



P.I.E. INDUSTRIAL BERHAD

(Registration No. 199701008590 (424086-X))

(Incorporated in Malaysia)

Interim Financial Report for the Financial
Period Ended 30 June 2024

P.I.E. INDUSTRIAL BERHAD

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 2ND QUARTER ENDED 30 JUNE 2024**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30.06.2024 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2023 RM'000	CURRENT YEAR TO DATE 30.06.2024 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2023 RM'000
Revenue	11	240,226	286,514	479,407	618,964
Cost of sales		(215,387)	(277,575)	(438,969)	(592,769)
Gross profit		24,839	8,939	40,438	26,195
Administrative and distribution expenses		(6,931)	(6,977)	(13,619)	(14,352)
Other operating income		3,351	12,693	6,484	21,509
Income from other investments		1,647	1,388	3,519	2,651
Finance costs		(630)	(617)	(1,616)	(1,514)
Profit before tax	11	22,276	15,426	35,206	34,489
Income tax expense	23	(5,148)	(3,833)	(8,271)	(8,782)
Profit for the period	22	17,128	11,593	26,935	25,707
<u>Other comprehensive (loss) / income</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		(680)	501	(1,895)	886
Foreign currency translation reserve arising from deemed disposal of a subsidiary reclassified to profit or loss		-	-	-	(494)
Other comprehensive (loss)/income, net of tax		(680)	501	(1,895)	392
Total comprehensive income for the period		16,448	12,094	25,040	26,099
Profit attributable to:					
- Owners of the Company		17,307	11,593	27,011	25,707
- Non-controlling interests		(179)	-	(76)	-
		17,128	11,593	26,935	25,707
Total comprehensive income attributable to:					
- Owners of the Company		16,934	12,094	25,969	26,099
- Non-controlling interests		(486)	-	(929)	-
		16,448	12,094	25,040	26,099
Basic earnings per ordinary share (sen)	27	4.46	3.02	7.01	6.57
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 30 JUNE 2024**

	Note	UNAUDITED AS AT 30.06.2024 RM'000	AUDITED AS AT 31.12.2023 RM'000
	-----	-----	-----
ASSETS			
Non-current assets			
Property, plant and equipment	9	227,892	186,921
Investment properties		21,867	22,079
Right-of-use assets		21,222	21,730
Goodwill on consolidation		1,722	1,722
Investment in associated company		165	165
Deferred tax assets		1,198	1,217
		<u>274,066</u>	<u>233,834</u>
Current assets			
Inventories		217,275	277,654
Trade and other receivables		306,929	330,744
Current-tax assets		1,917	1,969
Short-term investments		1,632	1,577
Short-term deposits with licensed banks		24,995	28,922
Cash and bank balances		61,359	33,934
Total current assets		<u>614,107</u>	<u>674,800</u>
TOTAL ASSETS		<u>888,173</u>	<u>908,634</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		83,203	83,203
Reserves		1,688	16,537
Retained earnings		523,741	509,055
		<u>608,632</u>	<u>608,795</u>
Non-controlling interests		24,829	-
Total equity		<u>633,461</u>	<u>608,795</u>
Non-current liabilities			
Deferred tax liabilities		11,146	11,071
Current liabilities			
Short-term borrowings	14	92,410	67,540
Trade and other payables		146,528	220,262
Current tax liabilities		4,628	966
Total current liabilities		<u>243,566</u>	<u>288,768</u>
Total liabilities		<u>254,712</u>	<u>299,839</u>
TOTAL EQUITY AND LIABILITIES		<u>888,173</u>	<u>908,634</u>
NET ASSETS		633,461	608,795
Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (RM)		1.65	1.59

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 2ND QUARTER ENDED 30 JUNE 2024

	Share Capital RM'000	Non-distributable Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Distributable Retained Profits RM'000	Equity attributable to owners of the Company RM'000	Non- Controlling Interest RM'000	Total RM'000
Period ended 30 June 2023							
Balance as of 1 January 2023	83,203	12,703	2,660	461,901	560,467	-	560,467
Net profit for the period	-	-	-	25,707	25,707	-	25,707
Other comprehensive income for the period	-	392	-	-	392	-	392
Total comprehensive income for the period	-	392	-	25,707	26,099	-	26,099
Payment of dividends	-	-	-	(26,883)	(26,883)	-	(26,883)
Balance as of 30 June 2023	83,203	13,589	2,660	460,231	559,683	-	559,683
Period ended 30 June 2024							
Balance as of 1 January 2024	83,203	13,877	2,660	509,055	608,795	-	608,795
Net profit for the period	-	-	-	27,011	27,011	(76)	26,935
Other comprehensive income for the period	-	(1,042)	-	-	(1,042)	(853)	(1,895)
Total comprehensive income for the period	-	(1,042)	-	27,011	25,969	(929)	25,040
Change in ownership interest in a subsidiary	-	(13,807)	-	14,558	751	25,758	26,509
Payment of dividends	-	-	-	(26,883)	(26,883)	-	(26,883)
Balance as of 30 June 2024	83,203	(972)	2,660	523,741	608,632	24,829	633,461

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 2ND QUARTER ENDED 30 JUNE 2024**

	6 months ended	
	30.06.2024	30.06.2023
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	26,935	25,707
Adjustments for:		
Income tax expense	8,271	8,782
Non-cash items	11,904	13,391
Non-operating items	(2,365)	(10,255)
Operating profit before working capital changes	44,745	37,625
Changes in working capital:		
Net change in current assets	88,190	55,052
Net change in current liabilities	(76,287)	26,999
Cash generate from operations	56,648	119,676
Income tax paid	(4,484)	(5,689)
Interest received	1,338	1,258
Net cash generated from operating activities	53,502	115,245
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	8	175
Payment for property, plant and equipment	(51,703)	(23,984)
Proceeds from divestment of interest in a subsidiary company	-	(175)
Net cash used in investing activities	(51,695)	(23,984)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the change in ownership interest in a subsidiary	26,509	-
Dividend paid	(26,883)	(26,883)
Net proceeds from bank borrowings	23,574	22,628
Net repayment of bank borrowings	-	(63,369)
Interest paid	(1,616)	(1,514)
Bank balances held as security	5	(2)
Net cash from /(used in) financing activities	21,589	(69,140)
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,396	22,121
Effect of foreign exchange rate differences	107	(2,124)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	62,753	63,079
CASH AND CASH EQUIVALENTS AT END OF PERIOD	86,256	83,076

P.I.E. INDUSTRIAL BERHAD

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 2ND QUARTER ENDED 30 JUNE 2024**

	6 months ended	
	30.06.2024	30.06.2023
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	24,995	34,894
Cash and bank balances	61,359	48,282
Less : Bank balance pledged as security	(98)	(100)
	<u>86,256</u>	<u>83,076</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
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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 2ND QUARTER ENDED 30 JUNE 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 for annual periods beginning on or after 1 January 2027

MFRS 18 Presentation and Disclosure in Financial Statements
MFRS 19 Subsidiaries without Public Accountability: Disclosures
Amendments to the Classification and Measurement of Financial Instruments
(Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures)

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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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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7 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 30 June 2024.

As of 30 June 2024, total issued and fully paid-up share capital are 384,041,985 ordinary shares.

8 Dividends Paid

	6 months ended	
	<u>30.06.2024</u>	<u>30.06.2023</u>
	RM'000	RM'000
Dividends declared and paid:		
a) Special interim dividend:		
- 2 sen per ordinary share, single tier, for 2024	7,681	-
- 2 sen per ordinary share, single tier, for 2023	-	7,681
b) Interim dividend:		
- 5 sen per ordinary share, single tier, for 2024	19,202	-
- 5 sen per ordinary share, single tier, for 2023	-	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 30 June 2024.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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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 30 June 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 30 June 2024</u>					
Revenue	479,405	-	2	-	479,407
Inter-segment revenue	-	-	-	-	-
	<u>479,405</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>479,407</u>
Segment results	28,595	(12)	29,356	(26,907)	31,032
Investment revenue					3,519
Other gains and losses					2,271
Finance costs					(1,616)
Profit before tax					<u>35,206</u>

Segments	Manufacturing	Trading	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Period ended 30 June 2023</u>					
Revenue	618,943	20	1	-	618,964
Inter-segment revenue	1,346	361	-	(1,707)	-
	<u>620,289</u>	<u>381</u>	<u>1</u>	<u>(1,707)</u>	<u>618,964</u>
Segment results	14,999	(21)	29,363	(27,890)	16,451
Investment revenue					2,651
Other gains and losses					16,901
Finance costs					(1,514)
Profit before tax					<u>34,489</u>

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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 RM24.829 million was recognised as at 30 June 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

	6 months ended	
	30.06.2024	30.06.2023
	RM'000	RM'000
Current		
- Secured	92,410	65,865

The breakdown of Group borrowings by currency is as follows:

Functional currency		
- EUR	-	2,800
- RM	-	42,217
- USD	19,600	2,000

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 2ND QUARTER ENDED 30 JUNE 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.

	30.06.2024		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)	303,817	303,817	321,664	321,664
Financial assets carried at fair value through profit or loss	1,632	1,632	1,577	1,577
Cash and cash equivalents	86,354	86,354	62,856	62,856
	<u>391,803</u>	<u>391,803</u>	<u>386,097</u>	<u>386,097</u>

(b) Fair value hierarchy

	30.06.2024		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	146,528	146,528	220,262	220,262
Short term borrowings	92,410	92,410	67,540	67,540
	<u>238,938</u>	<u>238,938</u>	<u>287,802</u>	<u>287,802</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>30 June 2024</u>				
Financial assets				
Investment in unit trusts	1,632	-	-	1,632
	<u>1,632</u>	<u>-</u>	<u>-</u>	<u>1,632</u>
<u>31 December 2023</u>				
Financial assets				
Investment in unit trusts	1,577	-	-	1,577
	<u>1,577</u>	<u>-</u>	<u>-</u>	<u>1,577</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 30 June 2024.

	RM'000
a) Letter of guarantee by a bank for a foreign subsidiary's import duties	116
b) Corporate guarantees given by the Company to banks for credit facilities granted to certain subsidiary companies	320,252
	<u>320,368</u>

P.I.E. INDUSTRIAL BERHAD

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 2ND QUARTER ENDED 30 JUNE 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 (2nd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter ended			Current Year Quarter Ended	Preceding Year Corresponding Quarter ended		
	30.06.2024	30.06.2023	RM'000	RM'000	RM'000	RM'000	Amount	%
Revenue by segments								
- Manufacturing	240,225	286,513	(46,288)	-16%	479,405	618,943	(139,538)	-23%
- Trading	-	-	-	0%	-	20	(20)	-100%
- Others	1	1	-	0%	2	1	1	100%
Total revenue	240,226	286,514	(46,288)	-16%	479,407	618,964	(139,557)	-23%
Revenue by geographical location of the Group's operations								
- Malaysia	237,215	281,736	(44,521)	-16%	468,946	610,726	(141,780)	-23%
- Thailand	3,011	4,778	(1,767)	-37%	10,461	8,218	2,243	27%
- Singapore	-	-	-	0%	-	20	(20)	-100%
Total revenue	240,226	286,514	(46,288)	-16%	479,407	618,964	(139,557)	-23%
Operating profit	22,276	15,426	6,850	44%	35,206	34,489	717	2%
Profit before tax by segments								
- Manufacturing	21,063	14,223	6,840	48%	32,807	32,065	742	2%
- Trading	(7)	(1)	(6)	-600%	(11)	(15)	4	27%
- Others	1,220	1,204	16	1%	2,410	2,439	(29)	-1%
Total profit before tax	22,276	15,426	6,850	44%	35,206	34,489	717	2%
Profit after tax	17,128	11,593	5,535	48%	26,935	25,707	1,228	5%
Profit after tax attributable to:								
- Owners of the Company	17,307	11,593	5,714	49%	27,011	25,707	1,304	5%
- Non-controlling interests	(179)	-	(179)	0%	(76)	-	(76)	0%

P.I.E. INDUSTRIAL BERHAD
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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 RM240.226 million and profit before tax was RM22.276 million.

The revenue decreased by RM46.288 million or 16% as compared to preceding year corresponding quarter. The decrease was mainly attributable to lower demand from new and existing customers for electronics manufacturing activities (EMS) and wire harness products but partly offset with higher revenue from raw wire & cable 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 30 June 2024:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	185,085	52,129	3,011	240,225	100%
Trading	-	-	-	-	0%
Others	-	-	-	1	0%
Total	185,085	52,129	3,011	240,226	100%

Breakdown of segmental revenue for the quarter ended 30 June 2023:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	233,553	48,182	4,778	286,513	100%
Trading	-	-	-	-	0%
Others	-	-	-	1	0%
Total	233,553	48,182	4,778	286,514	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 increased by RM6.850 million or 44%. The increase was mainly attributable to higher margin of products mix in the current quarter as compared to the corresponding quarter. However, the discrepancy noted above were offset against lower revenue, lower gain from foreign exchange transactions and provision for impairment loss of trade receivables .

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

Breakdown of segmental profit before tax for the quarter ended 30 June 2024:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	15,663	5,800	(400)	21,063	95%
Trading	-	-	-	(7)	0%
Others	-	-	-	1,220	5%
Total	15,663	5,800	(400)	22,276	100%

Breakdown of segmental profit before tax for the quarter ended 30 June 2023:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	8,161	5,855	207	14,223	92%
Trading	-	-	-	(1)	0%
Others	-	-	-	1,204	8%
Total	8,161	5,855	207	15,426	100%

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17 Review of Group Performance (Continued)

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

For the financial period ended 30 June 2024, the Group recorded revenue of RM479.407 million, a decrease of 23% or RM139.557 million as compared to the corresponding period ended 30 June 2023 of RM618.964 million.

The decrease of revenue was mainly attributable to lower product orders from customers for electronics manufacturing activities (EMS) and raw wire & cable products but partly offset with higher revenue from 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 30 June 2024:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	377,234	91,710	10,461	479,405	100%
Trading	-	-	-	-	0%
Others	-	-	-	2	0%
Total	377,234	91,710	10,461	479,407	100%

Breakdown of segmental revenue for the period ended 30 June 2023:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	513,656	97,069	8,218	618,943	100%
Trading	-	-	-	20	0%
Others	-	-	-	1	0%
Total	513,656	97,069	8,218	618,964	100%

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17 Review of Group Performance (Continued)

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

For the financial period ended 30 June 2024, the Group recorded profit before tax of RM35.206 million, a increase of 2% or RM0.717 million as compared to the corresponding period ended 30 June 2023 the profit before tax of RM34.489 million.

The increase in our profit before tax was mainly attributable to higher margin of products mix, lower administrative and distribution expenses and higher income from other investments. However, the discrepancy noted above were offset against lower revenue, lower gain from foreign exchange transactions and provision for impairment loss of trade receivables.

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

Breakdown of segmental profit before tax for the period ended 30 June 2024:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	20,979	11,998	(170)	32,807	93%
Trading	-	-	-	(11)	0%
Others	-	-	-	2,410	7%
Total	20,979	11,998	(170)	35,206	100%

Breakdown of segmental profit before tax for the period ended 30 June 2023:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	21,969	10,699	(603)	32,065	93%
Trading	-	-	-	(15)	0%
Others	-	-	-	2,439	7%
Total	21,969	10,699	(603)	34,489	100%

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18 Comparison with Immediate Preceding Quarter's Results

Financial review for current quarter compared with immediate preceding quarter

	Individual Quarter Ended		Changes	
	30.06.2024	31.03.2024	Amount	Variance
	RM '000	RM '000	RM '000	%
Revenue				
Manufacturing segments				
- EMS activities	185,085	192,150	(7,065)	-4%
- Raw wire & cable	52,129	39,580	12,549	32%
- Wire harness	3,011	7,450	(4,439)	-60%
Trading segment	-	1	(1)	-100%
	<u>240,226</u>	<u>239,181</u>	<u>1,045</u>	0%
Operating profit	22,276	12,930	9,346	72%
Profit before tax	22,276	12,930	9,346	72%
Profit after tax	17,128	9,807	7,321	75%
Profit after tax attributable to:				
- Owners of the Company	17,307	9,704	7,603	78%
- Non-controlling interests	(179)	103	(282)	-274%

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

The Group profit before tax for the current quarter has increased by 72% as compared to preceding quarter. The increase was mainly due to higher margin of products mix and lower provision in slow moving inventories but was partially offset against impairment of trade receivables and lower gain from foreign exchange transactions.

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19 Review of Group Assets and Liabilities

	As at	As at	Changes	
	30.06.2024	31.12.2023	Amount	Variance
	RM'000	RM'000	RM '000	%
Total assets	888,173	908,634	(20,461)	-2%
Total liabilities	254,712	299,839	(45,127)	-15%
Total equity	633,461	608,795	24,666	4%

Total assets

As at 30 June 2024, the Group's total assets decreased by 2% or RM20.461 million to RM888.173 million from RM908,634 million as at 31 December 2023. The decreased was mainly due to decrease in trade receivables and inventories. These were due to well collection of overdue trade receivables and also proper monitoring on the inventory level by ensuring them to stay at a healthy level.

Total liabilities

As at 30 June 2024, the Group's total liabilities decreased by 15% or RM45.127 million to RM254.712 million from RM299.839 million as at 31 December 2023. The decrease was mainly due to repayment to trade creditors.

Total equity

The Group's total equity as at 30 June 2024 increased by RM24.666 million to RM633.461 million as compared to RM608.795 million as at 31 December 2023. The increase in total equity is due to increased in distributable retained earnings as a net result of net profit of RM26.935 million for the current financial period under review and payment of dividends amounting to RM26.883 million. During the financial period under review, loss in foreign currency translation differences amounted RM1.895 million was recognised. Also, there is a change in ownership interest in a subsidiary of which non-controlling interest amounting 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), the supply shortage of some major IC components in Q1 2024 which caused many orders not being fulfilled has improved in Q2. This has resulted in higher delivery in super computing server products. More supply is expected to increase in Q3 2024 and all the backlog orders are expected to be cleared by year end. The Group has dedicated both Plant 3 and Plant 5 for this super computing customer in anticipation of the increased orders. The Group is undergoing rationalisation to reduce orders from lower margin customers to reserve the capacity and resources for higher margin customers. Furthermore, 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 customer's audit and qualification and mass production is expected to begin in financial year 2025 (FY2025) upon full qualification. The Group is in active discussion and optimistic to gain more new customers in near future in diversified automotive, robotic, medical 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. Investment in the solar panels will also entitle the Group to enjoy green investment tax allowance. 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 (17%) 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 (2%) of PIT in Thailand is expected to increase as more new business opportunities now available in Thailand. The building of a new administration block in PIT has been completed and building of a new manufacturing block will begin in September. PIT is now expanding its manufacturing capacities and technical know-how in preparation of new business opportunities.

The trading segment will continue to promote the products of the respective parent companies for customers in the ASEAN market.

21 Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was announced and published.

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22 Profit for the Period

	Quarter Ended		Period Ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	700	778	1,338	1,257
Investment income	947	610	2,181	1,394
Interest expenses	(630)	(617)	(1,616)	(1,514)
Depreciation and amortisation	(5,758)	(6,124)	(10,766)	(12,807)
Net reversal of impairment losses				
- trade receivables	(390)	624	(346)	224
Net additional of inventories				
written down	(110)	(403)	(793)	(807)
Net gain on disposal of :				
- property, plant and equipment	(2)	51	2	69
- investment	-	-	-	-
Net foreign exchange gain	915	9,737	2,590	16,586
Gain from fair value adjustment of financial assets through profit and loss	15	14	24	22

Save as disclosed above, the other items as required under Appendix 9B, Part A(16) of the Bursa Securities Main Market Listing Requirements are not applicable.

23 Income Tax Expense

	Quarter Ended		Period Ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	5,211	3,835	8,196	8,797
Deferred tax income	(63)	(2)	75	(15)
	<u>5,148</u>	<u>3,833</u>	<u>8,271</u>	<u>8,782</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 Dividends for the year ended 31 December 2024, has been announced by the Company on 22 April 2024 and had been 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) 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	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Profit attributable to ordinary equity shareholders (RM'000)	17,128	11,593	26,935	25,707
Weighted average number of ordinary share in issue (units'000)	384,042	384,042	384,042	384,042
Basic earnings per ordinary share (sen)	<u>4.46</u>	<u>3.02</u>	<u>7.01</u>	<u>6.57</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 9 August 2024.