



P.I.E. INDUSTRIAL BERHAD

(Registration No. 199701008590 (424086-X))

(Incorporated in Malaysia)

Interim Financial Report for the Financial
Period Ended 31 December 2023

P.I.E. INDUSTRIAL BERHAD

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2023**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31.12.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2022 RM'000	CURRENT YEAR TO DATE 31.12.2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2022 RM'000
Revenue	11	297,153	341,415	1,216,916	1,165,278
Cost of sales		(261,236)	(302,504)	(1,131,083)	(1,070,959)
Gross profit		35,917	38,911	85,833	94,319
Administrative and distribution expenses		(8,730)	(10,638)	(28,378)	(27,413)
Other operating income		2,462	(2,787)	29,148	11,596
Income from other investments		1,360	656	5,086	4,963
Finance costs		(675)	(553)	(2,703)	(1,403)
Share of results in associated company		(10)	-	(10)	-
Profit before tax	11	30,324	25,589	88,976	82,062
Income tax expense	23	(2,181)	1,059	(15,234)	(12,031)
Profit for the period	22	28,143	26,648	73,742	70,031
<u>Other comprehensive income</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		1,550	1,415	1,668	830
Total comprehensive income for the period		29,693	28,063	75,410	70,861
Total comprehensive income attributable to: - Owners of the Company		29,693	28,063	75,410	70,861
Basic earnings per ordinary share (sen)	27	7.33	6.94	19.20	18.24
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 DECEMBER 2023**

	Note	UNAUDITED AS AT 31.12.2023 RM'000	AUDITED AS AT 31.12.2022 RM'000
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ASSETS			
Non-current assets			
Property, plant and equipment	9	186,921	164,011
Investment properties		22,079	21,507
Right-of-use assets		21,730	22,746
Goodwill on consolidation		1,722	1,722
Investment in associated company		165	-
Deferred tax assets		1,217	1,216
		<u>233,834</u>	<u>211,202</u>
Current assets			
Inventories		277,085	287,798
Trade and other receivables		330,752	336,011
Short term investments		1,577	1,471
Current tax assets		1,456	7,203
Short-term deposits with licensed banks		29,459	19,646
Cash and bank balances		33,397	43,530
Total current assets		<u>673,726</u>	<u>695,659</u>
TOTAL ASSETS		<u>907,560</u>	<u>906,861</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		83,203	83,203
Reserves		17,031	15,363
Retained earnings		508,760	461,901
Total equity		<u>608,994</u>	<u>560,467</u>
Non-current liabilities			
Deferred tax liabilities		10,407	10,682
Current liabilities			
Short-term borrowings	14	67,540	105,569
Trade and other payables		220,166	228,087
Current tax liabilities		453	2,056
Total current liabilities		<u>288,159</u>	<u>335,712</u>
Total liabilities		<u>298,566</u>	<u>346,394</u>
TOTAL EQUITY AND LIABILITIES		<u>907,560</u>	<u>906,861</u>
NET ASSETS		608,994	560,467
Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (RM)			
		1.59	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 4TH QUARTER ENDED 31 DECEMBER 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 December 2022</u>					
Balance as of 1 January 2022	83,203	11,873	2,660	418,753	516,489
Net profit for the period	-	-	-	70,031	70,031
Other comprehensive income for the period	-	830	-	-	830
Total comprehensive income for the period	-	830	-	70,031	70,861
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>461,901</u>	<u>560,467</u>
<u>Period ended 31 December 2023</u>					
Balance as of 1 January 2023	83,203	12,703	2,660	461,901	560,467
Net profit for the period	-	-	-	73,742	73,742
Other comprehensive income for the period	-	1,668	-	-	1,668
Total comprehensive income for the period	-	1,668	-	73,742	75,410
Payment of dividends	-	-	-	(26,883)	(26,883)
Balance as of 31 December 2023	<u>83,203</u>	<u>14,371</u>	<u>2,660</u>	<u>508,760</u>	<u>608,994</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 4TH QUARTER ENDED 31 DECEMBER 2023**

	12 months ended	
	31.12.2023	31.12.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	73,742	70,031
Adjustments for:		
Income tax expense	15,234	12,031
Non-cash items	22,582	20,831
Non-operating items	1,871	18,359
Operating profit before working capital changes	113,429	121,252
Changes in working capital:		
Net change in current assets	2,621	(62,234)
Net change in current liabilities	9,770	(15,792)
Cash generated from operations	125,820	43,226
Income tax paid	(11,459)	(13,819)
Interest received	2,685	474
Net cash generated from operating activities	117,046	29,881
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	1,126	305
Payment for property, plant and equipment	(46,153)	(46,423)
Net cash used in investing activities	(45,027)	(46,118)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(26,883)	(26,883)
Net proceeds from bank borrowings	91,194	130,656
Net repayment of bank borrowings	(129,203)	(102,958)
Interest paid	(2,703)	(1,403)
Bank balances held as security	(5)	(2)
Net cash used in financing activities	(67,600)	(590)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	4,419	(16,827)
Effect of foreign exchange rate differences	(4,745)	1,726
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	63,079	78,180
CASH AND CASH EQUIVALENTS AT END OF PERIOD	62,753	63,079

P.I.E. INDUSTRIAL BERHAD

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2023**

	12 months ended	
	31.12.2023	31.12.2022
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	29,459	20,158
Cash and bank balances	33,397	43,018
Less : Bank balance pledged as security	(103)	(97)
	<u>62,753</u>	<u>63,079</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
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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 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 2023, 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 2023.

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 2023.

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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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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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 2023.

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

8 Dividends Paid

	12 months ended	
	<u>31.12.2023</u>	<u>31.12.2022</u>
	RM'000	RM'000
Dividends declared and paid:		
a) Special interim dividend:		
- 2 sen per ordinary share, single tier, for 2023	7,681	-
- 2 sen per ordinary share, single tier, for 2022	-	7,681
b) Interim dividend:		
- 5 sen per ordinary share, single tier, for 2023	19,202	-
- 5 sen per ordinary share, single tier, for 2022	-	19,202
	<u>26,883</u>	<u>26,883</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 2023.

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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 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	Trading	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Period ended 31 December 2023</u>					
Revenue	1,216,893	20	3	-	1,216,916
Inter-segment revenue	-	-	-	-	-
	<u>1,216,893</u>	<u>20</u>	<u>3</u>	<u>-</u>	<u>1,216,916</u>
Segment results	66,607	(29)	27,770	(28,188)	66,160
Investment revenue					5,086
Other gains and losses					20,443
Finance costs					(2,703)
Share of results in associated company					(10)
Profit before tax					<u>88,976</u>

Segments	Manufacturing	Trading	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	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	78,451	(56)	28,289	(26,880)	79,804
Investment revenue					4,963
Other gains and losses					(1,302)
Finance costs					(1,403)
Profit before tax					<u>82,062</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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12 Changes in the Composition of the Group

On 12 January 2024, Pan-International Industrial Corp. ("PIIC"), our ultimate holding company, subscribed to the 4,090,900 new ordinary shares in Pan-International Electronics (Thailand) co., Ltd. ("PIT"), our Thailand subsidiary, at an issue price of THB50 per share for a total consideration of THB204,545,000 (equivalent to RM27,143,121.50) in cash. Subsequent to this corporate exercise, the Company's shareholding in PIT was reduced from 99.99% to 55%.

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	
	31.12.2023	31.12.2022
	<u>RM'000</u>	<u>RM'000</u>
Authorised and contracted for:		
- Property, Plant and Equipment	<u>29,304</u>	<u>9,889</u>

14 Short-Term Borrowings

	12 months ended	
	31.12.2023	31.12.2022
	<u>RM'000</u>	<u>RM'000</u>
Current		
- Secured	<u>67,540</u>	<u>105,569</u>

The breakdown of Group borrowings by currency is as follows:

Functional currency		
- EUR	-	2,800
- RM	-	59,217
- USD	<u>14,600</u>	<u>7,500</u>

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

	31.12.2023		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)	321,672	321,672	333,062	333,062
Financial assets carried at fair value through profit or loss	1,577	1,577	1,471	1,471
Cash and cash equivalents	62,856	62,856	63,176	63,176
	<u>386,105</u>	<u>386,105</u>	<u>397,709</u>	<u>397,709</u>

(b) Fair value hierarchy

	31.12.2023		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	220,166	220,166	228,087	228,087
Short term borrowings	67,540	67,540	105,569	105,569
	<u>287,706</u>	<u>287,706</u>	<u>333,656</u>	<u>333,656</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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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>31 December 2023</u>				
Financial assets				
Investment in unit trusts	<u>1,577</u>	<u>-</u>	<u>-</u>	<u>1,577</u>
	<u>1,577</u>	<u>-</u>	<u>-</u>	<u>1,577</u>
<u>31 December 2022</u>				
Financial assets				
Investment in unit trusts	<u>1,471</u>	<u>-</u>	<u>-</u>	<u>1,471</u>
	<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 December 2023.

	RM '000
a) Letter of guarantee by a bank for a foreign subsidiary's import duties	121
b) Corporate guarantees given by the Company to banks for credit facilities granted to certain subsidiary companies	<u>312,495</u>
	<u>312,616</u>

P.I.E. INDUSTRIAL BERHAD

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 4TH QUARTER ENDED 31 DECEMBER 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 (4th quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter ended			Current Year Quarter Ended	Preceding Year Corresponding Quarter ended		
	31.12.2023 RM'000	31.12.2022 RM'000	Amount	%	31.12.2023 RM'000	31.12.2022 RM'000	Amount	%
Revenue by segments								
- Manufacturing	297,152	341,373	(44,221)	-13%	1,216,893	1,165,125	51,768	4%
- Trading	-	41	(41)	-100%	20	151	(131)	-87%
- Others	1	1	-	0%	3	2	1	50%
Total revenue	297,153	341,415	(44,262)	-13%	1,216,916	1,165,278	51,638	4%
Revenue by geographical location of the Group's operations								
- Malaysia	292,142	336,537	(44,395)	-13%	1,199,131	1,146,674	52,457	5%
- Thailand	5,011	4,837	174	4%	17,765	18,453	(688)	-4%
- Singapore	-	41	(41)	-100%	20	151	(131)	-87%
Total revenue	297,153	341,415	(44,262)	-13%	1,216,916	1,165,278	51,638	4%
Operating profit	30,324	25,589	4,735	19%	88,976	82,062	6,914	8%
Profit before tax by segments								
- Manufacturing	32,980	27,818	5,162	19%	88,127	80,745	7,382	9%
- Trading	(6)	(7)	1	14%	(23)	(52)	29	56%
- Others	(2,650)	(2,222)	(428)	-19%	872	1,369	(497)	-36%
Total profit before tax	30,324	25,589	4,735	19%	88,976	82,062	6,914	8%
Profit after tax	28,143	26,648	1,495	6%	73,742	70,031	3,711	5%
Total comprehensive income attributable to:								
- Owners of the Company	29,693	28,063	1,630	6%	75,410	70,861	4,549	6%

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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 RM297.153 million and profit before tax was RM30.324 million.

The revenue decreased by RM44.262 million or 13% as compared to preceding year corresponding quarter. The decrease was mainly attributable to lower demand from new and existing customers for electronics manufacturing (EMS) and raw wire & cable products but was offset with higher demand from 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 December 2023:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	251,195	40,946	5,011	297,152	100%
Trading	-	-	-	-	0%
Others	-	-	-	1	0%
Total	251,195	40,946	5,011	297,153	100%

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

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

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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17 Review of Group Performance (Continued)

(a) Comparison with Previous Year Corresponding Quarter's Results (Continued)

Compared with the preceding year corresponding quarter, the profit before tax increase by RM4.735 million or 19%. The increase was mainly attributable to higher investment income, lower administrative and distribution expenses and gain from foreign currency exchange transactions in the current quarter as compared to the corresponding quarter. However, the improvement noted above were offset against lower revenue recorded and provision for slow moving inventories.

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 2023:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	27,460	6,962	(1,442)	32,980	109%
Trading	-	-	-	(6)	0%
Others	-	-	-	(2,650)	-9%
Total	27,460	6,962	(1,442)	30,324	100%

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	21,658	6,813	(653)	27,818	109%
Trading	-	-	-	(7)	0%
Others	-	-	-	(2,222)	-9%
Total	21,658	6,813	(653)	25,589	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 31 December 2023, the Group recorded revenue of RM1,216.916 million, a increase of 4% or RM51.638 million as compared to the corresponding period ended 31 December 2022 of RM1,165.278 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) but partly offset with lower revenue from raw wire & cable products and wire harness products. 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 2023:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	1,017,485	181,643	17,765	1,216,893	100%
Trading	-	-	-	20	0%
Others	-	-	-	3	0%
Total	1,017,485	181,643	17,765	1,216,916	100%

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%

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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 31 December 2023, the Group recorded profit before tax of RM88.976 million, a increase of 8% or RM6.914 million as compared to the corresponding period ended 31 December 2022 the profit before tax of RM82.062 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, higher investment income and gain from foreign currency exchange transactions. The increase was partially offset against higher administrative and distribution expenses and provision for slow moving inventories.

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

Breakdown of segmental profit before tax for the period ended 31 December 2023:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	67,897	23,079	(2,849)	88,127	99%
Trading	-	-	-	(23)	0%
Others	-	-	-	872	1%
Total	67,897	23,079	(2,849)	88,976	100%

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%

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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	
	31.12.2023	30.09.2023	Amount	Variance
	RM '000	RM '000	RM '000	%
Revenue				
Manufacturing segments				
- EMS activities	251,195	252,635	(1,440)	-1%
- Raw cable & wire	40,946	43,628	(2,682)	-6%
- Wire harness	5,011	4,535	476	10%
Other segment	1	1	-	0%
	<u>297,153</u>	<u>300,799</u>	<u>(3,646)</u>	-1%
Operating profit	30,324	24,657	5,667	23%
Profit before tax	30,324	24,657	5,667	23%
Profit after tax	28,143	20,386	7,757	38%
Total comprehensive income attributable to:				
- Owners of the Company	29,693	19,618	10,075	51%

The Group's revenue in the quarter under review slightly decreases by 1% as compared with the preceding quarter. The decrease was mainly due to lower demand recorded for EMS and raw cable & wire products but partly offset with higher revenue from wire harness products.

The Group profit before tax for the current quarter has increased by 23% as compared to preceding quarter. The increase was mainly due to higher margin of product mix, income from other investments but was offset against higher administrative and distribution expenses and loss from foreign currency exchange transactions.

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19 Review of Group Assets and Liabilities

	As at	As at	Changes	
	31.12.2023	31.12.2022	Amount	Variance
	RM'000	RM'000	RM '000	%
Total assets	907,560	906,861	699	0%
Total liabilities	298,566	346,394	(47,828)	-14%
Total equity	608,994	560,467	48,527	9%

Total assets

As at 31 December 2023, the Group's total assets increased slightly by RM0.699 million to RM907.560 million from RM906.861 million as at 31 December 2022. The growth was contributed by the increase investment in property, plant and equipment (PPE). The increase in PPE which is equivalent to increase in capital expenditure is vital in order to fulfill increasing sales orders received from new and existing customers and this has led to the increase in revenue.

Total liabilities

As at 31 December 2023, the Group's total liabilities decreased by 14% or RM47.828 million to RM298.566 million from RM346.394 million as at 31 December 2022. The decrease was mainly due to repayment in short term borrowings.

Total equity

The Group's total equity as at 31 December 2023 increased by 9% or RM48.527 million to RM608.994 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 RM73.742 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 RM1.668 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 have shown some weaknesses since June from many existing customers due to the downward revision of global semiconductor sales and excess inventory correction. Even though weakness continued with wire and cable business which is dealing mostly with local industries, most EMS customers began to pick up their orders. The strong order book from existing and new customers near the end of the second half of FY2023 has fueled the momentum going into FY2024.

The Group remains optimistic in engaging potential new customers from diverse industries in medical, industrial, consumer and telecommunication industries. Good on-going discussion is in progress to secure new business opportunities to accommodate for plant 5 and 6 which could potentially have very positive contribution in the continuous growth of PIE if successfully engaged. In order to accommodate the new business opportunity, plant 5 and plant 6 are under major renovation and expansion. Plant 5 has just completed necessary renovation and to be ready in use by end of Q1 2024 while plant 6 is expected to be ready in Q4 2024. Both expanded facilities will be able to support PIE's next 5 years' growth.

The Group has completed the installation of solar panels in 4 plants and expected to complete further 2 solar panels installation in another 2 plants for green electric energy generation which will mitigate the high rising electricity cost in future. Meanwhile, the Group also prioritizes investing in various automation and process optimization to improve the yield, efficiency, consistency and quality of products while minimizing labour dependency.

Revenue derived from the manufacturing activity of raw wire & cable (15%) is also affected with current slowdown. This was due to that many local customers were still badly affected by the current economic slowdown in this division. However, we are optimistic that the business will start to pick up again in 2024. There is an decreasing trend of the copper price since Q3 2023. 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 derived from cable assembly and wire harness (1%) of PIT in Thailand is expected to increase as more new business opportunities now available in Thailand. PIT is now expanding its manufacturing capacities and technical know-how in preparation of new opportunities in new EV wire harness business.

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.

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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	759	246	2,685	474
Investment income	601	410	2,401	4,489
Interest expenses	(675)	(553)	(2,703)	(1,403)
Depreciation and amortisation	(4,768)	(6,726)	(22,400)	(24,117)
Share of loss in associated company	(10)	-	(10)	-
Net reversal/(additional) of impairment losses				
- trade receivables	75	432	117	(160)
Net reversal/(additional) of inventories written down	216	4,882	(640)	2,865
Net (loss)/gain on disposal of :				
- property, plant and equipment	(862)	19	(932)	394
Net foreign exchange gain/(loss)	191	(9,108)	21,008	(2,039)
Gain from fair value adjustment of investment properties	350	580	350	580
Gain from fair value adjustment of financial assets through profit and loss	19	11	55	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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	2,432	(2,011)	15,603	10,986
Over provision in prior year	-	(2,328)	-	(2,328)
Deferred tax (income) / expense	(251)	3,280	(369)	3,373
	<u>2,181</u>	<u>(1,059)</u>	<u>15,234</u>	<u>12,031</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.

24 Status of Corporate Proposals Announced

Pan-International Industrial Corp. ("PIIC"), the ultimate holding company of the Company had on 28 November 2023 entered into a Subscription Agreement with Pan-International Electronics (Thailand) Co., Ltd. ("PIT") to subscribe 4,090,900 ordinary shares in PIT ("Subscription Shares") at an issue price of THB50 (equivalent to RM6.635) per share.

The Subscription Shares have been allotted and issued to PIIC on 31 January 2024 and the subscription sum has been fully paid. Thus, this transaction has been completed on even date.

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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.

On 10 May 2023, the external legal counsel of PIESB had a follow up meeting with MOF. However, the case is still in the midst of discussion in MOF within Legal & Law Department as per informed by Puan Faeza Afandi, Penolong Setiausaha Bahagian Cukai, Kementerian Kewangan, Putrajaya.

On 22 May 2023, MOF has rejected the appeal and seeking PIESB to continue the appeal with Court. The external legal counsel of PIESB has advised and proposed PIESB to go for Juridical Review (JR) with the legal team. In the meantime, the process application for JR is in progress and still pending to receive the JR documentation in order to make the final confirmation on the JR action.

On 14 September 2023, the legal team has commenced an application for Judicial Review before the High Court against the Ministry of Finance and the Jabatan Kastam Dan Eksais Diraja. In the meantime, the application is pending hearing before the court.

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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 had been 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) An 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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Profit attributable to ordinary equity shareholders (RM'000)	28,143	26,648	73,742	70,031
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>7.33</u>	<u>6.94</u>	<u>19.20</u>	<u>18.24</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 23 February 2024.