



P.I.E. INDUSTRIAL BERHAD

(Registration No. 199701008590 (424086-X))
(Incorporated in Malaysia)

Interim Financial Report for the Financial
Period Ended 31 December 2022

P.I.E. INDUSTRIAL BERHAD

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2022**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31.12.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2021 RM'000	CURRENT YEAR TO DATE 31.12.2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2021 RM'000
Revenue	11	341,415	285,879	1,165,278	1,025,204
Cost of sales		(302,504)	(262,855)	(1,070,959)	(945,935)
Gross profit		38,911	23,024	94,319	79,269
Administrative and distribution expenses		(10,638)	(6,850)	(27,413)	(29,826)
Other operating income		(2,786)	6,886	11,596	19,385
Income from other investments		656	1,424	4,963	5,787
Finance costs		(553)	(125)	(1,403)	(270)
Profit before tax	11	25,590	24,359	82,062	74,345
Income tax expense	23	1,820	(2,902)	(11,270)	(14,025)
Profit for the period	22	27,409	21,457	70,791	60,320
<u>Other comprehensive income/(loss)</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		1,415	(659)	830	(2,206)
Total comprehensive income for the period		28,824	20,798	71,621	58,114
Total comprehensive income attributable to: - Owners of the Company		28,824	20,798	71,621	58,114
Basic earnings per ordinary share (sen)	27	7.14	5.59	18.43	15.71
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 31 DECEMBER 2022**

	Note	UNAUDITED AS AT 31.12.2022 RM'000	AUDITED AS AT 31.12.2021 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	163,865	131,601
Investment properties		21,507	47,433
Right-of-use assets		22,746	5,999
Goodwill on consolidation		1,722	1,722
Deferred tax assets		1,216	1,262
		<u>211,056</u>	<u>188,017</u>
Current assets			
Inventories		287,798	300,927
Trade and other receivables		319,264	256,226
Other financial assets		1,471	1,390
Current tax assets		6,077	1,591
Short-term deposits with licensed banks		20,158	15,362
Cash and bank balances		43,018	62,913
Total current assets		<u>677,786</u>	<u>638,409</u>
TOTAL ASSETS		<u>888,842</u>	<u>826,426</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		83,203	83,203
Reserves		15,363	14,533
Retained earnings		462,661	418,753
Total equity		<u>561,227</u>	<u>516,489</u>
Non-current liabilities			
Deferred tax liabilities		8,795	7,364
Current liabilities			
Short-term borrowings	14	105,569	71,502
Trade and other payables		211,195	229,468
Current tax liabilities		2,056	1,603
Total current liabilities		<u>318,820</u>	<u>302,573</u>
Total liabilities		<u>327,615</u>	<u>309,937</u>
TOTAL EQUITY AND LIABILITIES		<u>888,842</u>	<u>826,426</u>
NET ASSETS		561,227	516,489
Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (RM)		1.46	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

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 4TH QUARTER ENDED 31 DECEMBER 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 31 December 2021					
Balance as of 1 January 2021	83,203	14,079	2,660	377,635	477,577
Net profit for the period	-	-	-	60,320	60,320
Other comprehensive loss for the period	-	(2,206)	-	-	(2,206)
Total comprehensive (loss)/income for the period	-	(2,206)	-	60,320	58,114
Payment of dividends	-	-	-	(19,202)	(19,202)
Balance as of 31 December 2021	<u>83,203</u>	<u>11,873</u>	<u>2,660</u>	<u>418,753</u>	<u>516,489</u>
Period ended 31 December 2022					
Balance as of 1 January 2022	83,203	11,873	2,660	418,753	516,489
Net profit for the period	-	-	-	70,791	70,791
Total comprehensive income for the period	-	830	-	70,791	71,621
Payment of dividends	-	-	-	(26,883)	(26,883)
Balance as of 31 December 2022	<u>83,203</u>	<u>12,703</u>	<u>2,660</u>	<u>462,661</u>	<u>561,227</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 4TH QUARTER ENDED 31 DECEMBER 2022**

	12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	70,791	60,320
Adjustments for:		
Income tax expense	11,270	14,025
Non-cash items	20,832	13,587
Non-operating items	18,264	(2,329)
Operating profit before working capital changes	121,157	85,603
Changes in working capital:		
Net change in current assets	(62,234)	(170,883)
Net change in current liabilities	(15,792)	70,352
Cash generated from/(used in) operations	43,131	(14,928)
Income tax paid	(13,819)	(11,836)
Interest received	474	620
Net cash generated from/(used in) from operating activities	29,786	(26,144)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	400	994
Payment for property, plant and equipment	(46,423)	(66,267)
Proceeds from disposal of income funds	-	5,900
Net cash used in investing activities	(46,023)	(59,373)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(26,883)	(19,202)
Net proceeds from bank borrowings	130,656	124,529
Net repayment of bank borrowings	(102,958)	(82,832)
Interest paid	(1,403)	(270)
Bank balances held as security	(2)	6
Net cash (used in)/generated from financing activities	(590)	22,231
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,827)	(63,286)
Effect of foreign exchange rate differences	1,726	(2,139)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	78,180	143,605
CASH AND CASH EQUIVALENTS AT END OF PERIOD	63,079	78,180

P.I.E. INDUSTRIAL BERHAD**(REGISTRATION NO. : 199701008590 (424086-X))****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2022**

	12 months ended	
	31.12.2022	31.12.2021
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	20,158	15,362
Cash and bank balances	43,018	62,913
Less : Bank balance pledged as security	(97)	(95)
	<u>63,079</u>	<u>78,180</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.

P.I.E. INDUSTRIAL BERHAD
(REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 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 2022, 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 2022.

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 2022.

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.

P.I.E. INDUSTRIAL BERHAD
(REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2022

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.

P.I.E. INDUSTRIAL BERHAD
 (REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2022

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 2022.

As of 31 December 2022, total issued and fully paid-up share capital are 384,041,985 ordinary shares.

8 Dividends Paid

	12 months ended	
	<u>31.12.2022</u>	<u>31.12.2021</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 31 December 2022.

P.I.E. INDUSTRIAL BERHAD
(REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 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 31 December 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 31 December 2022</u>					
Revenue	1,165,125	151	2	-	1,165,278
Inter-segment revenue	97	1,961	-	(2,058)	-
	<u>1,165,222</u>	<u>2,112</u>	<u>2</u>	<u>(2,058)</u>	<u>1,165,278</u>
Segment results	78,356	(57)	28,289	(26,880)	79,709
Investment revenue					4,963
Other gains and losses					(1,207)
Finance costs					(1,403)
Profit before tax					<u>82,062</u>

Segments	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<u>Period ended 31 December 2021</u>					
Revenue	1,025,003	169	32	-	1,025,204
Inter-segment revenue	91	1,346	13,876	(15,313)	-
	<u>1,025,094</u>	<u>1,515</u>	<u>13,908</u>	<u>(15,313)</u>	<u>1,025,204</u>
Segment results	62,080	(52)	19,975	(20,284)	61,719
Investment revenue					5,787
Other gains and losses					7,109
Finance costs					(270)
Profit before tax					<u>74,345</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 2022

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	
	31.12.2022	31.12.2021
	<u>RM'000</u>	<u>RM'000</u>
Authorised and contracted for :		
- Property, plant & equipment	9,889	10,309

14 Short-Term Borrowings

	12 months ended	
	31.12.2022	31.12.2021
	<u>RM'000</u>	<u>RM'000</u>
Current		
- Secured	105,569	71,502

The breakdown of Group borrowings by currency is as follows:

Functional currency		
- USD	7,500	17,000
- EUR	2,800	-
- RM	59,217	-
	<u>69,517</u>	<u>17,000</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 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.

	31.12.2022		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)	316,315	316,315	255,045	255,045
Financial assets carried at fair value through profit or loss	1,471	1,471	1,390	1,390
 Cash and cash equivalents	<u>63,176</u>	<u>63,176</u>	<u>78,275</u>	<u>78,275</u>
	<u>380,962</u>	<u>380,962</u>	<u>334,710</u>	<u>334,710</u>

(b) Fair value hierarchy

	31.12.2022		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	211,195	211,195	229,468	229,468
Short term borrowings	<u>105,569</u>	<u>105,569</u>	<u>71,502</u>	<u>71,502</u>
	<u>316,764</u>	<u>316,764</u>	<u>300,970</u>	<u>300,970</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 2022

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 2022</u>				
Financial assets				
Investment in unit trusts	1,471	-	-	1,471
	<u>1,471</u>	<u>-</u>	<u>-</u>	<u>1,471</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 31 December 2022.

	RM '000
a) Letter of guarantee by a bank for a foreign subsidiary's import duties	115
b) Corporate guarantees given by the Company to banks for credit facilities granted to certain subsidiary companies	<u>301,678</u>
	<u>301,793</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 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 (4th quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter ended			Current Year Quarter Ended	Preceding Year Corresponding Quarter ended		
	31.12.2022	31.12.2021			31.12.2022	31.12.2021		
	RM'000	RM'000	Amount	%	RM'000	RM'000	Amount	%
Revenue by segments								
- Manufacturing	341,373	285,836	55,537	19%	1,165,125	1,025,003	140,122	14%
- Trading	41	42	(1)	-2%	151	169	(18)	-11%
- Others	1	1	-	0%	2	32	(30)	-94%
Total revenue	341,415	285,879	55,536	19%	1,165,278	1,025,204	140,074	14%
Revenue by geographical location of the Group's operations								
- Malaysia	336,537	281,688	54,849	19%	1,146,674	1,008,940	137,734	14%
- Thailand	4,837	4,149	688	17%	18,453	16,169	2,284	14%
- Singapore	41	42	(1)	-2%	151	95	56	59%
Total revenue	341,415	285,879	55,536	19%	1,165,278	1,025,204	140,074	14%
Operating profit	25,590	24,359	1,231	5%	82,062	74,345	7,717	10%
Profit before tax by segments								
- Manufacturing	27,819	15,468	12,351	80%	80,745	74,827	5,918	8%
- Trading	(7)	(7)	-	0%	(52)	(12)	(40)	-333%
- Others	(2,222)	8,898	(11,120)	-125%	1,369	(470)	1,839	-391%
Total profit before tax	25,590	24,359	1,231	5%	82,062	74,345	7,717	10%
Profit after tax	27,409	21,457	5,952	28%	70,791	60,320	10,471	17%
Total comprehensive income attributable to:								
- Owners of the Company	28,824	20,798	8,026	39%	71,621	58,114	13,507	23%

P.I.E. INDUSTRIAL BERHAD
 (REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2022

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 RM341.415 million and profit before tax was RM25.590 million.

The revenue increased by RM55.536 million or 19% as compared to preceding year corresponding quarter. The increase was mainly attributable to higher demand from new and existing customers for electronics manufacturing (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 31 December 2022:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	291,753	44,783	4,837	341,373	100%
Trading	-	-	-	41	0%
Others	-	-	-	1	0%
Total	291,753	44,783	4,837	341,415	100%

Breakdown of segmental revenue for the quarter ended 31 December 2021:

Revenue by segments :	EMS RM'000	Raw Wire & Cable RM'000	Wireharness RM'000	Total RM'000	%
Manufacturing	231,542	50,145	4,149	285,836	100%
Trading	-	-	-	42	0%
Others	-	-	-	1	0%
Total	231,542	50,145	4,149	285,879	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 2022

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 RM1.231 million or 5%. The increase was mainly attributable to higher revenue recorded, 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 for 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 31 December 2022:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	21,659	6,813	(653)	27,819	109%
Trading	-	-	-	(7)	0%
Others	-	-	-	(2,222)	-9%
Total	21,659	6,813	(653)	25,590	100%

Breakdown of segmental profit before tax for the quarter ended 31 December 2021:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	9,127	6,912	(572)	15,468	63%
Trading	-	-	-	(7)	0%
Others	-	-	-	8,898	37%
Total	9,127	6,912	(572)	24,359	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 2022

17 Review of Group Performance (Continued)

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

For the financial period ended 31 December 2022, the Group recorded revenue of RM1,165.278 million, a increase of 14% or RM140.074 million as compared to the corresponding period ended 31 December 2021 of RM1,025.204 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 31 December 2022:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	910,498	236,174	18,453	1,165,125	100%
Trading	-	-	-	151	0%
Others	-	-	-	2	0%
Total	910,498	236,174	18,453	1,165,278	100%

Breakdown of segmental revenue for the period ended 31 December 2021:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	830,176	178,658	16,169	1,025,003	100%
Trading	-	-	-	169	0%
Others	-	-	-	32	0%
Total	830,176	178,658	16,169	1,025,204	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 2022

17 Review of Group Performance (Continued)

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

For the financial period ended 31 December 2022, the Group recorded profit before tax of RM82.062 million, a increase of 10% or RM7.717 million as compared to the corresponding period ended 31 December 2021 the profit before tax of RM74.345 million.

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 and lower administrative and distribution expenses. The increase was partially offset against provision for impairment of trade receivables and loss from foreign currency exchange transaction.

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 2022:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	50,198	29,582	965	80,745	98%
Trading	-	-	-	(52)	0%
Others	-	-	-	1,369	2%
Total	50,198	29,582	965	82,062	100%

Breakdown of segmental profit before tax for the period ended 31 December 2021:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	53,989	19,606	1,232	74,827	101%
Trading	-	-	-	(12)	0%
Others	-	-	-	(470)	-1%
Total	53,989	19,606	1,232	74,345	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 2022

18 Comparison with Immediate Preceding Quarter's Results

Financial review for current quarter compared with immediate preceding quarter

	Individual Quarter Ended		Changes	
	31.12.2022	30.09.2022	Amount	Variance
	RM '000	RM '000	RM '000	%
Revenue				
Manufacturing segments				
- EMS activities	291,753	199,761	91,992	46%
- Raw cable & wire	44,783	55,416	(10,633)	-19%
- Wire harness	4,837	5,389	(552)	-10%
Trading segment	41	12	29	242%
	<u>341,415</u>	<u>260,578</u>	<u>80,837</u>	31%
Operating profit	25,590	19,947	5,643	28%
Profit before tax	25,590	19,947	5,643	28%
Profit after tax	27,409	16,279	11,130	68%
Total comprehensive income attributable to:				
- Owners of the Company	28,824	15,696	13,128	84%

The Group's revenue in the quarter under review increase by 31% as compared with the preceding quarter. The increase was mainly due to higher demand recorded for EMS but partly offset with lower revenue from raw cable & wire products and wire harness products.

The Group profit before tax for the current quarter has increased by 28% as compared to preceding quarter. The increase was mainly due to high margin of product mix and reversal of provision for slow moving inventories but was offset against lower scrap sales and loss from foreign currency exchange transaction.

P.I.E. INDUSTRIAL BERHAD
 (REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2022

19 Review of Group Assets and Liabilities

	As at 31.12.2022	As at 31.12.2021	Changes Amount	Variance
	RM'000	RM'000	RM '000	%
Total assets	888,842	826,426	62,416	8%
Total liabilities	327,615	309,937	17,678	6%
Total equity	561,227	516,489	44,738	9%

Total assets

As at 31 December 2022, the Group's total assets increased by 8% or RM62.416 million to RM888.842 million from RM826.426 million as at 31 December 2021. The growth was mainly contributed by the increase investment in property, 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 31 December 2022, the Group's total liabilities increased by 6% or RM17.678 million to RM327.615 million from RM309.937 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 raw materials to meet the new and existing customers sales order and the expansion of factories.

Total equity

The Group's total equity as at 31 December 2022 increased by RM44.738 million to RM561.227 million as compared to RM516.489 million as at 31 December 2021. The increase in total equity is due to increase in distributable retained earnings as a net result of net profit of RM71.621 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 increased by RM0.830 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 2022

20 Current Year Prospect

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

For EMS activities (comprising 78% of the manufacturing segment), orders are expected to increase from existing customers and potential new customers through its fully built-up vertical integrated manufacturing facilities. PIE will further upgrade and utilise 2 existing plants and expand and renovate these plants to engage more new business opportunities.

In Q4, PIE has overcome the labour shortage issue and its newly recruited foreign labour workforce had been employed to immediately ramp up production and fulfill backlog orders. While labour productivity and efficiency will remain challenging to the industry, PIE is committed to continue its effort to increase the quality of its workforce. Automation in the manufacturing processes will be further enhanced wherever appropriate and viable to improve consistency in terms of production output and quality of the products and reduce dependency on labour. In view of the increase in the threshold for minimum wage and overtime payment by the Government, PIE seeks agreement from their customers for an increase in selling price to absorb the additional operating cost incurred.

The decision to install solar panels to generate green electric energy will also mitigate the big rise in electricity cost in 2023.

With strong fundamentals and good manufacturing and technology in place, PIE Group is proud to achieve a new record revenue of RM1.16 Billion for the Financial Year and is well positioned for further strong growth in 2023. Overall global market is expecting an increase in demand in 5G, automotive, high-performance server, digital and home entertainment products and such growth will contribute to and be beneficial to the overall PIE Group core product revenue growth in future. In addition, PIE is in active discussion and engagement with a few potential new customers which are essential to provide PIE with continuous business growth and diversity.

Revenue derived from the manufacturing activity of raw wire & cable (comprising 20% of the manufacturing segment) will continue to grow, with consistent profit margin contributed in near future. Since the end of FY2020, there is a trend for copper price to increase. However, this division is able to maintain its profit margin as the selling price quoted to customers is periodically revised to reflect the latest market price for copper.

The revenue from PIT in Thailand is expected to increase as more orders are expected to be transferred from PIE to PIT since there are more available labour supply at PIT and customers in general find it acceptable to have dual sites supporting the manufacturing of their product as a contingency measure. In addition, PIT may have an opportunity to enter into the electric vehicle ("EV") industry as a supplier of EV parts in view of the rising EV manufacturing industry in Thailand.

The trading segment will continue to promote the products of the respective parent companies for 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 electronic 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 2022

22 Profit for the Period

	Quarter Ended		Period Ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	246	108	474	620
Investment income	410	1,316	4,489	5,167
Interest expenses	(553)	(125)	(1,403)	(270)
Depreciation and amortisation	(6,726)	(4,752)	(24,117)	(18,363)
Net reversal/(additional) of impairment losses				
- trade receivables	432	(100)	(160)	(1)
Net reversal of inventories written down	4,882	1,482	2,865	4,119
Net gain/(loss) on disposal of :				
- property, plant and equipment	19	-	394	(398)
- investment	-	-	-	30
Property, plant and equipment written off	-	-	-	(93)
Net foreign exchange (loss)/gain	(9,108)	1,606	(2,039)	6,839
Gain from fair value adjustment of investment properties	580	750	580	750
Gain/(loss) from fair value adjustment of financial assets through profit and loss	11	-	18	(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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	(885)	452	12,112	11,441
Underprovision in prior year	(2,328)	(128)	(2,328)	(128)
Deferred tax income	1,393	2,578	1,486	2,712
	(1,820)	2,902	11,270	14,025

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 2022

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 28% 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. 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.

P.I.E. INDUSTRIAL BERHAD
 (REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2022

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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Profit attributable to ordinary equity shareholders (RM'000)	27,409	21,457	70,791	60,320
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>7.14</u>	<u>5.59</u>	<u>18.43</u>	<u>15.71</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 2022

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 24 February 2023.