and margin of products mix, investment income, income from scrap sales and provision for slow moving inventories but was offset against higher gain from foreign currency translation.

17 Review of Group Assets and Liabilities

	As at	As at	Changes	
	31.03.2020	31.12.2019	Amount	Variance
	RM'000	RM'000	RM '000	%
Total assets	577,893	542,017	35,876	7%
Total liabilities	129,590	90,154	39,436	44%
Total equity	448,303	451,863	(3,560)	-1%

Total assets

As at 31 March 2020, the Group's total assets increased by RM35.876 million to RM577.893 million from RM542.017 million as at 31 December 2019. The growth was mainly contributed by the increase in short term deposits with licensed banks and inventories. The increase in inventories was to fulfill sales order received from new and existing customers.

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17 Review of Group Assets and Liabilities (Continued)

Total liabilities

As at 31 March 2020, the Group's total liabilities increased by 44% or RM39.436 million to RM129.590 million from RM90.154 million as at 31 December 2019. The increase was due to increase in account payables. During the year, the Company increased the purchases of raw materials to meet customers sales order.

Total equity

The Group's total equity as at 31 March 2020 decreased by RM3.560 million to RM448.303 million as compared to RM451.863 million as at 31 December 2019. The decrease in total equity is due to decreased in distributable retained earnings as a net result of net loss of RM2.456 million for the current financial period under review. During the financial period under review, non-distributable reserves also decreased by RM1.104 million due to changes in foreign exchange translation reserve.

18 Key Finance Information of Foreign Operations

	Functional Currency USD'000	Reporting Currency RM'000	Functional Currency THB'000	Reporting Currency RM'000
Exchanges rate as at 31.03.2020	USD 1	RM4.3025	THB 1	RM0.1317
Revenue	91	392	34,580	4,554
(Loss)/profit before tax	(8)	(34)	1,849	244
(Loss)/profit after tax	(8)	(34)	1,849	244
Total assets	450	1,936	270,070	35,568
Total liabilities	47	202	32,647	4,300

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

For EMS activities (73%), 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 will be further improved in operation for the coming years. Due to the beneficial effect of USA-China trade war, this division is expected to receive more orders from new overseas customers who are depending on supply from China. Due to recent global spread of COVID-19, this division faced unprecedented production and shipment issue in this first quarter by worldwide lockdown of economic society and Movement Control Order(MCO) in Malaysia. Management expects full resumption of production and shipment from June 2020 onwards if the global spread of COVID-19 is well contained. However, any drastic fluctuation of Ringgit Malaysia against USD and global development of COVID-19 will be the main factor affecting its performance in the near future.

Revenue derived from the manufacturing activity of raw wire & cable (23%) 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 be relatively stable in the near future. Even though this division is also seriously affected by global spread of COVID-19 and MCO in the first quarter, this segment is expected to maintain its profit margin as usual and secure more orders from its customers after containment of COVID-19.

The revenue from cable assembly & wire harness (3%) activities in Thailand is expected to remain flat or shrink in coming years due to low order expected from its major customer affected by technology change. However, with potential benefit of USA-China trade war effect and its newly set-up small-scale facilities for plastic parts and PCB assembly, the management believes this division still have high potential to explore wider new business in Thailand market.

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 (Loss)/profit for the Period

	Quarter Ended		Period Ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period is arrived at after crediting/(charging) :				
Interest income	760	585	760	585
Investment income	943	1,029	943	1,029
Interest expenses	-	(187)	-	(187)
Depreciation and amortisation	(4,163)	(4,065)	(4,163)	(4,065)
Net (addition)/reversal of impairment losses				
- trade receivables	(187)	304	(187)	304
Net (additional)/reversal of inventories written down	(4,263)	(97)	(4,263)	(97)
Net gain/(loss) on disposal of :				
- property, plant and equipment	-	14	-	14
- investment	11	15	11	15
Net foreign exchange gain	6,618	889	6,618	889
(Loss)/Gain from fair value adjustment of financial assets through profit and loss	(28)	1	(28)	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	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	626	717	626	717
Deferred tax income	2	(23)	2	(23)
	<u>628</u>	<u>694</u>	<u>628</u>	<u>694</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. ("PIESB") 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. However, the external legal counsel of PIESB is still awaiting for the Minister of Finance to reply to its fresh letter of appeal and believes that the chances of PIESB's judicial review on the decision of the Ministry of Finance is reasonably good.

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25 Dividends

The Board of Directors declared that a Special Interim Single Tier Dividend of 2.6 sen per share and an Interim Single Tier Dividend of 2.4 sen per share amounting to RM19.202 million for year ended 31 December 2019. The said dividend was paid on 19 June 2020 to depositors registered in the Record of Depositors on 5 June 2020.

26 (Loss)/Earnings Per Ordinary Share

(a) (Loss)/basic earnings per ordinary share

(Loss)/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	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
(Loss)/profit attributable to ordinary equity shareholders (RM'000)	(2,456)	777	(2,456)	777
Weighted average number of ordinary share in issue (units'000)	384,042	384,042	384,042	384,042
(Loss)/basic earnings per ordinary share (sen)	<u>(0.64)</u>	<u>0.20</u>	<u>(0.64)</u>	<u>0.20</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.