

**P.I.E. INDUSTRIAL BERHAD ( COMPANY NO. : 424086-X )**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018**

|   | Note | INDIVIDUAL QUARTER                     |  | CUMULATIVE QUARTER                     |   |
|---|------|--|--|--|---|
|   |      | CURRENT YEAR QUARTER 30.09.2018 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30.09.2017 RM'000 | CURRENT YEAR TO DATE 30.09.2018 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30.09.2017 RM'000 |
| Revenue   | 10   | 174,422                                | 158,057  | 461,306                                | 495,996   |
| Cost of sales   |      | (150,484)                              | (147,385)  | (425,007)                              | (447,995)   |
| Gross profit  |      | 23,938                                 | 10,672   | 36,299                                 | 48,001  |
| Administrative and distribution expenses                          |      | (8,639)                                | (5,645)  | (20,164)                               | (23,373)  |
| Other operating income  |      | (2,582)                                | (3,665)  | 12,693                                 | 4,236   |
| Income from other investments                                     |      | 1,373                                  | 1,154  | 3,903                                  | 3,367   |
| Finance costs   |      | -                                      | -  | (169)                                  | -   |
| Profit before tax   | 10   | 14,090                                 | 2,516  | 32,562                                 | 32,231  |
| Income tax expense  | 22   | (5,972)                                | (650)  | (10,243)                               | (8,080)   |
| Profit for the period   | 21   | 8,118                                  | 1,866  | 22,319                                 | 24,151  |
| <u>Other comprehensive income</u>                                 |      |  |  |  |   |
| Items that may be subsequently reclassified to profit or loss:    |      |  |  |  |   |
| Currency translation differences in respect of foreign operations |      | 1,641                                  | 103  | 956                                    | 405   |
| Other comprehensive income, net of tax                            |      | 1,641                                  | 103  | 956                                    | 405   |
| Total comprehensive income for the period                         |      | 9,759                                  | 1,969  | 23,275                                 | 24,556  |
| Total comprehensive income attributable to:                       |      |  |  |  |   |
| - Owners of the Company   |      | 9,759                                  | 1,969  | 23,275                                 | 24,556  |
| Basic earnings per ordinary share (sen)                           | 26   | 2.11                                   | 0.49   | 5.81                                   | 6.29  |
| Diluted earnings per ordinary share (sen)                         | 26   | 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 2017 and the accompanying explanatory notes attached to the interim financial report.

**P.I.E. INDUSTRIAL BERHAD ( COMPANY NO. : 424086-X )**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2018**

|  | Note  | UNAUDITED AS AT<br>30.09.2018<br>RM'000 | AUDITED AS AT<br>31.12.2017<br>RM'000 |
|--|-------|---|---------------------------------------|
|  | ----- | -----                                   | -----                                 |
| <b>ASSETS</b>  |       |   |                                       |
| <b>Non-current assets</b>  |       |   |                                       |
| Property, plant and equipment  | 8     | 86,369                                  | 86,491                                |
| Investment properties  |       | 22,110                                  | 22,047                                |
| Prepaid lease payments   |       | 10,193                                  | 10,430                                |
| Goodwill on consolidation  |       | 1,722                                   | 1,722                                 |
| Deferred tax assets  |       | 1,702                                   | 1,702                                 |
|  |       | <u>122,096</u>                          | <u>122,392</u>                        |
| <b>Current assets</b>  |       |   |                                       |
| Inventories  |       | 180,502                                 | 145,908                               |
| Trade and other receivables  |       | 181,680                                 | 165,783                               |
| Other financial assets   |       | 3,941                                   | 9,448                                 |
| Current tax assets   |       | 13,843                                  | 8,343                                 |
| Short-term deposits with licensed banks  |       | 91,665                                  | 50,709                                |
| Cash and bank balances   |       | 16,843                                  | 27,376                                |
| <b>Total current assets</b>  |       | <u>488,474</u>                          | <u>407,567</u>                        |
| <b>TOTAL ASSETS</b>  |       | <u>610,570</u>                          | <u>529,959</u>                        |
| <b>EQUITY AND LIABILITIES</b>  |       |   |                                       |
| <b>Equity attributable to owners of the parent</b>                                 |       |   |                                       |
| Share capital  |       | 83,203                                  | 83,203                                |
| Reserves   |       | 12,814                                  | 11,858                                |
| Retained earnings  |       | 313,062                                 | 306,970                               |
| <b>Total equity</b>  |       | <u>409,079</u>                          | <u>402,031</u>                        |
| <b>Non-current liabilities</b>   |       |   |                                       |
| Deferred tax liabilities   |       | 3,094                                   | 3,162                                 |
| <b>Current liabilities</b>   |       |   |                                       |
| Short-term borrowings  |       | 25,664                                  | -                                     |
| Trade and other payables   |       | 152,503                                 | 111,787                               |
| Current tax liabilities  |       | 20,230                                  | 12,979                                |
| <b>Total current liabilities</b>   |       | <u>198,397</u>                          | <u>124,766</u>                        |
| <b>Total liabilities</b>   |       | <u>201,491</u>                          | <u>127,928</u>                        |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |       | <u>610,570</u>                          | <u>529,959</u>                        |
| <b>NET ASSETS</b>  |       | 409,079                                 | 402,031                               |
| Net Assets Per Share Attributable to Ordinary<br>Equity Holders of the Parent (RM) |       | 1.07                                    | 1.05                                  |

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 2017 and the accompanying explanatory notes attached to the interim financial report.

**P.I.E. INDUSTRIAL BERHAD ( 424086-X )**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018**

|  | Share<br>Capital<br>RM'000 | --- Non-distributable --- <br>Share<br>Premium<br>RM'000 | Foreign Currency<br>Translation Reserve<br>RM'000 | Distributable<br>Retained<br>Profits<br>RM'000 | Total<br>RM'000 |
|--|----------------------------|--|---|--|-----------------|
| <b><u>Period ended 30 September 2017</u></b>         |                            |  |   |  |                 |
| Balance as of 1 January 2017                         | 76,808                     | 6,395  | 12,221  | 278,161  | 373,585         |
| Net profit for the period                            | -                          | -  | -   | 24,151   | 24,151          |
| Other comprehensive income for the period            | -                          | -  | 405   | -  | 405             |
| Total comprehensive income for the period            | -                          | -  | 405   | 24,151   | 24,556          |
| Transition to no-par value regime on 31 January 2017 | 6,395                      | (6,395)  | -   | -  | -               |
| Payment of dividends                                 | -                          | -  | -   | (19,202)                                       | (19,202)        |
| Balance as of 30 September 2017                      | <u>83,203</u>              | <u>-</u>   | <u>12,626</u>                                     | <u>283,110</u>                                 | <u>378,939</u>  |
| <b><u>Period ended 30 September 2018</u></b>         |                            |  |   |  |                 |
| Balance as of 1 January 2018                         | 83,203                     | -  | 11,858  | 306,970  | 402,031         |
| Adjustment on initial application of MFRS 9          | -                          | -  | -   | 6,816  | 6,816           |
| Balance as of 1 January 2018, restated               | <u>83,203</u>              | <u>-</u>   | <u>11,858</u>                                     | <u>313,786</u>                                 | <u>408,847</u>  |
| Net profit for the period                            | -                          | -  | -   | 22,319   | 22,319          |
| Other comprehensive income for the period            | -                          | -  | 956   | -  | 956             |
| Total comprehensive income for the period            | -                          | -  | 956   | 22,319   | 23,275          |
| Payment of dividends                                 | -                          | -  | -   | (23,043)                                       | (23,043)        |
| Balance as of 30 September 2018                      | <u>83,203</u>              | <u>-</u>   | <u>12,814</u>                                     | <u>313,062</u>                                 | <u>409,079</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 2017 and the accompanying explanatory notes attached to the interim financial report.

**P.I.E. INDUSTRIAL BERHAD ( 424086-X )**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018**

|   | 9 months ended       |                      |
|---|----------------------|----------------------|
|   | 30.09.2018<br>RM'000 | 30.09.2017<br>RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>             |                      |                      |
| Profit for the period                                   | 22,319               | 24,151               |
| Adjustments for:  |                      |                      |
| Income tax expense                                      | 10,243               | 8,080                |
| Non-cash items  | 11,349               | 21,688               |
| Non-operating items                                     | 450                  | 5,599                |
| Operating profit before working capital changes         | 44,361               | 59,518               |
| Changes in working capital:                             |                      |                      |
| Net change in current assets                            | (42,054)             | (55,120)             |
| Net change in current liabilities                       | 38,839               | 8,503                |
| Cash generated from operations                          | 41,146               | 12,901               |
| Tax refunded  | 702                  | -                    |
| Income tax paid   | (9,260)              | (8,636)              |
| Interest received                                       | 1,504                | 954                  |
| Net cash generated from operating activities            | 34,092               | 5,219                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>             |                      |                      |
| Proceeds from disposal of property, plant and equipment | 789                  | 185                  |
| Payment for property, plant and equipment               | (12,693)             | (7,493)              |
| Proceeds from disposal of income funds                  | 7,500                | 2,877                |
| Purchase of investment in income funds                  | (1,800)              | (6,224)              |
| Net cash used in investing activities                   | (6,204)              | (10,655)             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>             |                      |                      |
| Dividend paid   | (23,043)             | (19,202)             |
| Net proceeds from bank borrowings                       | 49,119               | -                    |
| Net repayment of bank borrowings                        | (23,455)             | -                    |
| Interest paid   | (169)                | -                    |
| Bank balances held as security                          | (3)                  | (1)                  |
| Net cash generated from/(used in) financing activities  | 2,449                | (19,203)             |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS    | 30,337               | (24,639)             |
| Effect of foreign exchange rate differences             | 83                   | 11                   |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD        | 77,991               | 103,797              |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD              | 108,411              | 79,169               |

**P.I.E. INDUSTRIAL BERHAD ( 424086-X )**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018**

|   | 9 months ended |               |
|---|----------------|---------------|
|   | 30.09.2018     | 30.09.2017    |
|   | RM'000         | RM'000        |
| REPRESENTED BY:-                        |                |               |
| Short-term deposits with licensed banks | 91,665         | 51,876        |
| Cash and bank balances                  | 16,843         | 27,389        |
| Less : Bank balance pledged as security | (97)           | (96)          |
|   | <u>108,411</u> | <u>79,169</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 2017 and the accompanying explanatory notes attached to the interim financial report.

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
*NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT*  
*FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018*

**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 2017, which have been prepared in accordance with MFRS, 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 2017.

**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 2017.

The Group also applied the following standards, IC Interpretations and amendment to standard that have been issued by the Malaysian Accounting Standards Board (“MASB”) effective from 1 January 2018:

**Effective for annual periods beginning on or after 1 January 2018**

*MFRS 9 Financial Instruments*

*MFRS 15 Revenue from Contracts with Customers*

*Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions*

*Amendments to MFRS 140 Investment Property: Transfer of Investment Property*

*Annual Improvements to MFRS 2014-2016 Cycle*

*IC Int 22 Foreign Currency Transactions and Advance Consideration*

Adoption of the above standards did not have any effect on the financial statements of the Group other than MFRS 9 Financial Instruments. The impacts of the adoption of the standard on the Group’s financial statements are as follows:

***MFRS 9 Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

**P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018**

**2 Significant Accounting Policies (Continued)**

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The new standard contains three principle classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL), and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

The adoption of MFRS 9 replaces the incurred loss model under MFRS 139 with the expected credit loss model for impairment assessment of trade receivables. The impact of the adoption of MFRS 9 to the opening balances are discussed below:

In summary, the impacts of adopting MFRS 9 to opening balances are as follows:

| <b>Statement of financial position</b> | (MFRS 9)                         |                                     |                             |
|--|----------------------------------|-------------------------------------|-----------------------------|
|  | As previously reported<br>RM'000 | Retrospective adjustments<br>RM'000 | After adjustments<br>RM'000 |
| <b>1.1.18</b>                          |                                  |                                     |                             |
| <b>Assets</b>                          |                                  |                                     |                             |
| Trade and other receivables            | 165,783                          | 6,816                               | 172,599                     |
| <b>Equity</b>                          |                                  |                                     |                             |
| Retained profits                       | 306,970                          | 6,816                               | 313,786                     |

The Group has not applied the following standards that have been issued by the MASB but are not yet effective for the Group :

**Effective for annual periods beginning on or after 1 January 2019**

*MFRS 16 Leases*

*Amendments to MFRS 9 Financial Instrument : Prepayment Features with Negative Compensation*

*Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement*

*Amendments to MFRS 128 Investments in Associates and Joint Ventures : Long-term Interests in Associates and Joint Ventures*

*IC Int 23 Uncertainty over Income Tax Treatments*

*Annual Improvements to MFRS Standards 2015-2017 Cycle*

**Effective for annual periods beginning on or after 1 January 2020**

*Amendments to References to the Conceptual Framework in MFRS Standards*

**Effective for annual periods beginning on or after 1 January 2021**

*MFRS 17 Insurance Contracts*

**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*

The existing *MFRS 4* and *Amendments to MFRS 4* will be withdrawn upon the adoption of the new *MFRS 17* which will take effect on or after 1 January 2021.

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018**

**3 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.

**4 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.

**5 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.

**6 Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 30 September 2018.

As of 30 September 2018, total issued and fully paid-up share capital are 384,041,985 ordinary shares.

**7 Dividends Paid**

|   | 9 months ended    |                   |
|---|-------------------|-------------------|
|   | <u>30.09.2018</u> | <u>30.09.2017</u> |
|   | RM'000            | RM'000            |
| Dividends declared and paid:                        |                   |                   |
| a) Special dividend:                                |                   |                   |
| - 3.6 sen per ordinary share, single tier, for 2017 | 13,826            | -                 |
| - 2.6 sen per ordinary share, single tier, for 2016 | -                 | 9,985             |
| b) First and final dividend:                        |                   |                   |
| - 2.4 sen per ordinary share, single tier, for 2017 | 9,217             | -                 |
| - 2.4 sen per ordinary share, single tier, for 2016 | -                 | 9,217             |
|   | <u>23,043</u>     | <u>19,202</u>     |

**8 Revaluation of Property, Plant and Equipment**

The valuation of property, plant and equipment have been brought forward without amendment from the previous annual audited financial statements for the financial period ended 30 September 2018.

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018**

**9 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 September 2018.

**10 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

| <b>Segments</b>                              | <b>Manufacturing</b><br>RM'000 | <b>Trading</b><br>RM'000 | <b>Others</b><br>RM'000 | <b>Elimination</b><br>RM'000 | <b>Total</b><br>RM'000 |
|--|--------------------------------|--------------------------|-------------------------|------------------------------|------------------------|
| <b><u>Period ended 30 September 2018</u></b> |                                |                          |                         |                              |                        |
| Revenue                                      | 447,981                        | 13,162                   | 163                     | -                            | 461,306                |
| Inter-segment revenue                        | 9,850                          | 1,694                    | 20,672                  | (32,216)                     | -                      |
|  | <u>457,831</u>                 | <u>14,856</u>            | <u>20,835</u>           | <u>(32,216)</u>              | <u>461,306</u>         |
| Segment results                              | 20,312                         | 166                      | 18,751                  | (17,927)                     | 21,302                 |
| Investment revenue                           |                                |                          |                         |                              | 3,903                  |
| Other gains and losses                       |                                |                          |                         |                              | 7,526                  |
| Finance costs                                |                                |                          |                         |                              | (169)                  |
| Profit before tax                            |                                |                          |                         |                              | <u>32,562</u>          |
| <br>   |                                |                          |                         |                              |                        |
| <b>Segments</b>                              | <b>Manufacturing</b><br>RM'000 | <b>Trading</b><br>RM'000 | <b>Others</b><br>RM'000 | <b>Elimination</b><br>RM'000 | <b>Total</b><br>RM'000 |
| <b><u>Period ended 30 September 2017</u></b> |                                |                          |                         |                              |                        |
| Revenue                                      | 484,317                        | 11,614                   | 65                      | -                            | 495,996                |
| Inter-segment revenue                        | 173                            | 1,674                    | 20,857                  | (22,704)                     | -                      |
|  | <u>484,490</u>                 | <u>13,288</u>            | <u>20,922</u>           | <u>(22,704)</u>              | <u>495,996</u>         |
| Segment results                              | 35,330                         | 1,252                    | 13,861                  | (15,187)                     | 35,256                 |
| Investment revenue                           |                                |                          |                         |                              | 3,367                  |
| Other gains and losses                       |                                |                          |                         |                              | (6,392)                |
| Finance costs                                |                                |                          |                         |                              | -                      |
| Profit before tax                            |                                |                          |                         |                              | <u>32,231</u>          |

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018**

**11 Changes in the Composition of the Group**

There was no change in the composition of the Group for the current quarter and financial period-to-date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

**12 Capital Commitment**

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.

**13 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.

|  | 30.09.2018         |                | 31.12.2017         |                |
|--|--------------------|----------------|--------------------|----------------|
|  | Carrying<br>Amount | Fair<br>Value  | Carrying<br>Amount | Fair<br>Value  |
|  | RM'000             | RM'000         | RM'000             | RM'000         |
| <b>Financial assets :</b>  |                    |                |                    |                |
| Trade and other receivables<br>(excluding prepayments)           | 178,041            | 178,041        | 162,689            | 162,689        |
| Financial assets carried at fair value<br>through profit or loss | 3,941              | 3,941          | 9,448              | 9,448          |
| Cash and cash equivalents  | 108,508            | 108,508        | 78,085             | 78,085         |
|  | <u>290,490</u>     | <u>290,490</u> | <u>250,222</u>     | <u>250,222</u> |
| <b>Financial liabilities :</b>                                   |                    |                |                    |                |
| Trade and other payables   | 152,503            | 152,503        | 111,787            | 111,787        |
| Short term borrowings  | 25,664             | 25,664         | -                  | -              |
|  | <u>178,167</u>     | <u>178,167</u> | <u>111,787</u>     | <u>111,787</u> |

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018**

**13 Fair Value of Instruments (Continued)**

*(b) Fair value hierarchy*

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<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|---------------------------------|-------------------|-------------------|-------------------|-----------------|
| <b><u>30 September 2018</u></b> |                   |                   |                   |                 |
| <b>Financial assets</b>         |                   |                   |                   |                 |
| Investment in income fund       | 3,941             | -                 | -                 | 3,941           |
|                                 | <u>3,941</u>      | <u>-</u>          | <u>-</u>          | <u>3,941</u>    |
| <b><u>31 December 2017</u></b>  |                   |                   |                   |                 |
| <b>Financial assets</b>         |                   |                   |                   |                 |
| Investment in income fund       | 9,448             | -                 | -                 | 9,448           |
|                                 | <u>9,448</u>      | <u>-</u>          | <u>-</u>          | <u>9,448</u>    |

There have been no transfers between any levels during the current quarter under review and the comparative period.

**14 Contingent Liabilities**

Save as disclosed below, there were no obligations and contingent liabilities for the Group as of 30 September 2018.

|   |                |
|---|----------------|
|   | 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                                       | 187,862        |
| c) Payment of withholding tax to foreign tax authority if received dividend from foreign subsidiary company out of its non-tax exempted retained earnings | <u>2,151</u>   |
|   | <u>190,129</u> |

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018**

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**15 Review of Group Performance**

Financial review for current quarter and financial period to date

|   | Individual Period (3rd quarter) |  | Changes |       | Cumulative Period             |  | Changes  |       |
|---|---------------------------------|--|---------|-------|-------------------------------|--|----------|-------|
|   | Current Year<br>Quarter Ended   | Preceding Year<br>Corresponding<br>Quarter ended |         |       | Current Year<br>Quarter Ended | Preceding Year<br>Corresponding<br>Quarter ended |          |       |
|   | 30.09.2018                      | 30.09.2017                                       |         |       | 30.09.2018                    | 30.09.2017                                       |          |       |
|   | RM'000                          | RM'000   | Amount  | %     | RM'000                        | RM'000   | Amount   | %     |
| <b>Revenue by segments</b>  |                                 |  |         |       |                               |  |          |       |
| - Manufacturing   | 170,113                         | 153,192  | 16,921  | 11%   | 447,981                       | 484,317  | (36,336) | -8%   |
| - Trading   | 4,282                           | 4,825  | (543)   | -11%  | 13,162                        | 11,614   | 1,548    | 13%   |
| - Others  | 27                              | 40   | (13)    | -33%  | 163                           | 65   | 98       | 151%  |
| Total revenue   | 174,422                         | 158,057  | 16,365  | 10%   | 461,306                       | 495,996  | (34,690) | -7%   |
| <b>Revenue by geographical location of the Group's operations</b> |                                 |  |         |       |                               |  |          |       |
| - Malaysia  | 164,023                         | 150,499  | 13,524  | 9%    | 433,234                       | 476,157  | (42,923) | -9%   |
| - Thailand  | 6,145                           | 4,264  | 1,881   | 44%   | 15,890                        | 13,137   | 2,753    | 21%   |
| - Singapore   | 4,254                           | 3,294  | 960     | 29%   | 12,182                        | 6,702  | 5,480    | 82%   |
| Total revenue   | 174,422                         | 158,057  | 16,365  | 10%   | 461,306                       | 495,996  | (34,690) | -7%   |
| <b>Operating profit</b>   | 14,090                          | 2,516  | 11,574  | 460%  | 32,562                        | 32,231   | 331      | 1%    |
| <b>Profit before tax by segments</b>                              |                                 |  |         |       |                               |  |          |       |
| - Manufacturing   | 14,104                          | 1,910  | 12,194  | 638%  | 31,030                        | 32,424   | (1,394)  | -4%   |
| - Trading   | 86                              | 339  | (253)   | -75%  | 295                           | 1,196  | (901)    | -75%  |
| - Others  | (100)                           | 267  | (367)   | -137% | 1,237                         | (1,389)  | 2,626    | -189% |
| Total profit before tax   | 14,090                          | 2,516  | 11,574  | 460%  | 32,562                        | 32,231   | 331      | 1%    |
| <b>Profit after tax</b>   | 8,118                           | 1,866  | 6,252   | 335%  | 22,319                        | 24,151   | (1,832)  | -8%   |
| <b>Total comprehensive income attributable to:</b>                |                                 |  |         |       |                               |  |          |       |
| - Owners of the Company   | 9,759                           | 1,969  | 7,790   | 396%  | 23,275                        | 24,556   | (1,281)  | -5%   |

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018**

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**15 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 RM174.422 million and profit before tax was RM14.090 million.

The revenue was increased by RM16.365 million or 10% if compared to preceding year corresponding quarter. The increase was mainly attributable to higher demand from existing customers for electronics manufacturing (EMS), raw wire and cable products and wire harness products but partly offset by lower revenue recorded for trading activities. 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 September 2018:**

| Revenue by segments : | EMS<br>(Malaysia) | Raw Wire & Cable<br>(Malaysia) | Wireharness<br>(Thailand) | Total          | %           |
|-----------------------|-------------------|--------------------------------|---------------------------|----------------|-------------|
|                       | RM'000            | RM'000                         | RM'000                    | RM'000         |             |
| Manufacturing         | 133,541           | 30,427                         | 6,145                     | 170,113        | 98%         |
| Trading               | -                 | -                              | -                         | 4,282          | 2%          |
| Others                | -                 | -                              | -                         | 27             | 0%          |
| <b>Total</b>          | <b>133,541</b>    | <b>30,427</b>                  | <b>6,145</b>              | <b>174,422</b> | <b>100%</b> |

**Breakdown of segmental revenue for the quarter ended 30 September 2017:**

| Revenue by segments : | EMS<br>(Malaysia) | Raw Wire & Cable<br>(Malaysia) | Wireharness<br>(Thailand) | Total          | %           |
|-----------------------|-------------------|--------------------------------|---------------------------|----------------|-------------|
|                       | RM'000            | RM'000                         | RM'000                    | RM'000         |             |
| Manufacturing         | 118,848           | 30,080                         | 4,264                     | 153,192        | 97%         |
| Trading               | -                 | -                              | -                         | 4,825          | 3%          |
| Others                | -                 | -                              | -                         | 40             | 0%          |
| <b>Total</b>          | <b>118,848</b>    | <b>30,080</b>                  | <b>4,264</b>              | <b>158,057</b> | <b>100%</b> |

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018**

**15 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 soared by RM11.574 million or 460%. The increase is mainly attributable to higher revenue recorded and higher margin of products mix and reversal of impairment of trade receivables in the current quarter compared to the corresponding quarter. However, the improvement noted above were offset against higher administrative and distribution expenses and lower foreign currency exchange gain in the current quarter.

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 September 2018:**

| Profit before tax by segments : | EMS<br>(Malaysia) | Raw Wire & Cable<br>(Malaysia) | Wireharness<br>(Thailand) | Total         | %           |
|---------------------------------|-------------------|--------------------------------|---------------------------|---------------|-------------|
|                                 | RM'000            | RM'000                         | RM'000                    | RM'000        |             |
| Manufacturing                   | 9,651             | 3,957                          | 496                       | 14,104        | 100%        |
| Trading                         | -                 | -                              | -                         | 86            | 1%          |
| Others                          | -                 | -                              | -                         | (100)         | -1%         |
| <b>Total</b>                    | <b>9,651</b>      | <b>3,957</b>                   | <b>496</b>                | <b>14,090</b> | <b>100%</b> |

**Breakdown of segmental profit before tax for the quarter ended 30 September 2017:**

| Profit before tax by segments : | EMS<br>(Malaysia) | Raw Wire & Cable<br>(Malaysia) | Wireharness<br>(Thailand) | Total        | %           |
|---------------------------------|-------------------|--------------------------------|---------------------------|--------------|-------------|
|                                 | RM'000            | RM'000                         | RM'000                    | RM'000       |             |
| Manufacturing                   | (2,487)           | 3,326                          | 1,071                     | 1,910        | 76%         |
| Trading                         | -                 | -                              | -                         | 339          | 13%         |
| Others                          | -                 | -                              | -                         | 267          | 11%         |
| <b>Total</b>                    | <b>(2,487)</b>    | <b>3,326</b>                   | <b>1,071</b>              | <b>2,516</b> | <b>100%</b> |

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018**

**15 Review of Group Performance (Continued)**

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

For the financial period ended 30 September 2018, the Group recorded revenue of RM461.306 million, a decrease of 7% or RM34.690 million as compared to the corresponding period ended 30 September 2017 of RM495.996 million.

The decrease of revenue was mainly attributable to decreased orders received from existing customers for electronics manufacturing activities (EMS), but partly offset with higher revenue from raw wire & cable products, wire harness products and trading segments. For comparison of segmental revenue for the respective periods discussed, please refer to the tables below:

**Breakdown of segmental revenue for the period ended 30 September 2018:**

| Revenue by segments : | EMS<br>(Malaysia) | Raw Wire & Cable<br>(Malaysia) | Wireharness<br>(Thailand) | Total          | %           |
|-----------------------|-------------------|--------------------------------|---------------------------|----------------|-------------|
|                       | RM'000            | RM'000                         | RM'000                    | RM'000         |             |
| Manufacturing         | 339,079           | 93,012                         | 15,890                    | 447,981        | 97%         |
| Trading               | -                 | -                              | -                         | 13,162         | 3%          |
| Others                | -                 | -                              | -                         | 163            | 0%          |
| <b>Total</b>          | <b>339,079</b>    | <b>93,012</b>                  | <b>15,890</b>             | <b>461,306</b> | <b>100%</b> |

**Breakdown of segmental revenue for the period ended 30 September 2017:**

| Revenue by segments : | EMS<br>(Malaysia) | Raw Wire & Cable<br>(Malaysia) | Wireharness<br>(Thailand) | Total          | %           |
|-----------------------|-------------------|--------------------------------|---------------------------|----------------|-------------|
|                       | RM'000            | RM'000                         | RM'000                    | RM'000         |             |
| Manufacturing         | 380,879           | 90,301                         | 13,137                    | 484,317        | 98%         |
| Trading               | -                 | -                              | -                         | 11,614         | 2%          |
| Others                | -                 | -                              | -                         | 65             | 0%          |
| <b>Total</b>          | <b>380,879</b>    | <b>90,301</b>                  | <b>13,137</b>             | <b>495,996</b> | <b>100%</b> |

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018**

**15 Review of Group Performance (Continued)**

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

For the financial period ended 30 September 2018, the Group recorded profit before tax of RM32.562 million, an increase of 1% or RM0.331 million as compared to the corresponding period ended 30 September 2017 of RM32.231 million.

The slight increase in our profit before tax was mainly due to lower administrative and distribution expenses, reversal of impairment of trade receivables, higher gain from foreign currency exchange transaction and higher income from other investment. The increase was partially offset against decrease in revenue and provision for slow moving inventory.

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 September 2018:**

| Profit before tax by segments : | EMS<br>(Malaysia) | Raw Wire & Cable<br>(Malaysia) | Wireharness<br>(Thailand) | Total         | %           |
|---------------------------------|-------------------|--------------------------------|---------------------------|---------------|-------------|
|                                 | RM'000            | RM'000                         | RM'000                    | RM'000        |             |
| Manufacturing                   | 15,033            | 12,910                         | 3,087                     | 31,030        | 95%         |
| Trading                         | -                 | -                              | -                         | 295           | 1%          |
| Others                          | -                 | -                              | -                         | 1,237         | 4%          |
| <b>Total</b>                    | <b>15,033</b>     | <b>12,910</b>                  | <b>3,087</b>              | <b>32,562</b> | <b>100%</b> |

**Breakdown of segmental profit before tax for the period ended 30 September 2017:**

| Profit before tax by segments : | EMS<br>(Malaysia) | Raw Wire & Cable<br>(Malaysia) | Wireharness<br>(Thailand) | Total         | %           |
|---------------------------------|-------------------|--------------------------------|---------------------------|---------------|-------------|
|                                 | RM'000            | RM'000                         | RM'000                    | RM'000        |             |
| Manufacturing                   | 19,107            | 10,493                         | 2,824                     | 32,424        | 100%        |
| Trading                         | -                 | -                              | -                         | 1,196         | 4%          |
| Others                          | -                 | -                              | -                         | (1,389)       | -4%         |
| <b>Total</b>                    | <b>19,107</b>     | <b>10,493</b>                  | <b>2,824</b>              | <b>32,231</b> | <b>100%</b> |

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018**

**16 Comparison with Immediate Preceding Quarter's Results**

Financial review for current quarter compared with immediate preceding quarter

|   | Individual Quarter Ended |                | Changes       |            |
|---|--------------------------|----------------|---------------|------------|
|   | 30.09.2018               | 30.06.2018     | Amount        | Variance   |
|   | RM '000                  | RM '000        | RM '000       | %          |
| Revenue                                     |                          |                |               |            |
| Manufacturing segments                      |                          |                |               |            |
| - EMS activities                            | 133,541                  | 100,319        | 33,222        | 33%        |
| - Raw cable & wire                          | 30,427                   | 31,273         | (846)         | -3%        |
| - Wire harness                              | 6,145                    | 5,570          | 575           | 10%        |
| Trading segment                             | 4,282                    | 4,394          | (112)         | -3%        |
| Other segment                               | 27                       | 68             | (41)          | -60%       |
|   | <u>174,422</u>           | <u>141,624</u> | <u>32,798</u> | <u>23%</u> |
| Operating profit                            | 14,090                   | 8,736          | 5,354         | 61%        |
| Profit before tax                           | 14,090                   | 8,736          | 5,354         | 61%        |
| Profit after tax                            | 8,118                    | 6,984          | 1,134         | 16%        |
| Total comprehensive income attributable to: |                          |                |               |            |
| - Owners of the Company                     | 9,759                    | 6,546          | 3,213         | 49%        |

The Group's revenue for the quarter under review has increased by 23% as compared with the preceding quarter. The increase was mainly due to higher demand recorded for EMS and wire harness but partly offset with lower revenue achieved by raw cable & wire products and trading segments

The Group profit before tax for the current quarter has increased by 61% as compared to preceding quarter. The improvement was mainly due to higher revenue recorded and higher margin of products but was offset against higher operating expenses, higher provision of impairment of trade receivables, higher provision of slow moving inventory and lower foreign currency transaction gain.

**17 Review of Group Assets and Liabilities**

|                   | As at      | As at      | Changes |          |
|-------------------|------------|------------|---------|----------|
|                   | 30.09.2018 | 31.12.2017 | Amount  | Variance |
|                   | RM'000     | RM'000     | RM '000 | %        |
| Total assets      | 610,570    | 529,959    | 80,611  | 15%      |
| Total liabilities | 201,491    | 127,928    | 73,563  | 58%      |
| Total equity      | 409,079    | 402,031    | 7,048   | 2%       |

**Total assets**

As at 30 September 2018, the Group's total assets increased by 15% or RM80,611 million to RM610.570 million from RM529.959 million as at 31 December 2017. The growth was mainly contributed by the increase in short term deposits with licensed banks and inventories. The increase in cash level was due to financing activities in short term borrowing of RM25.664 million during the quarter and increase in inventories was to fulfill sales order from new and existing customers.

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018**

**17 Review of Group Assets and Liabilities (Continued)**

**Total liabilities**

As at 30 September 2018, the Group's total liabilities increased by 58% or RM73.563 million to RM201.491 million from RM127.928 million as at 31 December 2017. The increase was mainly from growth in account payables and short term borrowing.

**Total equity**

The Group's total equity as at 30 September 2018 slightly increased by 2% or RM7.048 million to RM409.079 million as compared to RM402.031 million as at 31 December 2017. The increase in total equity is due to increased in distributable retained earnings as a net result of net profit of RM22.319 million and the impacts of adopting MFRS 9 to opening balances of RM6.816 million for the current financial period under review and payment of dividends amounting to RM23.043 million. During the financial period under review, non-distributable reserves also increased by RM0.956 million due to changes in foreign exchange translation reserve.

**18 Key Finance Information of Foreign Operation**

|                                 | Functional<br>Currency<br>USD'000 | Reporting<br>Currency<br>RM'000 | Functional<br>Currency<br>THB'000 | Reporting<br>Currency<br>RM'000 |
|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| Exchanges rate as at 30.09.2018 | USD 1                             | RM4.1405                        | THB 1                             | RM0.1280                        |
| Revenue                         | 3,476                             | 14,392                          | 256,993                           | 32,895                          |
| Profit before tax               | 27                                | 112                             | 24,833                            | 3,179                           |
| Profit after tax                | 27                                | 112                             | 24,833                            | 3,179                           |
| Total assets                    | 1,550                             | 6,418                           | 321,563                           | 41,160                          |
| Total liabilities               | 1,168                             | 4,836                           | 73,772                            | 9,443                           |

Above information highlight the key financial information of foreign subsidiaries of the Group. The assets and liabilities of foreign operations are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates of the transaction date.

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
*NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT*  
*FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018*

**19 Current Year Prospect**

The major source of revenue and earning of the Group comes from its manufacturing segment (97%).

For EMS activities (74%), orders are expected to increase steadily from existing customers and potential new customers through its fully built-up vertical integrated manufacturing facilities which have been improved in operation for the past 5 years. Few products from new customers have high chance to be launched from Q1/19. Nevertheless, continuous shortage of certain electronics component as well as any drastic fluctuation of Ringgit Malaysia against USD will be the main factors affecting its performance in the near future.

Revenue derived from the manufacturing activity of raw wire & cable (20%) will continue to grow, with consistent profit margin in coming year. The cost of its two main raw material i.e copper and PVC are expected to maintain at a relatively high level in the near future, which will enhance its selling price and secure more orders from its customers.

The revenue from cable assembly & wire harness (3%) activities in Thailand will remain flat during the year. Nevertheless, the newly set-up small-scale facilities for plastic parts and PCB assembly, the management believes this division is expected to explore wider market in Thailand from Q4/18 onwards.

The trading segment (3%) will continue to promote parent company's products for the customers in ASEAN market. Management doesn't expect significant growth from this segment in the near future due to lack of attractive electronics products from parent company.

Based on the foregoing, the Group expect a flat performance during the year.

**20 Variance of Actual Profit from Forecast Profit**

Not applicable as no profit forecast was announced and published.

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018**

**21 Profit for the Period**

|  | Quarter Ended |            | Period Ended |            |
|--|---------------|------------|--------------|------------|
|  | 30.09.2018    | 30.09.2017 | 30.09.2018   | 30.09.2017 |
|  | RM'000        | RM'000     | RM'000       | RM'000     |
| Profit for the period is arrived at after crediting/(charging) :                   |               |            |              |            |
| Interest income  | 579           | 344        | 1,504        | 954        |
| Investment income  | 794           | 810        | 2,399        | 2,413      |
| Interest expenses  | -             | -          | (169)        | -          |
| Depreciation and amortisation  | (3,760)       | (3,787)    | (11,054)     | (12,048)   |
| Net addition of impairment losses  |               |            |              |            |
| - trade receivables  | (6,098)       | (11,243)   | (139)        | (13,447)   |
| Net (addition)/reversal of inventories written down                                | (71)          | (183)      | (156)        | 3,668      |
| Net (loss)/gain on disposal of :   |               |            |              |            |
| - property, plant and equipment  | -             | (1)        | 296          | 140        |
| - investment   | 23            | 4          | 40           | 8          |
| Net foreign exchange gain  | 1,840         | 4,342      | 7,344        | 6,718      |
| Gain from fair value adjustment of investment properties                           | -             | 1          | -            | 139        |
| (Loss)/Gain from fair value adjustment of financial assets through profit and loss | (15)          | 15         | (17)         | 49         |

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.

**22 Income Tax Expense**

|                              | Quarter Ended |            | Period Ended  |              |
|------------------------------|---------------|------------|---------------|--------------|
|                              | 30.09.2018    | 30.09.2017 | 30.09.2018    | 30.09.2017   |
|                              | RM'000        | RM'000     | RM'000        | RM'000       |
| Income tax in respect of     |               |            |               |              |
| Current period               | 6,036         | 1,079      | 10,348        | 8,555        |
| Underprovision in prior year | (36)          | (407)      | (36)          | (407)        |
| Deferred tax income          | (28)          | (22)       | (69)          | (68)         |
|                              | <u>5,972</u>  | <u>650</u> | <u>10,243</u> | <u>8,080</u> |

The Group's taxation for the current quarter and financial period-to-date reflects an effective tax rate which is lower than the statutory income tax rate mainly due to certain income which is not taxable and investment tax incentives enjoyed by the certain subsidiaries in the Group.

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
*NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT*  
*FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018*

**23 Status of Corporate Proposals Announced**

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

**24 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 the year 2015, a subsidiary of the Group, Pan-International Electronics (Malaysia) Sdn.Bhd. (“PIE”) received demand letters from 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 PIE from leaving and entering Malaysia and rising from this, the external legal counsel of PIE had filed a judicial review application in the High Court of Malaya to challenge the condition imposed by RMC. RMC had subsequently withdrawn the blacklisting of all Directors with the condition that PIE remit a payment of 20% of the disputed sum and placed a bank guarantee with the RMC for the remaining sum. PIE had complied with the instructions of RMC without prejudice.

To date, the RMC had not filed any civil suit against PIE for the above said claim. PIE 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 rejected by the MOF on 31 October 2017. The external legal counsel of PIESB had filed a Judicial Review Application on 19 January 2018 in the High Court at Penang to review the decision of the MOF. The Judicial Review Application is initially fixed for hearing on 4 May 2018 and was adjourned few times to 8 October 2018. The High Court judge dismissed PIESB’s application. PIESB will submit the case to court of appeal for further review. The external legal counsel of PIESB believes that the chances of PIESB’s Appeal Application against the decision of the High Court judge are reasonably good.

**25 Dividends**

The following Dividends for the year ended 31 December 2017, has been approved by the Company’s shareholders at the Twenty First Annual General Meeting on 25 May 2018 and have been paid on 13 June 2018 to depositors registered in the Record of Depositors on 1 June 2018:

- (a) A Special Single Tier Dividend of 3.6 sen per share; and
- (b) A First and Final Single Tier Dividend of 2.4 sen per share.

*P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)*  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018**

**26 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 |             |
|--|---------------|-------------|--------------|-------------|
|  | 30.09.2018    | 30.09.2017  | 30.09.2018   | 30.09.2017  |
| Profit attributable to ordinary equity shareholders (RM'000)   | 8,118         | 1,866       | 22,319       | 24,151      |
| 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>2.11</u>   | <u>0.49</u> | <u>5.81</u>  | <u>6.29</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.

**27 Derivative Financial Instruments**

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

**28 Gains/Losses Arising from Fair Value Changes of Financial Liabilities**

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

**29 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report of the Group's most recent annual audited financial statements did not contain any qualification.