



P.I.E. INDUSTRIAL BERHAD

(Registration No. 199701008590 (424086-X))

(Incorporated in Malaysia)

Interim Financial Report for the Financial
Period Ended 30 September 2020

P.I.E. INDUSTRIAL BERHAD

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2020**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30.09.2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2019 RM'000	CURRENT YEAR TO DATE 30.09.2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2019 RM'000
Revenue	10	227,428	166,482	439,487	498,715
Cost of sales		(208,085)	(142,757)	(415,042)	(466,336)
Gross profit		19,343	23,725	24,445	32,379
Administrative and distribution expenses		(8,179)	(7,505)	(17,058)	(18,281)
Other operating income		4,653	4,734	2,702	13,870
Income from other investments		1,418	1,793	4,895	5,263
Finance costs		-	(97)	-	(404)
Profit before tax	10	17,235	22,650	14,984	32,827
Income tax expense	21	(3,467)	(5,859)	(4,242)	(7,237)
Profit for the period	20	13,768	16,791	10,742	25,590
Other comprehensive income/(loss)					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		(1,738)	656	(1,281)	2,540
Other comprehensive (loss)/income, net of tax		(1,738)	656	(1,281)	2,540
Total comprehensive income for the period		12,030	17,447	9,461	28,130
Total comprehensive income attributable to: - Owners of the Company		12,030	17,447	9,461	28,130
Basic earnings per ordinary share (sen)	25	3.58	4.37	2.80	6.66
Diluted earnings per ordinary share (sen)	25	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 30 SEPTEMBER 2020**

	Note	UNAUDITED AS AT 30.09.2020 RM'000	AUDITED AS AT 31.12.2019 RM'000
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ASSETS			
Non-current assets			
Property, plant and equipment	8	86,051	74,431
Investment properties		44,134	44,228
Prepaid lease payments		6,256	6,409
Goodwill on consolidation		1,722	1,722
Deferred tax assets		662	662
		<u>138,825</u>	<u>127,452</u>
Current assets			
Inventories		177,858	106,481
Trade and other receivables		212,502	129,818
Other financial assets		6,012	10,533
Current tax assets		3,371	347
Short-term deposits with licensed banks		107,500	142,289
Cash and bank balances		34,510	25,097
Total current assets		<u>541,753</u>	<u>414,565</u>
TOTAL ASSETS		<u>680,578</u>	<u>542,017</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		83,203	83,203
Reserves		16,139	17,420
Retained earnings		342,780	351,240
Total equity		<u>442,122</u>	<u>451,863</u>
Non-current liabilities			
Deferred tax liabilities		<u>4,316</u>	<u>4,437</u>
Current liabilities			
Trade and other payables		232,039	81,980
Refund liabilities		1,448	1,644
Current tax liabilities		653	2,093
Total current liabilities		<u>234,140</u>	<u>85,717</u>
Total liabilities		<u>238,456</u>	<u>90,154</u>
TOTAL EQUITY AND LIABILITIES		<u>680,578</u>	<u>542,017</u>
NET ASSETS		442,122	451,863
Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (RM)		1.15	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 3RD QUARTER ENDED 30 SEPTEMBER 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
<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	<u>83,203</u>	<u>15,153</u>	<u>-</u>	<u>340,273</u>	<u>438,629</u>
<u>Period ended 30 September 2020</u>					
Balance as of 1 January 2020	83,203	14,760	2,660	351,240	451,863
Net profit for the period	-	-	-	10,742	10,742
Other comprehensive loss for the period	-	(1,281)	-	-	(1,281)
Total comprehensive (loss)/income for the period	-	(1,281)	-	10,742	9,461
Payment of dividends	-	-	-	(19,202)	(19,202)
Balance as of 30 September 2020	<u>83,203</u>	<u>13,479</u>	<u>2,660</u>	<u>342,780</u>	<u>442,122</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 3RD QUARTER ENDED 30 SEPTEMBER 2020**

	9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	10,742	25,590
Adjustments for:		
Income tax expense	4,242	7,237
Non-cash items	22,730	13,532
Non-operating items	(7,361)	371
Operating profit before working capital changes	30,353	46,730
Changes in working capital:		
Net change in current assets	(163,643)	45,778
Net change in current liabilities	151,804	(26,423)
Cash generated from operations	18,514	66,085
Tax refunded	116	1,352
Income tax paid	(8,948)	(8,332)
Interest received	1,796	1,954
Net cash generated from operating activities	11,478	61,059
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	506	133
Payment for property, plant and equipment	(25,489)	(6,682)
Proceeds from disposal of income funds	12,700	8,316
Purchase of investment in income funds	(8,000)	(13,104)
Net cash used in investing activities	(20,283)	(11,337)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(19,202)	(19,202)
Net proceeds from bank borrowings	-	33,395
Net repayment of bank borrowings	-	(52,255)
Interest paid	-	(404)
Bank balances held as security	4	(8)
Net cash used in financing activities	(19,198)	(38,474)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(28,003)	11,248
Effect of foreign exchange rate differences	2,631	689
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	167,282	120,794
CASH AND CASH EQUIVALENTS AT END OF PERIOD	141,910	132,731

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2020**

	9 months ended	
	30.09.2020	30.09.2019
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	107,500	88,422
Cash and bank balances	34,510	44,413
Less : Bank balance pledged as security	(100)	(104)
	<u>141,910</u>	<u>132,731</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.

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

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2 Significant Accounting Policies (Continued)

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts

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 30 September 2020.

As of 30 September 2020, total issued and fully paid-up share capital are 384,041,985 ordinary shares.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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7 Dividends Paid

	9 months ended	
	<u>30.09.2020</u>	<u>30.09.2019</u>
	RM'000	RM'000
Dividends declared and paid:		
a) Special dividend:		
- 2.6 sen per ordinary share, interim single tier, for 2019	9,985	-
- 2.6 sen per ordinary share, single tier, for 2018	-	9,985
b) First and final dividend:		
- 2.4 sen per ordinary share, interim single tier, for 2019	9,217	-
- 2.4 sen per ordinary share, single tier, for 2018	-	9,217
	<u>19,202</u>	<u>19,202</u>

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 30 September 2020.

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 2020.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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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 2020</u>					
Revenue	439,124	163	200	-	439,487
Inter-segment revenue	133	784	10,907	(11,824)	-
	<u>439,257</u>	<u>947</u>	<u>11,107</u>	<u>(11,824)</u>	<u>439,487</u>
Segment results	319	(33)	9,687	(7,863)	2,110
Investment revenue					4,895
Other gains and losses					7,979
Profit before tax					<u>14,984</u>

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>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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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.

	30.09.2020		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)	211,806	211,806	126,104	126,104
Financial assets carried at fair value through profit or loss	6,012	6,012	10,533	10,533
Cash and cash equivalents	<u>142,010</u>	<u>142,010</u>	<u>167,386</u>	<u>167,386</u>
	<u><u>359,828</u></u>	<u><u>359,828</u></u>	<u><u>304,023</u></u>	<u><u>304,023</u></u>

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13 Fair Value of Instruments (Continued)

(b) Fair value hierarchy

	30.09.2020		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	232,039	232,039	81,980	81,980
	<u>232,039</u>	<u>232,039</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>30 September 2020</u>				
Financial assets				
Investment in unit trusts	6,012	-	-	6,012
	<u>6,012</u>	<u>-</u>	<u>-</u>	<u>6,012</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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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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14 Contingent Liabilities

Save as disclosed below, there were no obligations and contingent liabilities for the Group as of 30 September 2020.

	RM '000
a) Letter of guarantee by a bank for a foreign subsidiary's import duties	118
b) Corporate guarantees given by the Company to banks for credit facilities granted to certain subsidiary companies	<u>175,639</u>
	<u>175,757</u>

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*NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 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 (3rd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter ended			Current Year Quarter Ended	Preceding Year Corresponding Quarter ended		
	30.09.2020	30.09.2019	RM'000	RM'000	RM'000	RM'000	Amount	%
Revenue by segments								
- Manufacturing	227,335	166,362	60,973	37%	439,124	493,995	(54,871)	-11%
- Trading	68	72	(4)	-6%	163	4,624	(4,461)	-96%
- Others	25	48	(23)	-48%	200	96	104	108%
Total revenue	227,428	166,482	60,946	37%	439,487	498,715	(59,228)	-12%
Revenue by geographical location of the Group's operations								
- Malaysia	224,285	160,819	63,466	39%	430,127	477,788	(47,661)	-10%
- Thailand	3,075	5,591	(2,516)	-45%	9,197	16,304	(7,107)	-44%
- Singapore	68	72	(4)	-6%	163	4,623	(4,460)	-96%
Total revenue	227,428	166,482	60,946	37%	439,487	498,715	(59,228)	-12%
Operating profit	17,235	22,650	(5,415)	-24%	14,984	32,827	(17,843)	-54%
Profit before tax by segments								
- Manufacturing	16,710	22,244	(5,534)	-25%	13,316	31,394	(18,078)	-58%
- Trading	33	17	16	94%	2	68	(66)	-97%
- Others	492	389	103	26%	1,666	1,365	301	22%
Total profit before tax	17,235	22,650	(5,415)	-24%	14,984	32,827	(17,843)	-54%
Profit after tax	13,768	16,791	(3,023)	-18%	10,742	25,590	(14,848)	-58%
Total comprehensive income attributable to:								
- Owners of the Company	12,030	17,447	(5,417)	-31%	9,461	28,130	(18,669)	-66%

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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 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 RM227.428 million and profit before tax was RM17.235 million.

The revenue increased by RM60.946 million or 37% as compared to preceding year corresponding quarter. The increase was mainly attributable to higher demand from new and existing customers for electronics manufacturing (EMS) and raw wire & cable products but partly offset by lower revenue recorded for 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 2020:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	194,875	29,385	3,075	227,335	100%
Trading	-	-	-	68	0%
Others	-	-	-	25	0%
Total	194,875	29,385	3,075	227,428	100%

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%

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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 RM5.415 million or 24%. The decrease was mainly attributable to higher administrative and distribution expenses, lower gain from foreign currency exchange transaction and provision for impairment of trade receivables in the current quarter as compared to the corresponding quarter. However, the decline noted above were offset against higher revenue recorded and reversal of provision for slow moving inventories.

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 2020:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	11,865	3,853	992	16,710	97%
Trading	-	-	-	33	0%
Others	-	-	-	492	3%
Total	11,865	3,853	992	17,235	100%

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%

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15 Review of Group Performance (Continued)

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

For the financial period ended 30 September 2020, the Group recorded revenue of RM439.487 million, a decrease of 12% or RM59.228 million as compared to the corresponding period ended 30 September 2019 of RM498.715 million.

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

Breakdown of segmental revenue for the period ended 30 September 2020:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	361,490	68,437	9,197	439,124	100%
Trading	-	-	-	163	0%
Others	-	-	-	200	0%
Total	361,490	68,437	9,197	439,487	100%

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%

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15 Review of Group Performance (Continued)

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

For the financial period ended 30 September 2020, the Group recorded profit before tax of RM14.984 million, a decrease of 54% or RM17.843 million as compared to the corresponding period ended 30 September 2019 of RM32.827 million.

The decrease recorded in our profit before tax was mainly due to decrease in revenue, lower income from scrap sales, provision for slow moving inventories and impairment of trade receivables. The decrease was partially offset against lower administrative and distribution expenses.

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 2020:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	5,839	7,799	(322)	13,316	89%
Trading	-	-	-	2	0%
Others	-	-	-	1,666	11%
Total	5,839	7,799	(322)	14,984	100%

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%

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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	
	30.09.2020	30.06.2020	Amount	Variance
	RM '000	RM '000	RM '000	%
Revenue				
Manufacturing segments				
- EMS activities	194,875	93,092	101,783	109%
- Raw cable & wire	29,385	15,664	13,721	88%
- Wire harness	3,075	2,494	581	23%
Trading segment	68	30	38	127%
Other segment	25	82	(57)	-70%
	<u>227,428</u>	<u>111,362</u>	<u>116,066</u>	104%
Operating profit/(loss)	17,235	(423)	17,658	4174%
Profit/(loss) before tax	17,235	(423)	17,658	4174%
Profit/(loss) after tax	13,768	(570)	14,338	2515%
Total comprehensive income attributable to:				
- Owners of the Company	12,030	991	11,039	1114%

The Group's revenue in the quarter under review increased by 104% as compared with the preceding quarter. The increase was mainly due to higher demand recorded for EMS, raw cable & wire products, wire harness products and trading segments.

The Group's profit before tax for the current quarter has increased by 4,174% as compared to preceding quarter. The main reason for the increase it was due to the Ministry of International Trade and Industry (MITI) has announced that allowed full capacity to be operated during the MCO period effective from 29 April 2020. The Group started full capacity production and cleared the backlog of orders which resulted in revenue growth in the third quarter but was offset against lower gain from foreign currency translation and higher administrative and distribution expenses.

17 Review of Group Assets and Liabilities

	As at	As at	Changes	
	30.09.2020	31.12.2019	Amount	Variance
	RM'000	RM'000	RM '000	%
Total assets	680,578	542,017	138,561	26%
Total liabilities	238,456	90,154	148,302	164%
Total equity	442,122	451,863	(9,741)	-2%

Total assets

As at 30 September 2020, the Group's total assets increased by 26% or RM138.561 million to RM680.578 million from RM542.017 million as at 31 December 2019. The growth was mainly due to increase in trade receivables as a result of revenue growth in the third quarter and the increase in inventories was to fulfil sales order received from new and existing customers.

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17 Review of Group Assets and Liabilities (Continued)

Total liabilities

As at 30 September 2020, the Group's total liabilities increased by 164% or RM148.302 million to RM238.456 million from RM90.154 million as at 31 December 2019. The increase was due to increase in trade payables. During the year, the Company increased the purchases of raw materials to meet the new and existing customers sales order.

Total equity

The Group's total equity as at 30 September 2020 decreased by RM9.741 million to RM442.122 million as compared to RM451.863 million as at 31 December 2019. The decrease in total equity is due to reduction in distributable retained earnings as a net result of net profit of RM10.742 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 decreased by RM1.281 million due to changes in foreign exchange translation reserve.

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18 Current Year Prospect

The major source of revenue and profit of the Group is from its manufacturing segment (99%).

For EMS activities (82%), 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 half year by worldwide lockdown of economic society and Movement Control Order(MCO) in Malaysia. The division started production at full capacity in the Q3/20 and cleared the backlog of orders, management expects to be smoothen in coming quarters. 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 (15%) 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 half year, this segment is expected to maintain its profit margin as usual and secure more orders from its customers.

The revenue from cable assembly & wire harness (2%) 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.

19 Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was announced and published.

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20 Profit for the Period

	Quarter Ended		Period Ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	338	603	1,796	1,954
Investment income	1,080	1,190	3,099	3,309
Interest expenses	-	(97)	-	(404)
Depreciation and amortisation	(4,608)	(4,187)	(13,211)	(12,276)
Net (addition)/reversal of impairment losses				
- trade receivables	(158)	354	(568)	536
Net reversal/(additional) of inventories written down	4,288	(1,713)	(8,950)	(1,792)
Net (loss)/gain on disposal of :				
- property, plant and equipment	-	(44)	-	14
- investment	-	-	26	50
Net foreign exchange gain	(1,136)	4,534	8,585	8,473
Gain/(loss) from fair value adjustment of financial assets through profit and loss	2	30	(64)	36

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.

21 Income Tax Expense

	Quarter Ended		Period Ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	3,197	5,814	4,149	8,526
Underprovision in prior year	215	-	215	-
Deferred tax income	55	45	(122)	(1,289)
	<u>3,467</u>	<u>5,859</u>	<u>4,242</u>	<u>7,237</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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22 Status of Corporate Proposals Announced

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

23 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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24 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.

25 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	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Profit attributable to ordinary equity shareholders (RM'000)	13,768	16,791	10,742	25,590
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>3.58</u>	<u>4.37</u>	<u>2.80</u>	<u>6.66</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.

26 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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27 Gains/Losses Arising from Fair Value Changes of Financial Liabilities

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

28 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.