



P.I.E. INDUSTRIAL BERHAD

(Registration No. 199701008590 (424086-X))

(Incorporated in Malaysia)

Interim Financial Report for the Financial
Period Ended 30 September 2022

P.I.E. INDUSTRIAL BERHAD

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2022**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30.09.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2021 RM'000	CURRENT YEAR TO DATE 30.09.2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2021 RM'000
Revenue	11	260,578	240,780	823,863	739,325
Cost of sales		(240,500)	(218,052)	(768,455)	(683,080)
Gross profit		20,078	22,728	55,408	56,245
Administrative and distribution expenses		(5,237)	(7,728)	(16,775)	(22,975)
Other operating income		4,393	2,032	14,382	12,499
Income from other investments		1,270	934	4,307	4,363
Finance costs		(557)	(83)	(850)	(146)
Profit before tax	11	19,947	17,883	56,472	49,986
Income tax expense	23	(3,668)	(4,431)	(13,090)	(11,124)
Profit for the period	22	16,279	13,452	43,382	38,862
<u>Other comprehensive (loss)/ income</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		(583)	(1,547)	(585)	(2,635)
Other comprehensive loss, net of tax		(583)	(1,547)	(585)	(2,635)
Total comprehensive income for the period		15,696	11,905	42,797	36,227
Total comprehensive income attributable to: - Owners of the Company		15,696	11,905	42,797	36,227
Basic earnings per ordinary share (sen)	27	4.24	3.50	11.30	10.12
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 SEPTEMBER 2022**

	Note	UNAUDITED AS AT 30.09.2022 RM'000	AUDITED AS AT 31.12.2021 RM'000
	-----	-----	-----
ASSETS			
Non-current assets			
Property, plant and equipment	9	152,083	124,536
Investment properties		31,338	47,433
Right-of-use assets		18,557	13,065
Goodwill on consolidation		1,722	1,722
Deferred tax assets		1,253	1,262
		<u>204,953</u>	<u>188,018</u>
Current assets			
Inventories		309,195	300,927
Trade and other receivables		281,447	256,143
Other financial assets		1,478	1,390
Current tax assets		494	1,590
Short-term deposits with licensed banks		22,074	15,362
Cash and bank balances		45,099	62,913
Total current assets		<u>659,787</u>	<u>638,325</u>
TOTAL ASSETS		<u>864,740</u>	<u>826,343</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		83,203	83,203
Reserves		13,948	14,533
Retained earnings		435,252	418,753
Total equity		<u>532,403</u>	<u>516,489</u>
Non-current liabilities			
Deferred tax liabilities		7,457	7,364
Current liabilities			
Short-term borrowings	14	102,559	71,502
Trade and other payables		218,925	229,415
Current tax liabilities		3,396	1,573
Total current liabilities		<u>324,880</u>	<u>302,490</u>
Total liabilities		<u>332,337</u>	<u>309,854</u>
TOTAL EQUITY AND LIABILITIES		<u>864,740</u>	<u>826,343</u>
NET ASSETS		532,403	516,489
Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (RM)		1.39	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 3RD QUARTER ENDED 30 SEPTEMBER 2022**

	Share Capital RM'000	Non-distributable Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
Period ended 30 September 2021					
Balance as of 1 January 2021	83,203	14,079	2,660	377,635	477,577
Net profit for the period	-	-	-	38,862	38,862
Other comprehensive loss for the period	-	(2,635)	-	-	(2,635)
Total comprehensive (loss)/income for the period	-	(2,635)	-	38,862	36,227
Payment of dividends	-	-	-	(19,202)	(19,202)
Balance as of 30 September 2021	<u>83,203</u>	<u>11,444</u>	<u>2,660</u>	<u>397,295</u>	<u>494,602</u>
Period ended 30 September 2022					
Balance as of 1 January 2022	83,203	11,873	2,660	418,753	516,489
Net profit for the period	-	-	-	43,382	43,382
Other comprehensive loss for the period	-	(585)	-	-	(585)
Total comprehensive (loss)/income for the period	-	(585)	-	43,382	42,797
Payment of dividends	-	-	-	(26,883)	(26,883)
Balance as of 30 September 2022	<u>83,203</u>	<u>11,288</u>	<u>2,660</u>	<u>435,252</u>	<u>532,403</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.

P.I.E. INDUSTRIAL BERHAD**(REGISTRATION NO. : 199701008590 (424086-X))****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2022**

	9 months ended	
	30.09.2022	30.09.2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	43,382	38,862
Adjustments for:		
Income tax expense	13,090	11,124
Non-cash items	20,000	10,967
Non-operating items	3,333	(1,330)
Operating profit before working capital changes	79,805	59,623
Changes in working capital:		
Net change in current assets	(32,736)	(111,694)
Net change in current liabilities	(13,354)	57,274
Cash generated from operations	33,715	5,203
Income tax paid	(10,109)	(7,700)
Interest received	227	512
Net cash generated/(used in) from operating activities	23,833	(1,985)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	382	994
Payment for property, plant and equipment	(34,547)	(40,258)
Proceeds from disposal of income funds	-	5,900
Net cash used in investing activities	(34,165)	(33,364)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(26,883)	(19,202)
Net proceeds from bank borrowings	60,012	116,212
Net repayment of bank borrowings	(34,370)	(74,420)
Interest paid	(850)	(146)
Bank balances held as security	2	8
Net cash (used in)/generated from financing activities	(2,089)	22,452
NET DECREASE IN CASH AND CASH EQUIVALENTS	(12,421)	(12,897)
Effect of foreign exchange rate differences	1,321	(2,560)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	78,180	143,605
CASH AND CASH EQUIVALENTS AT END OF PERIOD	67,080	128,148

P.I.E. INDUSTRIAL BERHAD

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2022**

	9 months ended	
	30.09.2022	30.09.2021
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	22,074	23,508
Cash and bank balances	45,099	104,734
Less : Bank balance pledged as security	(93)	(94)
	<u>67,080</u>	<u>128,148</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 3RD QUARTER ENDED 30 SEPTEMBER 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 September 2022.

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

8 Dividends Paid

	9 months ended	
	<u>30.09.2022</u>	<u>30.09.2021</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 2022	-	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 2022	-	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 September 2022.

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FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 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 September 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	Trading	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Period ended 30</u>					
<u>September 2022</u>					
Revenue	823,752	110	1	-	823,863
Inter-segment revenue	85	1,566	-	(1,651)	-
	<u>823,837</u>	<u>1,676</u>	<u>1</u>	<u>(1,651)</u>	<u>823,863</u>
Segment results	42,558	(42)	30,503	(26,863)	46,156
Investment revenue					4,307
Other gains and losses					6,859
Finance costs					(850)
Profit before tax					<u>56,472</u>

Segments	Manufacturing	Trading	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Period ended 30</u>					
<u>September 2021</u>					
Revenue	739,167	127	31	-	739,325
Inter-segment revenue	68	1,049	-	(1,117)	-
	<u>739,235</u>	<u>1,176</u>	<u>31</u>	<u>(1,117)</u>	<u>739,325</u>
Segment results	39,659	(31)	11,074	(9,787)	40,915
Investment revenue					4,363
Other gains and losses					4,854
Finance costs					(146)
Profit before tax					<u>49,986</u>

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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

	9 months ended	
	<u>30.09.2022</u>	<u>30.09.2021</u>
	RM'000	RM'000
Current		
- Secured	102,559	71,289
	102,559	71,289

The breakdown of Group borrowings by currency is as follows:

Functional currency		
- USD	19,700	17,000
- EUR	2,800	-
	22,500	17,000
	22,500	17,000

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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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.

	30.09.2022		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)	277,862	277,862	248,305	248,305
Financial assets carried at fair value through profit or loss	1,478	1,478	1,390	1,390
Cash and cash equivalents	67,173	67,173	78,275	78,275
	<u>346,513</u>	<u>346,513</u>	<u>327,970</u>	<u>327,970</u>

(b) Fair value hierarchy

	30.09.2022		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	218,925	218,925	229,415	229,415
Short term borrowings	102,559	102,559	71,502	71,502
	<u>321,484</u>	<u>321,484</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
- 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 2022</u>				
Financial assets				
Investment in unit trusts	1,478	-	-	1,478
	1,478	-	-	1,478
<u>31 December 2021</u>				
Financial assets				
Investment in unit trusts	1,390	-	-	1,390
	1,390	-	-	1,390

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 September 2022.

	RM '000
a) Letter of guarantee by a bank for a foreign subsidiary's import duties	110
b) Corporate guarantees given by the Company to banks for credit facilities granted to certain subsidiary companies	315,120
	315,230

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 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 (3rd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended 30.09.2022	Preceding Year Corresponding Quarter ended 30.09.2021			Current Year Quarter Ended 30.09.2022	Preceding Year Corresponding Quarter ended 30.09.2021		
	RM'000	RM'000	Amount	%	RM'000	RM'000	Amount	%
Revenue by segments								
- Manufacturing	260,566	240,743	19,823	8%	823,752	739,167	84,585	11%
- Trading	12	36	(24)	-67%	110	127	(17)	-13%
- Others	-	1	(1)	-100%	1	31	(30)	-97%
Total revenue	260,578	240,780	19,798	8%	823,863	739,325	84,538	11%
Revenue by geographical location of the Group's operations								
- Malaysia	255,177	236,731	18,446	8%	810,136	727,252	82,884	11%
- Thailand	5,389	4,013	1,376	34%	13,617	12,020	1,597	13%
- Singapore	12	36	(24)	-67%	110	53	57	108%
Total revenue	260,578	240,780	19,798	8%	823,863	739,325	84,538	11%
Operating profit	19,947	17,883	2,064	12%	56,472	49,986	6,486	13%
Profit before tax by segments								
- Manufacturing	17,187	17,590	(403)	-2%	52,926	48,859	4,067	8%
- Trading	(15)	(13)	(2)	-15%	(45)	(5)	(40)	-800%
- Others	2,775	306	2,469	807%	3,591	1,132	2,459	217%
Total profit before tax	19,947	17,883	2,064	12%	56,472	49,986	6,486	13%
Profit after tax	16,279	13,452	2,827	21%	43,382	38,862	4,520	12%
Total comprehensive income attributable to:								
- Owners of the Company	15,696	11,905	3,791	32%	42,797	36,227	6,570	18%

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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 RM260.578 million and profit before tax was RM19.947 million.

The revenue increased by RM19.798 million or 8% as compared to preceding year corresponding quarter. The increase was mainly attributable to higher demand from new and existing customers for raw wire & cable products and wire harness products but offset lower revenue from EMS. 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 2022:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	199,761	55,416	5,389	260,566	100%
Trading	-	-	-	12	0%
Others	-	-	-	-	0%
Total	199,761	55,416	5,389	260,578	100%

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

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	200,155	36,574	4,014	240,743	100%
Trading	-	-	-	36	0%
Others	-	-	-	1	0%
Total	200,155	36,574	4,014	240,780	100%

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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 increase by RM2.064 million or 12%. The increase was mainly attributable to higher revenue recorded, income of scrap sales, reversal of provision for slow moving inventories and lower administrative and distribution expenses in the current quarter as compared to the corresponding quarter. However, the improvement noted above were offset against provision impairment of trade receivables and loss from foreign currency exchange transaction .

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 2022:

Profit/(loss) before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	9,803	6,506	878	17,187	86%
Trading	-	-	-	(15)	0%
Others	-	-	-	2,775	14%
Total	9,803	6,506	878	19,947	100%

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

Profit/(loss) before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	13,245	3,740	605	17,590	98%
Trading	-	-	-	(13)	0%
Others	-	-	-	306	2%
Total	13,245	3,740	605	17,883	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 September 2022, the Group recorded revenue of RM823.863 million, a increase of 11% or RM84.538 million as compared to the corresponding period ended 30 September 2021 of RM739.325 million.

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

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	618,743	191,392	13,617	823,752	100%
Trading	-	-	-	110	0%
Others	-	-	-	1	0%
Total	618,743	191,392	13,617	823,863	100%

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

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	598,634	128,513	12,020	739,167	100%
Trading	-	-	-	127	0%
Others	-	-	-	31	0%
Total	598,634	128,513	12,020	739,325	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 September 2022, the Group recorded profit before tax of RM56.472 million, a increase of 13% or RM6.486 million as compared to the corresponding period ended 30 September 2021 the profit before tax of RM49.986.

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

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 2022:

Profit/(loss) before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	28,539	22,769	1,618	52,926	94%
Trading	-	-	-	(45)	0%
Others	-	-	-	3,591	6%
Total	28,539	22,769	1,618	56,472	100%

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

Profit/(loss) before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	34,361	12,694	1,804	48,859	98%
Trading	-	-	-	(5)	0%
Others	-	-	-	1,132	2%
Total	34,361	12,694	1,804	49,986	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	
	30.09.2022	30.06.2022	Amount	Variance
	RM '000	RM '000	RM '000	%
Revenue				
Manufacturing segments				
- EMS activities	199,761	219,876	(20,115)	-9%
- Raw cable & wire	55,416	72,014	(16,598)	-23%
- Wire harness	5,389	4,355	1,034	24%
Trading segment	12	57	(45)	-79%
	<u>260,578</u>	<u>296,302</u>	<u>(35,724)</u>	-12%
Operating profit	19,947	12,950	6,997	54%
Profit before tax	19,947	12,950	6,997	54%
Profit after tax	16,279	8,272	8,007	97%
Total comprehensive income attributable to:				
- Owners of the Company	15,696	8,004	7,692	96%

The Group's revenue in the quarter under review slightly decrease by 12% as compared with the preceding quarter. The decrease was mainly due to lower demand recorded for EMS and raw wire & cable products segments but partly offset with higher revenue from wire harness products.

The Group profit before tax for the current quarter has increased by 54% as compared to preceding quarter. The increase was mainly due to high margin of product mix, reversal of provision for slow moving inventories and lower administrative and distribution expenses but was offset provision of impairment of trade receivables and lower gain from foreign currency exchange transaction.

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19 Review of Group Assets and Liabilities

	As at	As at	Changes	
	30.09.2022	31.12.2021	Amount	Variance
	RM'000	RM'000	RM '000	%
Total assets	864,740	826,343	38,397	5%
Total liabilities	332,337	309,854	22,483	7%
Total equity	532,403	516,489	15,914	3%

Total assets

As at 30 September 2022, the Group's total assets increased by 5% or RM38.397 million to RM864.740 million from RM826.343 million as at 31 December 2021. The growth was mainly contributed by the increase of plant and equipment (PPE), inventories and trade receivables. The increase in PPE and inventories was to fulfil sales order received from new and existing customers. Therefore, the increase in revenue this year has led to an increase in trade receivables.

Total liabilities

As at 30 September 2022, the Group's total liabilities increased by 7% or RM22.483 million to RM332.337 million from RM309.854 million as at 31 December 2021. The increase was mainly due to increase in short term borrowings. The increase was mainly due to purchases of PPE and the expansion of factories.

Total equity

The Group's total equity as at 30 September 2022 increased by RM15.914 million to RM532.403 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 RM43.382 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 RM0.585 million due to changes in foreign exchange translation reserve.

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20 Current Year Prospect

For the coming Q4, major source of revenue and profit of the Group will be from its manufacturing segment (99%).

For EMS activities (75%), except for an European customer, orders and manufacturing activities are expected to increase from other existing customers and potential new customers through our fully built-up vertical integrated manufacturing capabilities.

Q2 was severely affected due to the labour shortages and the implementation of new minimum wages starting 1st May 2022, resulted in much higher operating cost. The new foreign labour recruitment for PIE started to arrive in batches from mid of August 2022 and we expect all arrival will complete by month of October 2022. With the incoming of these new foreign labour, production should be more stabilized while special emphasis is placed to improve productivity, efficiency and quality which will be an important criteria to improving better margin.

Further to price increase negotiation effort with customers due to the increase of minimum wages, most customers have agreed to raise the selling price by end of Q3 2022.

A new PIE plant 3 catering for a new customer is now fully operational and this can better fulfill and expand the order from this new customer.

Revenue derived from the manufacturing activity of raw wire & cable (23%) will continue to grow, with consistent profit margin in near future. Even though there is an increasing trend of the copper price since the end of FY2020. However, this division is able to maintain its profit margin by passing the price increase to customers as the selling price quoted is pegged to the copper price determined according to the market.

The revenue from cable assembly & wire harness (1%) in Thailand is expected to increase as more orders are to be transferred from PIE since the labour shortage problem is less severe there. Customers in general are acceptable to have dual sites supporting the manufacturing of their product as a contingency back up measure.

With the incoming of new foreign labour and new PIE plant 3, manufacturing activities in 2H22 should be more robust compared to the much chaotic 1H22.

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.

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22 Profit for the Period

	Quarter Ended		Period Ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	92	85	227	512
Investment income	1,178	849	4,080	3,851
Interest expenses	(557)	(83)	(850)	(146)
Depreciation and amortisation	(6,493)	(4,641)	(17,391)	(13,611)
Net (additional)/reversal of impairment losses - trade receivables	(649)	988	(592)	99
Net (additional)/reversal of inventories written down	(274)	(2,862)	(2,018)	2,637
Net (loss)/gain on disposal of :				
- property, plant and equipment	-	(78)	375	(398)
- investment	-	-	-	30
Property, plant and equipment written off	-	(93)	-	(93)
Net foreign exchange gain/(loss)	2,414	2,674	7,069	5,233
Gain/(loss) from fair value adjustment of financial assets through profit and loss	5	-	7	(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	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	3,603	4,371	12,996	10,989
Deferred tax income	65	60	94	135
	<u>3,668</u>	<u>4,431</u>	<u>13,090</u>	<u>11,124</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	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
Profit attributable to ordinary equity shareholders (RM'000)	16,279	13,452	43,382	38,862
Weighted average number of ordinary share in issue (units'000)	384,042	384,042	384,042	384,042
Basic earnings per ordinary share (sen)	<u>4.24</u>	<u>3.50</u>	<u>11.30</u>	<u>10.12</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 17 November 2022.