



P.I.E. INDUSTRIAL BERHAD

(Registration No. 199701008590 (424086-X))

(Incorporated in Malaysia)

Interim Financial Report for the Financial
Period Ended 30 June 2022

P.I.E. INDUSTRIAL BERHAD

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 2ND QUARTER ENDED 30 JUNE 2022**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30.06.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2021 RM'000	CURRENT YEAR TO DATE 30.06.2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2021 RM'000
Revenue	11	296,302	235,377	563,286	498,545
Cost of sales		(280,413)	(213,598)	(527,955)	(465,027)
Gross profit		15,889	21,779	35,331	33,518
Administrative and distribution expenses		(5,850)	(8,698)	(11,537)	(15,248)
Other operating income		1,917	2,634	9,989	10,467
Income from other investments		1,258	1,512	3,037	3,429
Finance costs		(264)	(31)	(294)	(63)
Profit before tax	11	12,950	17,196	36,526	32,103
Income tax expense	23	(4,678)	(3,845)	(9,422)	(6,693)
Profit for the period	22	8,272	13,351	27,104	25,410
<u>Other comprehensive loss</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		(268)	(764)	(2)	(1,088)
Other comprehensive loss, net of tax		(268)	(764)	(2)	(1,088)
Total comprehensive income for the period		8,004	12,587	27,102	24,322
Total comprehensive income attributable to:					
- Owners of the Company		8,004	12,587	27,102	24,322
Basic earnings per ordinary share (sen)	27	2.15	3.48	7.06	6.62
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 2021 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 JUNE 2022**

	Note	UNAUDITED AS AT 30.06.2022 RM'000	AUDITED AS AT 31.12.2021 RM'000
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ASSETS			
Non-current assets			
Property, plant and equipment	9	151,617	124,536
Investment properties		31,422	47,433
Right-of-use assets		18,740	13,065
Goodwill on consolidation		1,722	1,722
Deferred tax assets		1,262	1,262
		<u>204,763</u>	<u>188,018</u>
Current assets			
Inventories		297,696	300,927
Trade and other receivables		260,203	256,143
Other financial assets		1,444	1,390
Current tax assets		189	1,590
Short-term deposits with licensed banks		10,038	15,362
Cash and bank balances		24,435	62,913
Total current assets		<u>594,005</u>	<u>638,325</u>
TOTAL ASSETS		<u><u>798,768</u></u>	<u><u>826,343</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		83,203	83,203
Reserves		14,531	14,533
Retained earnings		418,974	418,753
Total equity		<u>516,708</u>	<u>516,489</u>
Non-current liabilities			
Deferred tax liabilities		7,392	7,364
Current liabilities			
Short-term borrowings	14	74,851	71,502
Trade and other payables		196,185	229,415
Current tax liabilities		3,632	1,573
Total current liabilities		<u>274,668</u>	<u>302,490</u>
Total liabilities		<u>282,060</u>	<u>309,854</u>
TOTAL EQUITY AND LIABILITIES		<u><u>798,768</u></u>	<u><u>826,343</u></u>
NET ASSETS		516,708	516,489
Net Assets Per Share Attributable to Ordinary			
Equity Holders of the Parent (RM)		1.35	1.34

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 2021 and the accompanying explanatory notes attached to the interim financial report.

P.I.E. INDUSTRIAL BERHAD

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 2ND QUARTER ENDED 30 JUNE 2022**

	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 30 June 2021					
Balance as of 1 January 2021	83,203	14,079	2,660	377,635	477,577
Net profit for the period	-	-	-	25,410	25,410
Other comprehensive loss for the period	-	(1,088)	-	-	498,545
Total comprehensive (loss)/income for the period	-	(1,088)	-	25,410	523,955
Payment of dividends	-	-	-	(19,202)	(19,202)
Balance as of 30 June 2021	<u>83,203</u>	<u>12,991</u>	<u>2,660</u>	<u>383,843</u>	<u>982,330</u>
Period ended 30 June 2022					
Balance as of 1 January 2022	83,203	11,873	2,660	418,753	516,489
Net profit for the period	-	-	-	27,104	27,104
Other comprehensive loss for the period	-	(2)	-	-	(2)
Total comprehensive (loss)/income for the period	-	(2)	-	27,104	27,102
Payment of dividends	-	-	-	(26,883)	(26,883)
Balance as of 30 June 2022	<u>83,203</u>	<u>11,871</u>	<u>2,660</u>	<u>418,974</u>	<u>516,708</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 2021 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 2ND QUARTER ENDED 30 JUNE 2022**

	6 months ended	
	30.06.2022	30.06.2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	27,104	25,410
Adjustments for:		
Income tax expense	9,422	6,693
Non-cash items	12,583	4,359
Non-operating items	1,470	(1,617)
Operating profit before working capital changes	50,579	34,845
Changes in working capital:		
Net change in current assets	(1,150)	(96,326)
Net change in current liabilities	(34,457)	12,526
Cash generate from/(used in) operations	14,972	(48,955)
Income tax paid	(5,965)	(4,787)
Interest received	136	427
Net cash generated from/(used in) operating activities	9,143	(53,315)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	375	710
Payment for property, plant and equipment	(27,662)	(26,237)
Proceeds from disposal of income funds	-	5,900
Net cash used in investing activities	(27,287)	(19,627)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(26,883)	(19,202)
Net proceeds from bank borrowings	21,930	45,204
Net repayment of bank borrowings	(20,908)	(28,743)
Interest paid	(294)	(63)
Bank balances held as security	2	3
Net cash used in financing activities	(26,153)	(2,801)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(44,297)	(75,743)
Effect of foreign exchange rate differences	495	(3,164)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	78,180	143,605
CASH AND CASH EQUIVALENTS AT END OF PERIOD	34,378	64,698

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 2ND QUARTER ENDED 30 JUNE 2022**

	6 months ended	
	30.06.2022	30.06.2021
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	10,038	15,484
Cash and bank balances	24,435	49,315
Less : Bank balance pledged as security	(95)	(101)
	<u>34,378</u>	<u>64,698</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 2021 and the accompanying explanatory notes attached to the interim financial report.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 2ND QUARTER ENDED 30 JUNE 2022

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 2021, 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 2021.

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 2021.

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 2021:

Effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform - Phase 2

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.

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2 Significant Accounting Policies (Continued)

Effective for annual periods beginning on or after 1 April 2021

Amendments to MFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 3 References to the Conceptual Framework

Amendments to MFRS 116 Property, Plant, and Equipment – Proceeds before Intended Use

Amendments to MFRS 137 Onerous Contracts – Costs of Fulfilling a Contract

Effective for annual periods beginning on or after 1 January 2023

Annual improvements to MFRS Standards 2018-2020 Amendments to MFRS 1 First-time

Adoption of Malaysian Financial Reporting Standards, MFRS 9 Financial Instruments,

MFRS 16 Leases and MFRS 141 Agriculture

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 4 Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 101 Classification of Liabilities as Current or Non-current Insurance Contract

Amendments to MFRS 101 and MFRS Practice Statement 2 Disclosure of Accounting Policies

Amendments to MFRS 108 Definition of Accounting Estimates

Amendments to MFRS 112, Income Taxes - Deferred Tax related to Assets and Liabilities

arising from a Single Transaction

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 2021 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.

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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 30 June 2022.

As of 30 June 2022, total issued and fully paid-up share capital are 384,041,985 ordinary shares.

8 Dividends Paid

	6 months ended	
	<u>30.06.2022</u>	<u>30.06.2021</u>
	RM'000	RM'000
Dividends declared and paid:		
a) Special dividend:		
- 2 sen per ordinary share, interim single tier, for 2022	7,681	-
- 2.6 sen per ordinary share, single tier, for 2020	-	9,985
b) First and final dividend:		
- 5 sen per ordinary share, single tier, for 2022	19,202	-
- 2.4 sen per ordinary share, single tier, for 2020	-	9,217
	<u>26,883</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 30 June 2022.

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FOR THE 2ND QUARTER ENDED 30 JUNE 2022

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 30 June 2022.

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 RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<u>Period ended 30 June 2022</u>					
Revenue	563,187	98	1	-	563,286
Inter-segment revenue	<u>80</u>	<u>1,000</u>	<u>-</u>	<u>(1,080)</u>	<u>-</u>
	<u><u>563,267</u></u>	<u><u>1,098</u></u>	<u><u>1</u></u>	<u><u>(1,080)</u></u>	<u><u>563,286</u></u>
Segment results	27,949	(29)	27,762	(26,989)	28,693
Investment revenue					3,037
Other gains and losses					5,090
Finance costs					<u>(294)</u>
Profit before tax					<u><u>36,526</u></u>

Segments	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<u>Period ended 30 June 2021</u>					
Revenue	498,424	92	29	-	498,545
Inter-segment revenue	<u>16</u>	<u>654</u>	<u>-</u>	<u>(670)</u>	<u>-</u>
	<u><u>498,440</u></u>	<u><u>746</u></u>	<u><u>29</u></u>	<u><u>(670)</u></u>	<u><u>498,545</u></u>
Segment results	26,450	(12)	10,776	(9,838)	27,376
Investment revenue					3,429
Other gains and losses					1,361
Finance costs					<u>(63)</u>
Profit before tax					<u><u>32,103</u></u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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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

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.

14 Short-Term Borrowings

	6 months ended	
	30.06.2022	30.06.2021
	<u>RM'000</u>	<u>RM'000</u>
Current		
- Secured	<u>74,851</u>	<u>45,678</u>

The breakdown of Group borrowings by currency is as follows:

Functional currency		
- USD	<u>17,000</u>	<u>11,000</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 2ND QUARTER ENDED 30 JUNE 2022

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.

	30.06.2022		31.12.2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
Financial assets :				
Trade and other receivables (excluding prepayments)	256,942	256,942	248,305	248,305
Financial assets carried at fair value through profit or loss	1,444	1,444	1,390	1,390
Cash and cash equivalents	34,473	34,473	78,275	78,275
	<u>292,859</u>	<u>292,859</u>	<u>327,970</u>	<u>327,970</u>

(b) Fair value hierarchy

	30.06.2022		31.12.2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
Financial liabilities :				
Trade and other payables	196,185	196,185	229,415	229,415
Short term borrowings	74,851	74,851	71,502	71,502
	<u>271,036</u>	<u>271,036</u>	<u>300,917</u>	<u>300,917</u>

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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
- (Loss)/g - 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 June 2022</u>				
Financial assets				
Investment in unit trusts	1,444	-	-	1,444
	<u>1,444</u>	<u>-</u>	<u>-</u>	<u>1,444</u>
<u>31 December 2021</u>				
Financial assets				
Investment in unit trusts	1,390	-	-	1,390
	<u>1,390</u>	<u>-</u>	<u>-</u>	<u>1,390</u>

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

16 Contingent Liabilities

Save as disclosed below, there were no obligations and contingent liabilities for the Group as of 30 June 2022.

	RM'000
a) Letter of guarantee by a bank for a foreign subsidiary's import duties	113
b) Corporate guarantees given by the Company to banks for credit facilities granted to certain subsidiary companies	184,037
	<u>184,150</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 2ND QUARTER ENDED 30 JUNE 2022**

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 (2nd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter ended			Current Year Quarter Ended	Preceding Year Corresponding Quarter ended		
	30.06.2022	30.06.2021	RM'000	RM'000	RM'000	RM'000	Amount	%
Revenue by segments								
- Manufacturing	296,245	235,311	60,934	26%	563,187	498,424	64,763	13%
- Trading	57	54	3	6%	98	92	6	7%
- Others	-	12	(12)	-100%	1	29	(28)	-97%
Total revenue	296,302	235,377	60,925	26%	563,286	498,545	64,741	13%
Revenue by geographical location of the Group's operations								
- Malaysia	291,890	231,348	60,542	26%	554,961	490,521	64,440	13%
- Thailand	4,355	4,011	344	9%	8,227	8,006	221	3%
- Singapore	57	18	39	217%	98	18	80	444%
Total revenue	296,302	235,377	60,925	26%	563,286	498,545	64,741	13%
Operating profit/(loss)	12,950	17,196	(4,246)	-25%	36,526	32,103	4,423	14%
Profit before tax by segments								
- Manufacturing	12,540	16,789	(4,249)	-25%	35,740	31,269	4,471	14%
- Trading	(6)	15	(21)	-140%	(30)	9	(39)	-433%
- Others	416	392	24	6%	816	825	(9)	-1%
Total profit/(loss) before tax	12,950	17,196	(4,246)	-25%	36,526	32,103	4,423	14%
Profit/(loss) after tax	8,272	13,351	(5,079)	-38%	27,104	25,410	1,694	7%
Total comprehensive income attributable to:								
- Owners of the Company	8,004	12,587	(4,583)	-36%	27,102	24,322	2,780	11%

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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 RM296.302 million and profit before tax was RM12.950 million.

The revenue increased by RM60.925 million or 26% as compared to preceding year corresponding quarter. The increase was mainly attributable to higher demand from new and existing customers for electronics manufacturing (EMS), raw wire & cable products and wire harness products. 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 June 2022:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	219,876	72,014	4,355	296,245	100%
Trading	-	-	-	57	0%
Others	-	-	-	-	0%
Total	219,876	72,014	4,355	296,302	100%

Breakdown of segmental revenue for the quarter ended 30 June 2021:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	184,787	46,513	4,011	235,311	100%
Trading	-	-	-	54	0%
Others	-	-	-	12	0%
Total	184,787	46,513	4,011	235,377	100%

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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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 decreased by RM4.246 million or 25%. The decrease was mainly attributable to higher labour cost and provision for slow moving inventories in the current quarter as compared to the corresponding quarter. However, the discrepancy noted above were offset against higher revenue, income from scrap sales and reversal of impairment of trade receivables.

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 June 2022:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	2,854	9,389	297	12,540	97%
Trading	-	-	-	(6)	0%
Others	-	-	-	416	3%
Total	2,854	9,389	297	12,950	100%

Breakdown of segmental profit before tax for the quarter ended 30 June 2021:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	12,200	4,418	171	16,789	98%
Trading	-	-	-	15	0%
Others	-	-	-	392	2%
Total	12,200	4,418	171	17,196	100%

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17 Review of Group Performance (Continued)

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

For the financial period ended 30 June 2022, the Group recorded revenue of RM563.286 million, a increase of 13% or RM64.741 million as compared to the corresponding period ended 30 June 2021 of RM498.545 million.

The increase of revenue was mainly attributable to obtained on new product orders from new customers for electronics manufacturing activities (EMS), and increased orders received from existing customers for EMS, raw wire & cable products and wire harness products but partly offset with lower revenue from others 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 June 2022:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	418,985	135,975	8,227	563,187	100%
Trading	-	-	-	98	0%
Others	-	-	-	1	0%
Total	418,985	135,975	8,227	563,286	100%

Breakdown of segmental revenue for the period ended 30 June 2021:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	398,478	91,940	8,006	498,424	100%
Trading	-	-	-	92	0%
Others	-	-	-	29	0%
Total	398,478	91,940	8,006	498,545	100%

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17 Review of Group Performance (Continued)

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

For the financial period ended 30 June 2022, the Group recorded profit before tax of RM36.526 million, a increase of 14% or RM4.423 million as compared to the corresponding period ended 30 June 2021 the profit before tax of RM32.103 million.

The improvement recorded in our profit before tax was mainly due to obtained new product orders from new customers for electronics manufacturing activities (EMS), higher revenue, gain from foreign exchange transaction, income from scrap sales, lower administrative and distribution expenses and reversal of impairment of trade receivables. The increase was partially offset against higher labour cost and provision for slow moving inventories.

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 June 2022:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	18,735	16,264	741	35,740	98%
Trading	-	-	-	(30)	0%
Others	-	-	-	816	2%
Total	18,735	16,264	741	36,526	100%

Breakdown of segmental profit before tax for the period ended 30 June 2021:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	21,116	8,954	1,199	31,269	97%
Trading	-	-	-	9	0%
Others	-	-	-	825	3%
Total	21,116	8,954	1,199	32,103	100%

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18 Comparison with Immediate Preceding Quarter's Results

Financial review for current quarter compared with immediate preceding quarter

	Individual Quarter Ended		Changes	
	30.06.2022	31.03.2022	Amount	Variance
	RM '000	RM '000	RM '000	%
Revenue				
Manufacturing segments				
- EMS activities	219,876	199,110	20,766	10%
- Raw cable & wire	72,014	63,961	8,053	13%
- Wire harness	4,355	3,872	483	12%
Trading segment	57	41	16	39%
	<u>296,302</u>	<u>266,984</u>	<u>29,318</u>	11%
Operating profit	12,950	23,574	(10,624)	-45%
Profit before tax	12,950	23,574	(10,624)	-45%
Profit after tax	8,272	18,830	(10,558)	-56%
Total comprehensive income attributable to:				
- Owners of the Company	8,004	19,096	(11,092)	-58%

The Group's revenue in the quarter under review increased by 11% as compared with the preceding quarter. The increase was mainly due to higher demand recorded for all manufacturing segments.

The Group profit before tax for the current quarter has decreased by 45% as compared to preceding quarter. The decrease was mainly due to higher administrative and distribution, labour cost and provision for slow moving inventories, low income from other investment and scrap sales. The decrease was partially offset against higher revenue, obtained new product orders from new customers for electronics manufacturing activities (EMS) and higher gain from foreign exchange transaction.

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19 Review of Group Assets and Liabilities

	As at	As at	Changes	
	30.06.2022	31.12.2021	Amount	Variance
	RM'000	RM'000	RM '000	%
Total assets	798,768	826,343	(27,575)	-3%
Total liabilities	282,060	309,854	(27,794)	-9%
Total equity	516,708	516,489	219	0%

Total assets

As at 30 June 2022, the Group's total assets decreased by 3% or RM27.575 million to RM798.768 million from RM826.343 million as at 31 December 2021. The decreased was mainly due to decrease in short term deposit with licensed and cash and bank balances as result of expansion of factories, investment in capital expenditure such as plant and machinery and payment to account payables.

Total liabilities

As at 30 June 2022, the Group's total liabilities decreased by 9% or RM27.794 million to RM282.060 million from RM309.854 million as at 31 December 2021. The decrease was mainly due to decrease in trade and other payables. The decrease was mainly due to repayment to trade and other payables.

Total equity

The Group's total equity as at 30 June 2022 increased by RM0.219 million to RM516.708 million as compared to RM516.489 million as at 31 December 2021. The increase in total equity is due to increased in distributable retained earnings as a net result of net profit of RM27.104 million for the current financial period under review and payment of dividends amounting to RM26.883 million. During the financial period under review, non-distributable reserves decreased by RM0.002 million due to changes in foreign exchange translation reserve.

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20 Current Year Prospect

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

For EMS activities (74%), orders are expected to increase 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. Q2 was severely affected due to the labour shortages and the implementation of new minimum wages starting 1st May 2022. The new foreign labour recruitment from PIE already started to arrive in batches and we expect all arrival will complete by month of August. With the incoming of these new foreign labour, productivity and efficiency should improve accordingly and production activities stabilised. Further to price increase negotiation with customers due to the increase of minimum wages, most customers are agreeable to raise the selling price albeit at different later months. A new PIE plant 3 catering for a new customer is now fully operational and this can better fulfill the order from this new customer.

Revenue derived from the manufacturing activity of raw wire & cable (25%) will continue to grow, with consistent profit margin in near future. There is an increasing trend of the copper price since the end of FY2020. However, this division is able to maintain its profit margin as the selling price quoted to customers is pegged to the copper price determined according to the market.

The revenue from PIT in Thailand is expected to increase as more orders are expected to be transferred from PIE since there are no more available labour supply there and customers in general acceptable to have dual sites supporting the manufacturing of their product as a contingency measure.

With the incoming of new foreign labour and new PIE plant 3, 2H22 should be a robust period compared to the much chaotic 1H22.

21 Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was announced and published.

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22 Profit for the Period

	Quarter Ended		Period Ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	77	193	136	427
Investment income	1,181	1,319	2,901	3,002
Interest expenses	(264)	(31)	(294)	(63)
Depreciation and amortisation	(5,889)	(4,508)	(10,898)	(8,970)
Net (additional)/reversal of impairment losses				
- trade receivables	11	(878)	58	(888)
Net (additional)/reversal of inventories written down	(3,801)	(1,160)	(1,743)	5,499
Net gain/(loss) on disposal of :				
- property, plant and equipment	375	6	375	(320)
- investment	-	22	-	30
Net foreign exchange gain/(loss)	2,684	2,983	4,655	2,558
(Loss)/gain from fair value adjustment of financial assets through profit and loss	1	(17)	2	(18)

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	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	4,579	3,858	9,394	6,618
Deferred tax income	99	(13)	28	75
	<u>4,678</u>	<u>3,845</u>	<u>9,422</u>	<u>6,693</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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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 2015, a subsidiary of the Group, Pan-International Electronics (Malaysia) Sdn. Bhd. (“PIESB”) received demand letters from the 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 PIESB from leaving and entering Malaysia and arising from this, the external legal counsel of PIESB had filed a judicial review application in the High Court of Malaya to challenge the condition imposed by the RMC. The RMC had subsequently withdrawn the blacklisting of all Directors with the condition that PIESB remit a payment of 20% of the disputed sum and placed a bank guarantee with the RMC for the remaining sum. PIESB had complied with the instructions of the RMC without prejudice.

To date, the RMC had not filed any 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 verbally rejected by the MOF on October 31, 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 of Penang. The High Court of Penang dismissed PIESB’s application for a judicial review. Following the dismissal by the High Court of Penang, PIESB had submitted an appeal application against the decision of the High Court of Penang to the Court of Appeals of which hearing of the case was fixed on June 24, 2019.

The Court of Appeal however decided that the appeal was premature as there was no documentary proof that the MOF had issued a letter to dismiss PIESB appeal for remission of the custom duties and sales tax. As such, the solicitor had advised PIESB to write a fresh letter of appeal to the MOF to request the Minister of Finance to reconsider and allow its appeal for the remission of the custom duties and sales tax. In December 2021, an additional payment of RM741,889 had been made by PIESB to the RMC based on notice of demand received from the RMC. The external legal counsel of PIESB is still awaiting 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 are reasonably good.

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26 Dividends

The following Dividends for the year ended 31 December 2022, has been announced by the Company on 27 April 2022 and had been paid on 20 June 2022 to depositors registered in the record of Depositors on 27 May 2022.

- (a) A Special Single Tier Interim Dividend of 2.0 sen per share; and
- (b) A Single Tier Interim Dividend of 5.0 sen per share.

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	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Profit attributable to ordinary equity shareholders (RM'000)	8,272	13,351	27,104	25,410
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>2.15</u>	<u>3.48</u>	<u>7.06</u>	<u>6.62</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.

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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 12 August 2022.