



P.I.E. INDUSTRIAL BERHAD

(Registration No. 199701008590 (424086-X))

(Incorporated in Malaysia)

Interim Financial Report for the Financial
Period Ended 31 MARCH 2024

P.I.E. INDUSTRIAL BERHAD

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2024**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31.03.2024 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2023 RM'000	CURRENT YEAR TO DATE 31.03.2024 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2023 RM'000
Revenue	11	239,181	332,450	239,181	332,450
Cost of sales		(223,582)	(315,194)	(223,582)	(315,194)
Gross profit		15,599	17,256	15,599	17,256
Administrative and distribution expenses		(6,688)	(7,375)	(6,688)	(7,375)
Other operating income		3,133	8,816	3,133	8,816
Income from other investments		1,872	1,263	1,872	1,263
Finance costs		(986)	(897)	(986)	(897)
Profit before tax	11	12,930	19,063	12,930	19,063
Income tax expense	23	(3,123)	(4,950)	(3,123)	(4,950)
Profit for the period	21	9,807	14,113	9,807	14,113
<u>Other comprehensive loss</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		(1,215)	385	(1,215)	385
Foreign currency translation reserve arising from deemed disposal of a subsidiary reclassified to profit or loss		-	(494)	-	(494)
Other comprehensive loss, net of tax		(1,215)	(109)	(1,215)	(109)
Total comprehensive income for the period		8,592	14,004	8,592	14,004
Profit attributable to:					
- Owners of the Company		9,704	14,113	9,704	14,113
- Non-controlling interests		103	-	103	-
		9,807	14,113	9,807	14,113
Total comprehensive income attributable to:					
- Owners of the Company		9,035	14,004	9,035	14,004
- Non-controlling interests		(443)	-	(443)	-
		8,592	14,004	8,592	14,004
Basic earnings per ordinary share (sen)	27	2.55	3.67	2.55	3.67
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 2023 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 2024**

	Note	UNAUDITED AS AT 31.03.2024 RM'000	AUDITED AS AT 31.12.2023 RM'000
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ASSETS			
Non-current assets			
Property, plant and equipment	9	199,078	186,921
Investment properties		21,918	22,079
Right-of-use assets		21,476	21,730
Goodwill on consolidation		1,722	1,722
Investment in associated company		165	165
Deferred tax assets		1,203	1,217
		<u>245,562</u>	<u>233,834</u>
Current assets			
Inventories		252,128	277,654
Trade and other receivables		281,409	330,744
Current-tax assets		2,021	1,969
Short-term investments		1,632	1,577
Short-term deposits with licensed banks		47,006	28,922
Cash and bank balances		68,212	33,934
Total current assets		<u>652,408</u>	<u>674,800</u>
TOTAL ASSETS		<u>897,970</u>	<u>908,634</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		83,203	83,203
Reserves		2,061	16,537
Retained earnings		533,317	509,055
		<u>618,581</u>	<u>608,795</u>
Non-controlling interests		25,315	-
Total equity		<u>643,896</u>	<u>608,795</u>
Non-current liabilities			
Deferred tax liabilities		11,209	11,071
Current liabilities			
Short-term borrowings	14	69,029	67,540
Trade and other payables		172,444	220,262
Current tax liabilities		1,392	966
Total current liabilities		<u>242,865</u>	<u>288,768</u>
Total liabilities		<u>254,074</u>	<u>299,839</u>
TOTAL EQUITY AND LIABILITIES		<u>897,970</u>	<u>908,634</u>
NET ASSETS		643,896	608,795
Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (RM)		<u>1.68</u>	<u>1.59</u>

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 2023 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 2024

	Non-distributable			Distributable	Equity attributable to owners of the Company	Non-controlling Interests	Total Equity
	Share Capital	Foreign Currency Translation Reserve	Revaluation Reserve	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 31 March 2023							
Balance as of 1 January 2023	83,203	12,703	2,660	461,901	560,467	-	560,467
Net profit for the period	-	-	-	14,113	14,113	-	14,113
Other comprehensive loss for the period	-	(109)	-	-	(109)	-	(109)
Total comprehensive (loss) / income for the period	-	(109)	-	14,113	14,004	-	14,004
Balance as of 31 March 2023	83,203	12,594	2,660	476,014	574,471	-	574,471
Period ended 31 March 2024							
Balance as of 1 January 2024	83,203	13,877	2,660	509,055	608,795	-	608,795
Net profit for the period	-	-	-	9,704	9,704	103	9,807
Other comprehensive loss for the period	-	(669)	-	-	(669)	(546)	(1,215)
Total comprehensive (loss) / income for the period	-	(669)	-	9,704	9,035	(443)	8,592
Change in ownership interest in a subsidiary	-	(13,807)	-	14,558	751	25,758	26,509
Balance as of 31 March 2024	83,203	(599)	2,660	533,317	618,581	25,315	643,896

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 2023 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 2024**

	3 months ended	
	31.03.2024	31.03.2023
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	9,807	14,113
Adjustments for:		
Income tax expense	3,123	4,950
Non-cash items	5,646	7,489
Non-operating items	(2,772)	(12,308)
Operating profit before working capital changes	15,804	14,244
Changes in working capital:		
Net change in current assets	78,663	49,330
Net change in current liabilities	(49,098)	(2,424)
Cash generated from operations	45,369	61,150
Income tax paid	(2,613)	(3,015)
Interest received	638	479
Net cash generated from operating activities	43,394	58,614
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	5	18
Payment for property, plant and equipment	(17,267)	(10,290)
Net cash used in investing activities	(17,262)	(10,272)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the change in ownership interest in a subsidiary	26,509	-
Net repayment of bank borrowings	-	(33,085)
Interest paid	(986)	(897)
Bank balances held as security	4	(1)
Net cash from / (used in) financing activities	25,527	(33,983)
NET INCREASE IN CASH AND CASH EQUIVALENTS	51,659	14,359
Effect of foreign exchange rate differences	707	(77)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	62,753	63,079
CASH AND CASH EQUIVALENTS AT END OF PERIOD	115,119	77,361

P.I.E. INDUSTRIAL BERHAD

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2024**

	3 months ended	
	31.03.2024	31.03.2023
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	47,006	28,552
Cash and bank balances	68,212	48,907
Less : Bank balance pledged as security	(99)	(98)
	<u>115,119</u>	<u>77,361</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 2023 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 2024

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 except for the adoption of the following amendments or improvements to MFRSs that are mandatory for the current financial year.

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16 Lease Liability in a Sale and Leaseback

Amendments to MFRS 101 Non-Current Liabilities with Covenants

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

Amendments to MFRS 107 & MFRS 7 Supplier Finance Agreements

The following are accounting standards that have been issued by the Malaysian Accounting Standards Boards but not yet effective to the Group:

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121 Lack of Exchangeability

Effective date yet to be confirmed

Amendments to MFRS 10 and MFRS 128 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standard and amendments to MFRSs is not expected to have any material impact to the financial statements of the Group upon adoption.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2024

3 Auditors' Report on Preceding Annual Financial Statements

The auditors' reports for the Company and its subsidiaries for the financial year ended 31 December 2023 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.

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.

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FOR THE 1ST QUARTER ENDED 31 MARCH 2024

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 2024.

As of 31 March 2024, 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 2024.

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 2024.

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 2024.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2024

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 March 2024</u>					
Revenue	239,180	-	1	-	239,181
Inter-segment revenue	-	-	-	-	-
	<u>239,180</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>239,181</u>
Segment results	9,215	(5)	1,135	(34)	10,311
Investment revenue					1,872
Other gains and losses					1,733
Finance costs					(986)
Profit before tax					<u>12,930</u>

Segments	Manufacturing	Trading	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	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	(865)	12,222
Investment revenue					1,263
Other gains and losses					6,475
Finance costs					(897)
Profit before tax					<u>19,063</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2024

12 Changes in the Composition of the Group

On January 12, 2024, the Group's ultimate holding company, Pan-International Industrial Corp. subscribed to 4,090,900 newly issued ordinary shares of Pan International Electronics (Thailand) Co. Ltd. ("PIT") at an issue price of THB50 per ordinary share for a total cost of THB204,545,000 in cash. The shareholding of the Group, P.I.E. Industrial Berhad ("PIB") in PIT was reduced from 100% to 55% subsequent to this. Arising from the change in ownership interest in a subsidiary, non-controlling interest amounting to RM25.315 million was recognised as at 31 March 2024.

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	
	31.03.2024	31.03.2023
	<u>RM'000</u>	<u>RM'000</u>
Current		
- Secured	<u>69,029</u>	<u>72,737</u>

The breakdown of Group borrowings by currency is as follows:

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

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2024

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.

	31.03.2024		31.12.2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
Financial assets :				
Trade and other receivables (excluding prepayments)	278,739	278,739	321,664	321,664
Financial assets carried at fair value through profit or loss	2,021	2,021	1,969	1,969
Cash and cash equivalents	115,218	115,218	62,856	62,856
	<u>395,978</u>	<u>395,978</u>	<u>386,489</u>	<u>386,489</u>

(b) Fair value hierarchy

	31.03.2024		31.12.2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
Financial liabilities :				
Trade and other payables	172,444	172,444	220,262	220,262
Short term borrowings	69,029	69,029	67,540	67,540
	<u>241,473</u>	<u>241,473</u>	<u>287,802</u>	<u>287,802</u>

P.I.E. INDUSTRIAL BERHAD
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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2024

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 2024</u>				
Financial assets				
Investment in unit trusts	2,021	-	-	2,021
	<u>2,021</u>	<u>-</u>	<u>-</u>	<u>2,021</u>
<u>31 December 2023</u>				
Financial assets				
Investment in unit trusts	1,969	-	-	1,969
	<u>1,969</u>	<u>-</u>	<u>-</u>	<u>1,969</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 2024.

	RM '000
a) Letter of guarantee by a bank for a foreign subsidiary's import duties	117
b) Corporate guarantees given by the Company to banks for credit facilities granted to certain subsidiary companies	320,797
	<u>320,914</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 2024**

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		
	31.03.2024 RM'000	31.03.2023 RM'000	Amount	%	31.03.2024 RM'000	31.03.2023 RM'000	Amount	%
Revenue by segments								
- Manufacturing	239,180	332,430	(93,250)	-28%	239,180	332,430	(93,250)	-28%
- Trading	-	20	(20)	-100%	-	20	(20)	-100%
- Others	1	-	1	100%	1	-	1	100%
Total revenue	239,181	332,450	(93,269)	-28%	239,181	332,450	(93,269)	-28%
Revenue by geographical location of the Group's operations								
- Malaysia	231,731	328,990	(97,259)	-30%	231,731	328,990	(97,259)	-30%
- Thailand	7,450	3,440	4,010	117%	7,450	3,440	4,010	117%
- Singapore	-	20	(20)	-100%	-	20	(20)	-100%
Total revenue	239,181	332,450	(93,269)	-28%	239,181	332,450	(93,269)	-28%
Operating profit	12,930	19,063	(6,133)	-32%	12,930	19,063	(6,133)	-32%
Profit / (loss) before tax by segments								
- Manufacturing	11,745	17,843	(6,098)	-34%	11,745	17,843	(6,098)	-34%
- Trading	(4)	(14)	10	71%	(4)	(14)	10	-71%
- Others	1,189	1,234	(45)	-4%	1,189	1,234	(45)	-4%
Total profit before tax	12,930	19,063	(6,133)	-32%	12,930	19,063	(6,133)	-32%
Profit after tax	9,807	14,113	(4,306)	-31%	9,807	14,113	(4,306)	-31%
Profit after tax attributable to:								
- Owners of the Company	9,704	14,113	(4,409)	-31%	9,704	14,113	(4,409)	-31%
- Non-controlling interests	103	-	103	100%	103	-	103	100%

P.I.E. INDUSTRIAL BERHAD
(REGISTRATION NO. : 199701008590 (424086-X))
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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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 RM239.181 million and profit before tax was RM12.930 million.

The revenue decreased by RM93.269 million or 28% as compared to preceding year corresponding quarter. The decreased was mainly attributable to lower demand from existing customers for electronics manufacturing (EMS) and raw wire and cable but partly offset with higher revenue 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 March 2024:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	192,150	39,580	7,450	239,180	100%
Trading	-	-	-	-	0%
Others	-	-	-	1	0%
Total	192,150	39,580	7,450	239,181	100%

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%

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2024

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 RM6.133 million or 32%. The decrease was mainly attributable to lower revenue and lower gain from foreign exchange transactions in the current quarter as compared to the corresponding quarter. However, the discrepancy noted above were offset against reversal of impairment of trade receivables, lower administrative and distribution expenses and higher investment income. 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 2024:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	5,317	6,198	230	11,745	91%
Trading	-	-	-	(4)	0%
Others	-	-	-	1,189	9%
Total	5,317	6,198	230	12,930	100%

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	13,810	4,844	(811)	17,843	94%
Trading	-	-	-	(14)	0%
Others	-	-	-	1,234	6%
Total	13,810	4,844	(811)	19,063	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 2024

18 Comparison with Immediate Preceding Quarter's Results

Financial review for current quarter compared with immediate preceding quarter

	Individual Quarter Ended		Changes	
	31.03.2024	31.12.2023	Amount	Variance
	RM '000	RM '000	RM '000	%
Revenue				
Manufacturing segments				
- EMS activities	192,150	251,195	(59,045)	-24%
- Raw cable & wire	39,580	40,946	(1,366)	-3%
- Wire harness	7,450	5,011	2,439	49%
Trading segment	1	1	-	0%
	<u>239,181</u>	<u>297,153</u>	<u>(57,972)</u>	-20%
Operating profit	12,930	30,324	(17,394)	-57%
Profit before tax	12,930	30,324	(17,394)	-57%
Profit after tax	9,807	28,143	(18,336)	-65%
Profit after tax attributable to:				
- Owners of the Company	9,704	29,693	(19,989)	-67%
- Non-controlling interests	103	-	103	100%

The Group's revenue in the quarter under review decreased by 20% as compared with the preceding quarter. The decrease was mainly due to lower demand recorded for EMS and raw wire & cable products segments but partly offset with higher revenue from wire harness products.

The Group profit before tax for the current quarter has decreased by 57% as compared to preceding quarter. The decrease was mainly due to lower revenue, lower margin of products mix and provision for slow moving inventories but was offset against lower administrative and distribution expenses, gain from foreign currency exchange transactions and higher investment income.

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19 Review of Group Assets and Liabilities

	As at	As at	Changes	
	31.03.2024	31.12.2023	Amount	Variance
	RM'000	RM'000	RM '000	%
Total assets	897,970	908,634	(10,664)	-1%
Total liabilities	254,074	299,839	(45,765)	-15%
Total equity	643,896	608,795	35,101	6%

Total assets

As at 31 March 2024, the Group's total assets decreased by 1% or RM10.664 million to RM897.970 million from RM908.634 million as at 31 December 2023. 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 2024, the Group's total liabilities decreased by 15% or RM45.765 million to RM254.074 million from RM299.839 million as at 31 December 2023. The decrease was mainly due to repayment of trade payables.

Total equity

The Group's total equity as at 31 March 2024 increased by RM35.101 million to RM643.896 million as compared to RM608.795 million as at 31 December 2023. The increase in total equity is due to increase in distributable retained earnings as a net result of net profit of RM9.807 million for the current financial period under review. During the financial period under review, loss in foreign currency translation differences amounted RM1.215 million was being recognised. Also, there is a change in ownership interest in a subsidiary of which non-controlling interest amounting to RM26.509 million was recognised in current financial period under review.

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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 80% of the manufacturing segment), orders have shown improvement considering the strong order book from existing and new customers from the computer equipment sector near the end of second half of financial year 2023 have fuelled the momentum going into financial year 2024 (FY2024). In Q1 2024, shortages of some major ICs had caused many of the orders not being fulfilled, thus resulting in lower revenue and earnings. Nevertheless, the Group has engaged a new customer specialised in server and switches. In order to accommodate the new customer, entire 280,000 sq-ft Plant 6 is under major renovation and expansion to support the production capacity. Plant 6 is expected to be ready in Q4 2024 for pilot production and the huge orders from the new customer are expected to realised in financial year 2025 (FY2025) upon mass production.

The Group existing customer which initially occupied the operation in Plant 3 also potentially take up additional 180,000 sq-ft Plant 5 to meet the anticipated increased orders. The Plant 5 is expected to be ready in use by June 2024. The Group remains optimistic in engaging new customers from diverse industries in medical, industrial, consumer and telecommunication industries.

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 (16%) is gradually starting to pick up once again. The copper price has seen a good rally since the beginning of Q4 2023 till to date. Our customers are gradually loading up on their orders in order to lock the price and avoid the risk of price hike. Nevertheless, 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 (3%) 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.

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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	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	638	479	638	479
Investment income	1,234	784	1,234	784
Interest expenses	(986)	(897)	(986)	(897)
Depreciation and amortisation	(5,008)	(6,684)	(5,008)	(6,684)
Net reversal /(additional) of impairment losses				
- trade receivables	44	(401)	44	(401)
Net additional of inventories written down	(683)	(404)	(683)	(404)
Net gain on disposal of :				
- property, plant and equipment	4	18	4	18
Net foreign exchange gain/(loss)	1,675	6,849	1,675	6,849
Gain from fair value adjustment of financial assets through profit and loss	9	8	9	8

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	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	2,985	4,963	2,985	4,963
Underprovision in prior year	-	-	-	-
Deferred tax income	138	(13)	138	(13)
	<u>3,123</u>	<u>4,950</u>	<u>3,123</u>	<u>4,950</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

There were no corporate proposals announced but pending completion as at the date of this unaudited interim financial report.

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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.

On 19 February 2024, the High Court of Penang ruled in favour of PIESB and set aside the demand letters received by PIESB from RMC in 2015. As the decision of the High Court of Penang is consistent with PIESB's assessment of its chances of success made in prior years, no adjustments are required to be made to the financial statements of the Group.

On 18 March 2024, the MOF and RMC have filed an appeal towards the Court of Appeal of Malaysia against the decision made by the High Court of Penang on 19 February 2024. To date, there is no any further development on the appeal status from the Court of Appeal of Malaysia.

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26 Dividends

The following interim dividends for the year ending 31 December 2024, has been announced by the Company on 22 April 2024 and will be paid on 20 June 2024 to depositors registered in the Record of Depositors on 31 May 2024:

- (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	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Profit attributable to ordinary equity shareholders (RM'000)	9,807	14,113	9,807	14,113
Weighted average number of ordinary share in issue (units'000)	384,042	384,042	384,042	384,042
Basic earnings per ordinary share (sen)	<u>2.55</u>	<u>3.67</u>	<u>2.55</u>	<u>3.67</u>

(b) Diluted earnings per ordinary share

There are no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the current quarter and financial period-to-date.

28 Derivative Financial Instruments

There were no material outstanding derivatives entered into by the Group as at the end of the quarter under review.

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29 Gains/Losses Arising from Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of financial liabilities.

30 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed at the Board of Directors' meeting held on 17 May 2024.