



P.I.E. INDUSTRIAL BERHAD

(Registration No. 199701008590 (424086-X))

(Incorporated in Malaysia)

Interim Financial Report for the Financial
Period Ended 31 December 2020

P.I.E. INDUSTRIAL BERHAD

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31.12.2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2019 RM'000	CURRENT YEAR TO DATE 31.12.2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2019 RM'000
Revenue	11	246,866	160,626	686,354	659,341
Cost of sales		(220,794)	(146,421)	(635,836)	(612,758)
Gross profit		26,072	14,205	50,518	46,583
Administrative and distribution expenses		(10,128)	(5,232)	(27,186)	(23,513)
Other operating income		22,913	2,108	25,614	15,977
Income from other investments		1,385	2,060	6,280	7,324
Finance costs		(11)	(167)	(11)	(570)
Profit before tax	11	40,231	12,974	55,215	45,801
Income tax expense	23	(5,154)	(2,006)	(9,396)	(9,244)
Profit for the period	22	35,077	10,968	45,819	36,557
<u>Other comprehensive income/(loss)</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		599	(393)	(682)	2,147
Revaluation surplus on land and building		-	-	-	2,660
Other comprehensive income/(loss), net of tax		599	(393)	(682)	4,807
Total comprehensive income for the period		35,676	10,575	45,137	41,364
Total comprehensive income attributable to:					
- Owners of the Company		35,676	10,575	45,137	41,364
Basic earnings per ordinary share (sen)	27	9.13	2.86	11.93	9.52
Diluted earnings per ordinary share (sen)	27	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 DECEMBER 2020**

	Note	UNAUDITED AS AT 31.12.2020 RM'000	AUDITED AS AT 31.12.2019 RM'000
	-----	-----	-----
ASSETS			
Non-current assets			
Property, plant and equipment	9	85,400	74,431
Investment properties		44,731	44,228
Land use rights		6,204	6,409
Goodwill on consolidation		1,722	1,722
Deferred tax assets		827	662
		<u>138,884</u>	<u>127,452</u>
Current assets			
Inventories		164,724	106,481
Trade and other receivables		207,008	129,818
Other financial assets		7,203	10,533
Current tax assets		1,125	347
Short-term deposits with licensed banks		105,858	142,289
Cash and bank balances		37,848	25,097
Total current assets		<u>523,766</u>	<u>414,565</u>
TOTAL ASSETS		<u>662,650</u>	<u>542,017</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		83,203	83,203
Reserves		16,738	17,420
Retained earnings		377,857	351,240
Total equity		<u>477,798</u>	<u>451,863</u>
Non-current liabilities			
Deferred tax liabilities		3,337	4,437
Current liabilities			
Short-term borrowings	14	28,318	-
Trade and other payables		150,863	81,980
Refund liabilities		1,325	1,644
Current tax liabilities		1,009	2,093
Total current liabilities		<u>181,515</u>	<u>85,717</u>
Total liabilities		<u>184,852</u>	<u>90,154</u>
TOTAL EQUITY AND LIABILITIES		<u>662,650</u>	<u>542,017</u>
NET ASSETS		477,798	451,863
Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (RM)		1.24	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 4TH QUARTER ENDED 31 DECEMBER 2020**

	Share Capital	Non-distributable Foreign Currency Translation Reserve	Revaluation Reserve	Distributable Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 31 December 2019					
Balance as of 1 January 2019	83,203	12,613	-	333,885	429,701
Net profit for the period	-	-	-	36,557	36,557
Other comprehensive income for the period	-	2,147	-	-	2,147
Revaluation surplus on land and building	-	-	2,660	-	2,660
Total comprehensive income for the period	-	2,147	2,660	36,557	41,364
Payment of dividends	-	-	-	(19,202)	(19,202)
Balance as of 31 December 2019	<u>83,203</u>	<u>14,760</u>	<u>2,660</u>	<u>351,240</u>	<u>451,863</u>
Period ended 31 December 2020					
Balance as of 1 January 2020	83,203	14,760	2,660	351,240	451,863
Net profit for the period	-	-	-	45,819	45,819
Other comprehensive loss for the period	-	(682)	-	-	(682)
Total comprehensive (loss)/income for the period	-	(682)	-	45,819	45,137
Payment of dividends	-	-	-	(19,202)	(19,202)
Balance as of 31 December 2020	<u>83,203</u>	<u>14,078</u>	<u>2,660</u>	<u>377,857</u>	<u>477,798</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 4TH QUARTER ENDED 31 DECEMBER 2020**

	12 months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	45,819	36,557
Adjustments for:		
Income tax expense	9,396	9,244
Non-cash items	19,887	19,002
Non-operating items	(4,133)	1,723
Operating profit before working capital changes	70,969	66,526
Changes in working capital:		
Net change in current assets	(135,465)	90,806
Net change in current liabilities	71,627	(33,584)
Cash generated from operations	7,131	123,748
Tax refunded	281	1,352
Income tax paid	(12,807)	(11,843)
Interest received	2,040	2,656
Net cash (used in)/generated from operating activities	(3,355)	115,913
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	502	626
Payment for property, plant and equipment	(29,443)	(8,105)
Proceeds from disposal of income funds	12,700	8,316
Purchase of investment in income funds	(9,200)	(14,093)
Net cash used in investing activities	(25,441)	(13,256)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(19,202)	(19,202)
Net proceeds from bank borrowings	28,318	33,395
Net repayment of bank borrowings	-	(69,163)
Interest paid	(11)	(570)
Bank balances held as security	2	(7)
Net cash generated from/(used in) financing activities	9,107	(55,547)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(19,689)	47,110
Effect of foreign exchange rate differences	(3,988)	(622)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	167,282	120,794
CASH AND CASH EQUIVALENTS AT END OF PERIOD	143,605	167,282

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020**

	12 months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	105,858	142,289
Cash and bank balances	37,848	25,097
Less : Bank balance pledged as security	(101)	(104)
	<u>143,605</u>	<u>167,282</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 4TH QUARTER ENDED 31 DECEMBER 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.

P.I.E. INDUSTRIAL BERHAD
(REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020

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 Auditors' Report on Preceding Annual Financial Statements

The auditors' reports for the Company and its subsidiaries for the financial year ended 31 December 2019 were not subject to any qualification.

4 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.

5 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.

6 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.

7 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 31 December 2020.

As of 31 December 2020, total issued and fully paid-up share capital are 384,041,985 ordinary shares.

P.I.E. INDUSTRIAL BERHAD
 (REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020

8 Dividends Paid

	12 months ended	
	<u>31.12.2020</u>	<u>31.12.2019</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>

9 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 2020.

10 Material Post Balance Sheet Events

There are no material events subsequent to the end of the current quarter that requires adjustment to, or disclosure in the unaudited interim financial report for the financial period ended 31 December 2020.

P.I.E. INDUSTRIAL BERHAD

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

*NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020*

11 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
Period ended 31 December 2020					
Revenue	685,950	184	220	-	686,354
Inter-segment revenue	157	904	11,876	(12,937)	-
	<u>686,107</u>	<u>1,088</u>	<u>12,096</u>	<u>(12,937)</u>	<u>686,354</u>
Segment results	26,126	(137)	7,937	(7,775)	26,151
Investment revenue					6,280
Other gains and losses					22,795
Finance costs					(11)
Profit before tax					<u>55,215</u>

Segments	Manufacturing	Trading	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 31 December 2019					
Revenue	654,484	4,686	171	-	659,341
Inter-segment revenue	180	2,050	16,889	(19,119)	-
	<u>654,664</u>	<u>6,736</u>	<u>17,060</u>	<u>(19,119)</u>	<u>659,341</u>
Segment results	26,653	(94)	13,290	(12,976)	26,873
Investment revenue					7,324
Other gains and losses					12,174
Finance costs					(570)
Profit before tax					<u>45,801</u>

P.I.E. INDUSTRIAL BERHAD
 (REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020

12 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.

13 Capital Commitments

Authorized capital expenditure not provided for in the interim financial report as at the end of the current quarter were as follows:

	12 months ended	
	31.12.2020	31.12.2019
	<u>RM'000</u>	<u>RM'000</u>
Authorised and contracted for :		
- Property, plant & equipment	17,963	2,938
	<u>17,963</u>	<u>2,938</u>

14 Short-Term Borrowings

	12 months ended	
	31.12.2020	31.12.2019
	<u>RM'000</u>	<u>RM'000</u>
Current		
- Secured	28,318	-
	<u>28,318</u>	<u>-</u>

The breakdown of Group borrowings by currency is as follows:

Functional currency		
- USD	7,060	-
	<u>7,060</u>	<u>-</u>

P.I.E. INDUSTRIAL BERHAD
 (REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020

15 Fair Value of Instruments

(a) Determination of fair value

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

	31.12.2020		31.12.2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
Financial assets :				
Trade and other receivables (excluding prepayments)	202,634	202,634	126,104	126,104
Financial assets carried at fair value through profit or loss	7,203	7,203	10,533	10,533
Cash and cash equivalents	143,706	143,706	167,386	167,386
	<u>353,543</u>	<u>353,543</u>	<u>304,023</u>	<u>304,023</u>

(b) Fair value hierarchy

	31.12.2020		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	150,863	150,863	81,980	81,980
Short term borrowings	28,318	28,318	-	-
	<u>179,181</u>	<u>179,181</u>	<u>81,980</u>	<u>81,980</u>

P.I.E. INDUSTRIAL BERHAD
 (REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020

15 Fair Value of Instruments (Continued)

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

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

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>31 December 2020</u>				
Financial assets				
Investment in unit trusts	<u>7,203</u>	<u>-</u>	<u>-</u>	<u>7,203</u>
	<u><u>7,203</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>7,203</u></u>
<u>31 December 2019</u>				
Financial assets				
Investment in unit trusts	<u>10,533</u>	<u>-</u>	<u>-</u>	<u>10,533</u>
	<u><u>10,533</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>10,533</u></u>

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

P.I.E. INDUSTRIAL BERHAD
(REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020

16 Contingent Liabilities

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

	RM '000
a) Letter of guarantee by a bank for a foreign subsidiary's import duties	121
b) Corporate guarantees given by the Company to banks for credit facilities granted to certain subsidiary companies	<u>170,692</u>
	<u><u>170,813</u></u>

P.I.E. INDUSTRIAL BERHAD

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020**

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

17 Review of Group Performance

Financial review for current quarter and financial period to date

	Individual Period (4th quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter ended			Current Year Quarter Ended	Preceding Year Corresponding Quarter ended		
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	RM'000	RM'000	Amount	%
	RM'000	RM'000	Amount	%	RM'000	RM'000	Amount	%
Revenue by segments								
- Manufacturing	246,826	160,489	86,337	54%	685,950	654,484	31,466	5%
- Trading	20	62	(42)	-68%	184	4,686	(4,502)	-96%
- Others	20	75	(55)	-73%	220	171	49	29%
Total revenue	246,866	160,626	86,240	54%	686,354	659,341	27,013	4%
Revenue by geographical location of the Group's operations								
- Malaysia	243,322	155,870	87,452	56%	673,449	633,658	39,791	6%
- Thailand	3,524	4,693	(1,169)	-25%	12,721	20,997	(8,276)	-39%
- Singapore	20	63	(43)	-68%	184	4,686	(4,502)	-96%
Total revenue	246,866	160,626	86,240	54%	686,354	659,341	27,013	4%
Operating profit	40,231	12,974	27,257	210%	55,215	45,801	9,414	21%
Profit before tax by segments								
- Manufacturing	42,107	14,351	27,756	193%	55,423	45,746	9,677	21%
- Trading	(97)	(68)	(29)	43%	(95)	(1)	(94)	9400%
- Others	(1,779)	(1,309)	(470)	36%	(113)	56	(169)	-302%
Total profit before tax	40,231	12,974	27,257	210%	55,215	45,801	9,414	21%
Profit after tax	35,077	10,968	24,109	220%	45,819	36,557	9,262	25%
Total comprehensive income attributable to:								
- Owners of the Company	35,676	10,575	25,101	237%	45,137	41,364	3,773	9%

P.I.E. INDUSTRIAL BERHAD
 (REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020

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

17 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 RM246.866 million and profit before tax was RM40.231 million.

The revenue increased by RM86.240 million or 54% 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 31 December 2020:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	211,831	31,471	3,524	246,826	100%
Trading	-	-	-	20	0%
Others	-	-	-	20	0%
Total	211,831	31,471	3,524	246,866	100%

Breakdown of segmental revenue for the quarter ended 31 December 2019:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	130,708	25,088	4,693	160,489	100%
Trading	-	-	-	62	0%
Others	-	-	-	75	0%
Total	130,708	25,088	4,693	160,626	100%

P.I.E. INDUSTRIAL BERHAD

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020**

17 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 soared by RM27.257 million or 210%. The increase was mainly attributable to higher revenue and margin recorded from electronics manufacturing (EMS), gain from foreign currency exchange transaction and reversal of provision for slow moving inventories in the current quarter as compared to the corresponding quarter. However, the improvement noted above were offset against higher administrative and distribution expenses and lower income from investment.

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

Breakdown of segmental profit before tax for the quarter ended 31 December 2020:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	35,764	5,988	355	42,107	104%
Trading	-	-	-	(97)	0%
Others	-	-	-	(1,779)	-4%
Total	35,764	5,988	355	40,231	100%

Breakdown of segmental profit before tax for the quarter ended 31 December 2019:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	10,486	3,837	28	14,351	111%
Trading	-	-	-	(68)	-1%
Others	-	-	-	(1,309)	-10%
Total	10,486	3,837	28	12,974	100%

P.I.E. INDUSTRIAL BERHAD

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020**

17 Review of Group Performance (Continued)

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

For the financial period ended 31 December 2020, the Group recorded revenue of RM686.354 million, a increase of 4% or RM27.013 million as compared to the corresponding period ended 31 December 2019 of RM659.341 million.

The increase of revenue was mainly attributable to increased orders received from new and existing customers for electronics manufacturing activities (EMS) but partly offset with lower revenue from 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 31 December 2020:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	573,321	99,908	12,721	685,950	100%
Trading	-	-	-	184	0%
Others	-	-	-	220	0%
Total	573,321	99,908	12,721	686,354	100%

Breakdown of segmental revenue for the period ended 31 December 2019:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	526,961	106,526	20,997	654,484	99%
Trading	-	-	-	4,686	1%
Others	-	-	-	171	0%
Total	526,961	106,526	20,997	659,341	100%

P.I.E. INDUSTRIAL BERHAD
 (REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020

17 Review of Group Performance (Continued)

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

For the financial period ended 31 December 2020, the Group recorded profit before tax of RM55.215 million, a increase of 21% or RM9.414 million as compared to the corresponding period ended 31 December 2019 of RM45.801 million.

The improvement recorded in our profit before tax was mainly due to increase in revenue, gain from foreign currency exchange transaction and reversal of provision for slow moving inventories. The improvement was partially offset against higher administrative and distribution expenses, provision for impairment of trade receivables, lower income from scrap sales and investment.

For comparison of segmental profit before tax for the respective periods discussed, please refer to the tables below:

Breakdown of segmental profit before tax for the period ended 31 December 2020:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	41,603	13,787	33	55,423	100%
Trading	-	-	-	(95)	0%
Others	-	-	-	(113)	0%
Total	41,603	13,787	33	55,215	100%

Breakdown of segmental profit before tax for the period ended 31 December 2019:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	30,748	13,769	1,229	45,746	100%
Trading	-	-	-	(1)	0%
Others	-	-	-	56	0%
Total	30,748	13,769	1,229	45,801	100%

P.I.E. INDUSTRIAL BERHAD

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

*NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020*

18 Comparison with Immediate Preceding Quarter's Results

Financial review for current quarter compared with immediate preceding quarter

	Individual Quarter Ended		Changes	
	31.12.2020	30.09.2020	Amount	Variance
	RM '000	RM '000	RM '000	%
Revenue				
Manufacturing segments				
- EMS activities	211,831	194,875	16,956	9%
- Raw cable & wire	31,471	29,385	2,086	7%
- Wire harness	3,524	3,075	449	15%
Trading segment	20	68	(48)	-71%
Other segment	20	25	(5)	-20%
	<u>246,866</u>	<u>227,428</u>	<u>19,438</u>	9%
Operating profit	40,231	17,235	22,996	133%
Profit before tax	40,231	17,235	22,996	133%
Profit after tax	35,077	13,768	21,309	155%
Total comprehensive income attributable to:				
- Owners of the Company	35,676	12,030	23,646	197%

The Group's revenue in the quarter under review increased by 9% as compared with the preceding quarter. The increase was mainly due to higher demand recorded for EMS, raw cable & wire products, wire harness products segments.

The Group profit before tax for the current quarter has soared by 133% as compared to preceding quarter. The increase was mainly due to higher revenue and higher margin of products mix, fair value gain adjustment on investment properties, gain from foreign currency exchange transaction, reversal of impairment of trade receivables and slow moving inventories but was offset against higher administrative and distribution expenses.

19 Review of Group Assets and Liabilities

	As at	As at	Changes	
	31.12.2020	31.12.2019	Amount	Variance
	RM'000	RM'000	RM '000	%
Total assets	662,650	542,017	120,633	22%
Total liabilities	184,852	90,154	94,698	105%
Total equity	477,798	451,863	25,935	6%

Total assets

As at 31 December 2020, the Group's total assets increased by 22% or RM120.633 million to RM662.650 million from RM542.017 million as at 31 December 2019. The increase was mainly due to the increase in revenue in the third and fourth quarters which led to an increase in trade receivable and the increase in inventories was to fulfil sales order received from new and existing customers.

P.I.E. INDUSTRIAL BERHAD
(REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020

19 Review of Group Assets and Liabilities (Continued)

Total liabilities

As at 31 December 2020, the Group's total liabilities increased by 105% or RM94.698 million to RM184.852 million from RM90.154 million as at 31 December 2019. The increase was mainly due to increase in trade payables and short term borrowings. 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 31 December 2020 increased by RM25.935 million to RM477.798 million as compared to RM451.863 million as at 31 December 2019. The increase in total equity is due to increased in distributable retained earnings as a net result of net profit of RM45.819 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 RM0.682 million due to changes in foreign exchange translation reserve.

P.I.E. INDUSTRIAL BERHAD
(REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020

20 Current Year Prospect

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

For EMS activities (83%), 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 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 third quarter and cleared the backlog of orders. In the fourth quarter, the company obtained customer approval to production of new product. At the same time, the company increase the number of workers to meet production needs as a resulted of revenue increase in the second half of 2020. The 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 (14%) 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 its 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.

21 Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was announced and published.

P.I.E. INDUSTRIAL BERHAD

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020**

22 Profit for the Period

	Quarter Ended		Period Ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	244	702	2,040	2,656
Investment income	1,141	1,358	4,240	4,668
Interest expenses	(11)	(167)	(11)	(570)
Depreciation and amortisation	(4,606)	(3,823)	(17,818)	(16,099)
Net reversal/(addition) of impairment losses				
- trade receivables	572	570	4	1,106
Net reversal/(additional) of inventories written down	6,329	(2,737)	(2,622)	(4,529)
Net (loss)/gain on disposal of :				
- property, plant and equipment	(197)	(293)	(197)	(279)
- investment	-	-	26	50
Bad debts written off	(2)	-	(2)	-
Net foreign exchange gain	13,885	2,265	22,470	10,738
Gain from fair value adjustment of investment properties	550	520	550	520
Gain/(loss) from fair value adjustment of financial assets through profit and loss	9	4	(55)	40

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.

23 Income Tax Expense

	Quarter Ended		Period Ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	4,544	2,966	8,693	11,493
Underprovision in prior year	1,753	(194)	1,968	(194)
Deferred tax income	(1,143)	(766)	(1,265)	(2,055)
	<u>5,154</u>	<u>2,006</u>	<u>9,396</u>	<u>9,244</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.

P.I.E. INDUSTRIAL BERHAD
(REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020

24 Status of Corporate Proposals Announced

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

25 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.

P.I.E. INDUSTRIAL BERHAD
 (REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020

26 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.

27 Earnings Per Ordinary Share

(a) Basic earnings per ordinary share

Basic earnings per ordinary share amounts are calculated by dividing profit attributable to the ordinary equity shareholders by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	Quarter Ended		Period Ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Profit attributable to ordinary equity shareholders (RM'000)	35,077	10,968	45,819	36,557
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>9.13</u>	<u>2.86</u>	<u>11.93</u>	<u>9.52</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.

28 Derivative Financial Instruments

There were no material outstanding derivatives entered into by the Group as at the end of the quarter under review.

P.I.E. INDUSTRIAL BERHAD
(REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020

29 Gains/Losses Arising from Fair Value Changes of Financial Liabilities

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

30 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed at the Board of Directors' meeting held on 26 February 2021.