



P.I.E. INDUSTRIAL BERHAD

(Registration No. 199701008590 (424086-X))

(Incorporated in Malaysia)

Interim Financial Report for the Financial
Period Ended 31 MARCH 2023

P.I.E. INDUSTRIAL BERHAD

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2023**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31.03.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2022 RM'000	CURRENT YEAR TO DATE 31.03.2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2022 RM'000
Revenue	11	332,450	266,984	332,450	266,984
Cost of sales		(315,194)	(247,543)	(315,194)	(247,543)
Gross profit		17,256	19,441	17,256	19,441
Administrative and distribution expenses		(7,375)	(5,688)	(7,375)	(5,688)
Other operating income		8,322	8,072	8,322	8,072
Income from other investments		1,263	1,779	1,263	1,779
Finance costs		(897)	(30)	(897)	(30)
Profit before tax	11	18,569	23,574	18,569	23,574
Income tax expense	23	(4,950)	(4,744)	(4,950)	(4,744)
Profit for the period	21	13,619	18,830	13,619	18,830
<u>Other comprehensive income</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		385	266	385	266
Other comprehensive income, net of tax		385	266	385	266
Total comprehensive income for the period		14,004	19,096	14,004	19,096
Total comprehensive income attributable to:					
- Owners of the Company		14,004	19,096	14,004	19,096
Basic earnings per ordinary share (sen)	27	3.55	4.90	3.55	4.90
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 2022 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 MARCH 2023**

	Note	UNAUDITED AS AT 31.03.2023 RM'000	AUDITED AS AT 31.12.2022 RM'000
	-----	-----	-----
ASSETS			
Non-current assets			
Property, plant and equipment	9	184,531	164,011
Investment properties		21,557	21,507
Right-of-use assets		5,743	22,746
Goodwill on consolidation		1,722	1,722
Investment in associated company		175	-
Deferred tax assets		1,221	1,216
		<u>214,949</u>	<u>211,202</u>
Current assets			
Inventories		255,844	287,798
Trade and other receivables		313,622	336,011
Other financial assets		1,498	1,471
Current tax assets		10,840	7,203
Short-term deposits with licensed banks		28,552	19,646
Cash and bank balances		48,907	43,530
Total current assets		<u>659,263</u>	<u>695,659</u>
TOTAL ASSETS		<u>874,212</u>	<u>906,861</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		83,203	83,203
Reserves		15,748	15,363
Retained earnings		475,520	461,901
Total equity		<u>574,471</u>	<u>560,467</u>
Non-current liabilities			
Deferred tax liabilities		10,669	10,682
Current liabilities			
Short-term borrowings	14	72,737	105,569
Trade and other payables		208,695	228,087
Current tax liabilities		7,640	2,056
Total current liabilities		<u>289,072</u>	<u>335,712</u>
Total liabilities		<u>299,741</u>	<u>346,394</u>
TOTAL EQUITY AND LIABILITIES		<u>874,212</u>	<u>906,861</u>
NET ASSETS		574,471	560,467
Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (RM)		1.50	1.46

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 2022 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 1ST QUARTER ENDED 31 MARCH 2023**

	Share Capital RM'000	Non-distributable Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
<u>Period ended 31 March 2022</u>					
Balance as of 1 January 2022	83,203	11,873	2,660	418,753	516,489
Net profit for the period	-	-	-	18,830	18,830
Other comprehensive profit for the period	-	266	-	-	266
Total comprehensive income for the period	-	266	-	18,830	19,096
Balance as of 31 March 2022	<u>83,203</u>	<u>12,139</u>	<u>2,660</u>	<u>437,583</u>	<u>535,585</u>
<u>Period ended 31 March 2023</u>					
Balance as of 1 January 2023	83,203	12,703	2,660	461,901	560,467
Net profit for the period	-	-	-	13,619	13,619
Other comprehensive income for the period	-	385	-	-	385
Total comprehensive income for the period	-	385	-	13,619	14,004
Balance as of 31 March 2023	<u>83,203</u>	<u>13,088</u>	<u>2,660</u>	<u>475,520</u>	<u>574,471</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 2022 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 1ST QUARTER ENDED 31 MARCH 2023**

	3 months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	13,619	18,830
Adjustments for:		
Income tax expense	4,950	4,744
Non-cash items	7,489	2,904
Non-operating items	(12,133)	83
Operating profit before working capital changes	13,925	26,561
Changes in working capital:		
Net change in current assets	49,330	21,718
Net change in current liabilities	(2,424)	(31,953)
Cash generated from operations	60,831	16,326
Income tax paid	(3,015)	(3,159)
Interest received	479	58
Net cash generated from operating activities	58,295	13,225
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	18	-
Payment for property, plant and equipment	(10,290)	(7,122)
Proceeds from divestment of interest in a subsidiary company	(175)	-
Net cash used in investing activities	(10,447)	(7,122)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of bank borrowings	(33,085)	(20,907)
Interest paid	(897)	(30)
Bank balances held as security	(1)	(1)
Net cash used in financing activities	(33,983)	(20,938)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	13,865	(14,835)
Effect of foreign exchange rate differences	417	(701)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	63,079	78,180
CASH AND CASH EQUIVALENTS AT END OF PERIOD	77,361	62,644

P.I.E. INDUSTRIAL BERHAD**(REGISTRATION NO. : 199701008590 (424086-X))****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2023**

	3 months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	28,552	12,412
Cash and bank balances	48,907	50,328
Less : Bank balance pledged as security	(98)	(96)
	<u>77,361</u>	<u>62,644</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 2022 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 1ST QUARTER ENDED 31 MARCH 2023

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.

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

*Amendments to MFRS 17 Initial Application of MFRS 17 Insurance Contracts and
MFRS 9 Financial Instruments - Comparative Information*

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

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

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

*Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a
Single Transaction*

Effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2023

2 Significant Accounting Policies (Continued)

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 108 Definition of Accounting Estimates

Amendments to MFRS 16 Lease Liability in a Sale and Leaseback

Amendments to MFRS 101 Non-current Liability with Covenants

Effective for annual periods beginning on or after January 1, 2024, with earlier application permitted.

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 2022 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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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2023

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 March 2023.

As of 31 March 2023, total issued and fully paid-up share capital are 384,041,985 ordinary shares.

8 Dividends Paid

The Company did not pay any dividend to its shareholders during the financial period ended 31 March 2023.

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 March 2023.

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 March 2023.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2023

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 March 2023</u>					
Revenue	332,430	20	-	-	332,450
Inter-segment revenue	1,386	361	-	(1,747)	-
	<u>333,816</u>	<u>381</u>	<u>-</u>	<u>(1,747)</u>	<u>332,450</u>
Segment results	11,896	(17)	1,208	(1,359)	11,728
Investment revenue					1,263
Other gains and losses					6,475
Finance costs					(897)
Profit before tax					<u>18,569</u>

Segments	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<u>Period ended 31 March 2022</u>					
Revenue	266,943	41	-	-	266,984
Inter-segment revenue	567	538	-	(1,105)	-
	<u>267,510</u>	<u>579</u>	<u>-</u>	<u>(1,105)</u>	<u>266,984</u>
Segment results	19,167	(24)	391	273	19,807
Investment revenue					1,779
Other gains and losses					2,018
Finance costs					(30)
Profit before tax					<u>23,574</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2023

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

	3 months ended	
	31.03.2023	31.03.2022
	<u>RM'000</u>	<u>RM'000</u>
Current		
- Secured	<u>72,737</u>	<u>50,544</u>

The breakdown of Group borrowings by currency is as follows:

Functional currency		
- USD	-	12,000
- EUR	2,800	-
- RM	<u>59,217</u>	<u>-</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2023

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.

	31.03.2023		31.12.2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
Financial assets :				
Trade and other receivables (excluding prepayments)	311,369	311,369	333,062	333,062
Financial assets carried at fair value through profit or loss	1,498	1,498	1,471	1,471
Cash and cash equivalents	77,459	77,459	63,176	63,176
	<u>390,326</u>	<u>390,326</u>	<u>397,709</u>	<u>397,709</u>

(b) Fair value hierarchy

	31.03.2023		31.12.2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
Financial liabilities :				
Trade and other payables	208,695	208,695	228,087	228,087
Short term borrowings	72,737	72,737	105,569	105,569
	<u>281,432</u>	<u>281,432</u>	<u>333,656</u>	<u>333,656</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2023

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 March 2023</u>				
Financial assets				
Investment in unit trusts	1,498	-	-	1,498
	<u>1,498</u>	<u>-</u>	<u>-</u>	<u>1,498</u>
<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>

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 March 2023.

	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	302,315
	<u>302,430</u>

P.I.E. INDUSTRIAL BERHAD

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2023**

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 (1st quarter)		Changes	Cumulative Period		Changes		
	Current Year Quarter Ended	Preceding Year Corresponding Quarter ended		Current Year Quarter Ended	Preceding Year Corresponding Quarter ended			
	31.03.2023	31.03.2022		31.03.2023	31.03.2022			
	RM'000	RM'000	Amount	%	RM'000	RM'000	Amount	%
Revenue by segments								
- Manufacturing	332,430	266,943	65,487	25%	332,430	266,943	65,487	25%
- Trading	20	41	(21)	-51%	20	41	(21)	-51%
Total revenue	332,450	266,984	65,466	25%	332,450	266,984	65,466	25%
Revenue by geographical location of the Group's operations								
- Malaysia	328,990	263,071	65,919	25%	328,990	263,071	65,919	25%
- Thailand	3,440	3,872	(432)	-11%	3,440	3,872	(432)	-11%
- Singapore	20	41	(21)	-51%	20	41	(21)	-51%
Total revenue	332,450	266,984	65,466	25%	332,450	266,984	65,466	25%
Operating profit	18,569	23,574	(5,005)	-21%	18,569	23,574	(5,005)	-21%
Profit before tax by segments								
- Manufacturing	17,349	23,198	(5,849)	-25%	17,349	23,198	(5,849)	-25%
- Trading	(14)	(23)	9	39%	(14)	(23)	9	-39%
- Others	1,234	399	835	209%	1,234	399	835	209%
Total profit before tax	18,569	23,574	(5,005)	-21%	18,569	23,574	(5,005)	-21%
Profit after tax	13,619	18,830	(5,211)	-28%	13,619	18,830	(5,211)	-28%
Total comprehensive income attributable to:								
- Owners of the Company	14,004	19,096	(5,092)	-27%	14,004	19,096	(5,092)	-27%

P.I.E. INDUSTRIAL BERHAD
(REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2023

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 RM332.450 million and profit before tax was RM18.569 million.

The revenue increased by RM65.466 million or 25% as compared to preceding year corresponding quarter. The increased was mainly attributable to higher demand from new and existing customers for electronics manufacturing (EMS) but partly offset with lower revenue from raw wire & cable 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 31 March 2023:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	280,102	48,888	3,440	332,430	100%
Trading	-	-	-	20	0%
Others	-	-	-	-	0%
Total	280,102	48,888	3,440	332,450	100%

Breakdown of segmental revenue for the quarter ended 31 March 2022:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	199,110	63,961	3,872	266,943	100%
Trading	-	-	-	41	0%
Others	-	-	-	-	0%
Total	199,110	63,961	3,872	266,984	100%

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2023

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 RM5.005 million or 21%. The decrease was mainly attributable to higher administrative and distribution expenses, provision for slow moving inventories and impairment of trade receivables in the current quarter as compared to the corresponding quarter. However, the discrepancy noted above were offset against higher revenue and gain from foreign 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 March 2023:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	13,316	4,844	(811)	17,349	93%
Trading	-	-	-	(14)	0%
Others	-	-	-	1,234	7%
Total	13,316	4,844	(811)	18,569	100%

Breakdown of segmental profit before tax for the quarter ended 31 March 2022:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	15,880	6,875	443	23,198	98%
Trading	-	-	-	(23)	0%
Others	-	-	-	399	2%
Total	15,880	6,875	443	23,574	100%

P.I.E. INDUSTRIAL BERHAD
(REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2023

18 Comparison with Immediate Preceding Quarter's Results

Financial review for current quarter compared with immediate preceding quarter

	Individual Quarter Ended		Changes	
	31.03.2023	31.12.2022	Amount	Variance
	RM '000	RM '000	RM '000	%
Revenue				
Manufacturing segments				
- EMS activities	280,102	291,753	(11,651)	-4%
- Raw cable & wire	48,888	44,783	4,105	9%
- Wire harness	3,440	4,837	(1,397)	-29%
Trading segment	20	41	(21)	-51%
	<u>332,450</u>	<u>341,414</u>	<u>(8,964)</u>	-3%
Operating profit	18,569	25,590	(7,021)	-27%
Profit before tax	18,569	25,590	(7,021)	-27%
Profit after tax	13,619	27,409	(13,790)	-50%
Total comprehensive income attributable to:				
- Owners of the Company	14,004	28,824	(14,820)	-51%

The Group's revenue in the quarter under review decreased by 3% as compared with the preceding quarter. The decrease was mainly due to lower demand recorded for EMS and wire harness products segments but partly offset with higher revenue from raw wire & cable products.

The Group profit before tax for the current quarter has decreased by 27% as compared to preceding quarter. The decrease was mainly due to lower revenue, lower margin of products mix, provision for slow moving inventories and impairment of trade receivables but was offset against lower administrative and distribution expenses, income from scrap sales and gain from foreign currency exchange transaction.

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19 Review of Group Assets and Liabilities

	As at	As at	Changes	
	31.03.2023	31.12.2022	Amount	Variance
	RM'000	RM'000	RM '000	%
Total assets	874,212	906,861	(32,649)	-4%
Total liabilities	299,741	346,394	(46,653)	-13%
Total equity	574,471	560,467	14,004	2%

Total assets

As at 31 March 2023, the Group's total assets decreased by 4% or RM32.649 million to RM874.212 million from RM906.861 million as at 31 December 2022. The decreased was mainly due to decrease in trade receivables as a result of collection of overdue trade receivables.

Total liabilities

As at 31 March 2023, the Group's total liabilities decreased by 13% or RM46.653 million to RM299.741 million from RM346.394 million as at 31 December 2022. The decrease was mainly due to repayment of short term borrowing and trade payables.

Total equity

The Group's total equity as at 31 March 2023 increased by RM14.004 million to RM574.471 million as compared to RM560.467 million as at 31 December 2022. The increase in total equity is due to increase in distributable retained earnings as a net result of net profit of RM13.619 million for the current financial period under review. During the financial period under review, non-distributable reserves increased by RM0.385 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 (comprising 84% of the manufacturing segment), orders are expected to remain strong from existing customers. The Group remain optimism in engaging potential new customers mainly in the server, medical and consumer industry on-going discussion which could potentially have positive contribution in the continuous growth if successfully engaged. In order to accommodate the new business opportunity, 2 existing plants are under major renovation and expansion and expected to be ready for production in Q3 2023 and Q1 2024 respectively. Furthermore, the Group has kickstart the installation of solar panels in 5 plants for green electric energy generation which will mitigate the high rising electricity cost. The solar panels are expected to be completed by end of 2023.

Revenue derived from the manufacturing activity of raw wire & cable (15%) 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 to PIT since there are more available labour supply at PIT and customers in general 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.

On February 24, 2023, an unrelated company subscribed to 233,334 newly issued ordinary shares of PIS at an issue price of SGD1.30 per ordinary share for a total cost of SGD303,335 in cash. The shareholding of the Company's subsidiary, Pan-International Electronics (Malaysia) Sdn. Bhd. ("PIESB") in PIS was reduced from 100% to 30% subsequent to this and PIS was no longer a subsidiary of PIESB and became an associate company instead.

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21 Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was announced and published.

22 Profit for the Period

	Quarter Ended		Period Ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	479	58	479	58
Investment income	784	1,720	784	1,720
Interest expenses	(897)	(30)	(897)	(30)
Depreciation and amortisation	(6,684)	(5,009)	(6,684)	(5,009)
Net (additional)/reversal of impairment losses				
- trade receivables	(401)	47	(401)	47
Net (additional)/reversal of inventories written down	(404)	2,058	(404)	2,058
Net gain/(loss) on disposal of :				
- property, plant and equipment	18	-	18	-
Net foreign exchange gain/(loss)	6,849	1,971	6,849	1,971
Gain/(loss) from fair value adjustment of financial assets through profit and loss	8	1	8	1

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	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	4,963	4,815	4,963	4,815
Underprovision in prior year	-	-	-	-
Deferred tax income	(13)	(71)	(13)	(71)
	<u>4,950</u>	<u>4,744</u>	<u>4,950</u>	<u>4,744</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 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.

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26 Dividends

The following Dividends for the year ended 31 December 2023, has been announced by the Company on 15 May 2023 and will be paid on 20 June 2023 to depositors registered in the Record of Depositors on 30 May 2023:

- (a) A Special Interim Single Tier Dividend of 2.0 sen per share; and
- (b) A Interim Single Tier 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	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Profit attributable to ordinary equity shareholders (RM'000)	13,619	18,830	13,619	18,830
Weighted average number of ordinary share in issue (units'000)	384,042	384,042	384,042	384,042
Basic earnings per ordinary share (sen)	<u>3.55</u>	<u>4.90</u>	<u>3.55</u>	<u>4.90</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 19 May 2023.