

P.I.E. INDUSTRIAL BERHAD (COMPANY NO. : 424086-X)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2018

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31.03.2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2017 RM'000	CURRENT YEAR TO DATE 31.03.2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2017 RM'000
Revenue	10	145,260	161,870	145,260	161,870
Cost of sales		(140,366)	(143,216)	(140,366)	(143,216)
Gross profit		4,894	18,654	4,894	18,654
Administrative and distribution expenses		(5,591)	(10,077)	(5,591)	(10,077)
Other operating income		9,291	6,488	9,291	6,488
Income from other investments		1,142	1,060	1,142	1,060
Profit before tax	10	9,736	16,125	9,736	16,125
Income tax expense	22	(2,518)	(4,539)	(2,518)	(4,539)
Profit for the period	21	7,218	11,586	7,218	11,586
<u>Other comprehensive income</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		(248)	1,052	(248)	1,052
Other comprehensive (loss)/income, net of tax		(248)	1,052	(248)	1,052
Total comprehensive income for the period		6,970	12,638	6,970	12,638
Total comprehensive income attributable to:					
- Owners of the Company		6,970	12,638	6,970	12,638
Basic earnings per ordinary share (sen)	26	1.88	3.02	1.88	3.02
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 31 MARCH 2018

	Note	UNAUDITED AS AT 31.03.2018 RM'000	AUDITED AS AT 31.12.2017 RM'000
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ASSETS			
Non-current assets			
Property, plant and equipment	8	83,441	86,491
Investment properties		22,037	22,047
Prepaid lease payments		10,350	10,430
Goodwill on consolidation		1,722	1,722
Deferred tax assets		1,702	1,702
		<u>119,252</u>	<u>122,392</u>
Current assets			
Inventories		130,669	145,908
Trade and other receivables		158,501	165,783
Other financial assets		8,305	9,448
Current tax assets		9,787	8,343
Short-term deposits with licensed banks		71,705	50,709
Cash and bank balances		38,203	27,376
Total current assets		<u>417,170</u>	<u>407,567</u>
TOTAL ASSETS		<u>536,422</u>	<u>529,959</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		83,203	83,203
Reserves		11,610	11,858
Retained earnings		314,188	306,970
Total equity		<u>409,001</u>	<u>402,031</u>
Non-current liabilities			
Deferred tax liabilities		3,139	3,162
Current liabilities			
Short-term borrowings		10,000	-
Trade and other payables		99,777	111,787
Current tax liabilities		14,505	12,979
Total current liabilities		<u>124,282</u>	<u>124,766</u>
Total liabilities		<u>127,421</u>	<u>127,928</u>
TOTAL EQUITY AND LIABILITIES		<u>536,422</u>	<u>529,959</u>
NET ASSETS		409,001	402,031
Net Assets Per Share Attributable to Ordinary			
Equity Holders of the Parent (RM)		1.06	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 1ST QUARTER ENDED 31 MARCH 2018

	Share Capital	--- Non-distributable --- Share Premium	Foreign Currency Translation Reserve	Distributable Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Period ended 31 March 2017</u>					
Balance as of 1 January 2017	76,808	6,395	12,221	278,161	373,585
Net profit for the period	-	-	-	11,586	11,586
Other comprehensive income for the period	-	-	1,052	-	1,052
Total comprehensive income for the period	-	-	1,052	11,586	12,638
Transition to no-par value regime on 31 January 2017	6,395	(6,395)	-	-	-
Balance as of 31 March 2017	<u>83,203</u>	<u>-</u>	<u>13,273</u>	<u>289,747</u>	<u>386,223</u>
<u>Period ended 31 March 2018</u>					
Balance as of 1 January 2018	83,203	-	11,858	306,970	402,031
Net profit for the period	-	-	-	7,218	7,218
Other comprehensive loss for the period	-	-	(248)	-	(248)
Total comprehensive (loss)/income for the period	-	-	(248)	7,218	6,970
Balance as of 31 March 2018	<u>83,203</u>	<u>-</u>	<u>11,610</u>	<u>314,188</u>	<u>409,001</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 1ST QUARTER ENDED 31 MARCH 2018

	3 months ended	
	31.03.2018 RM'000	31.03.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	7,218	11,586
Adjustments for:		
Income tax expense	2,518	4,539
Non-cash items	(2,544)	1,781
Non-operating items	3,021	342
Operating profit before working capital changes	10,213	18,248
Changes in working capital:		
Net change in current assets	30,294	7,929
Net change in current liabilities	(16,142)	1,565
Cash generated from operations	24,365	27,742
Tax refunded	250	-
Income tax paid	(2,709)	(2,269)
Interest received	335	265
Net cash generated from operating activities	22,241	25,738
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	169
Payment for property, plant and equipment	(576)	(826)
Proceeds from disposal of income funds	1,200	1,011
Purchase of investment in income funds	-	(2,224)
Net cash generated from/(used in) investing activities	624	(1,870)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank balances held as security	1	(2)
Drawdown of bank borrowings	10,000	-
Net cash generated from/(used in) financing activities	10,001	(2)
NET INCREASE IN CASH AND CASH EQUIVALENTS	32,866	23,866
Effect of foreign exchange rate differences	(1,043)	(418)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	77,991	103,797
CASH AND CASH EQUIVALENTS AT END OF PERIOD	109,814	127,245

P.I.E. INDUSTRIAL BERHAD (424086-X)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2018

	3 months ended	
	31.03.2018	31.03.2017
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	71,705	90,014
Cash and bank balances	38,203	37,329
Less : Bank balance pledged as security	(94)	(98)
	<u>109,814</u>	<u>127,245</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 1ST QUARTER ENDED 31 MARCH 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 (IFRS 9 issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

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

Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with

MFRS 4 Insurance Contracts

Amendments to MFRS 7 Mandatory Date of MFRS 9 and Transition Disclosures

Amendments to MFRS 140 Investment Property: Transfer of Investment Property

Annual Improvements to MFRS 2014-2016 Cycle

(except for Amendments to MFRS 12 Disclosure of Interest in Other Entities)

IC Int 22 Foreign Currency Transactions and Advance Consideration

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

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

MFRS 16 Leases

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

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2018

2 Significant Accounting Policies (Continued)

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.

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 31 March 2018.

As of 31 March 2018, total issued and fully paid-up share capital are 384,041,985 ordinary shares.

7 Dividends Paid

The Company did not pay any dividend to its shareholders during the financial period ended 31 March 2018.

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 31 March 2018.

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

Segments	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<u>Period ended 31 March 2018</u>					
Revenue	140,707	4,486	67	-	145,260
Inter-segment revenue	24	508	850	(1,382)	-
	<u>140,731</u>	<u>4,994</u>	<u>917</u>	<u>(1,382)</u>	<u>145,260</u>
Segment results	(46)	285	471	23	733
Investment revenue					1,142
Other gains and losses					7,861
Profit before tax					<u>9,736</u>

Segments	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<u>Period ended 31 March 2017</u>					
Revenue	160,459	1,406	5	-	161,870
Inter-segment revenue	77	736	1,902	(2,715)	-
	<u>160,536</u>	<u>2,142</u>	<u>1,907</u>	<u>(2,715)</u>	<u>161,870</u>
Segment results	14,359	167	(955)	(32)	13,539
Investment revenue					1,060
Other gains and losses					1,526
Profit before tax					<u>16,125</u>

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.

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2018

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.

	31.03.2018		31.12.2017	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial assets :				
Trade and other receivables (excluding prepayments)	155,824	155,824	162,689	162,689
Financial assets carried at fair value through profit or loss	8,305	8,305	9,448	9,448
Cash and cash equivalents	109,908	109,908	78,085	78,085
	<u>274,037</u>	<u>274,037</u>	<u>250,222</u>	<u>250,222</u>
Financial liabilities :				
Trade and other payables	99,777	99,777	111,787	111,787
Short term borrowings	10,000	10,000	-	-
	<u>109,777</u>	<u>109,777</u>	<u>111,787</u>	<u>111,787</u>

(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).

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2018

13 Fair Value of Instruments (Continued)

(b) Fair value hierarchy (Continued)

As at the reporting date, the Group held the following financial assets and liabilities that were measured at fair value by level of fair value hierarchy :

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>31 March 2018</u>				
Financial assets				
Investment in income fund	<u>8,305</u>	<u>-</u>	<u>-</u>	<u>8,305</u>
	<u>8,305</u>	<u>-</u>	<u>-</u>	<u>8,305</u>
<u>31 December 2017</u>				
Financial assets				
Investment in income fund	<u>9,448</u>	<u>-</u>	<u>-</u>	<u>9,448</u>
	<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 31 March 2018.

	RM '000
a) Letter of guarantee by a bank for a foreign subsidiary's import duties	112
b) Corporate guarantees given by the Company to banks for credit facilities granted to certain subsidiary companies	179,117
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>2,882</u>
	<u>182,111</u>

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 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 (1st quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter ended			Current Year Quarter Ended	Preceding Year Corresponding Quarter ended		
	31.03.2018	31.03.2017	RM'000	RM'000	RM'000	RM'000	Amount	%
Revenue by segments								
- Manufacturing	140,707	160,459	(19,752)	-12%	140,707	160,459	(19,752)	-12%
- Trading	4,486	1,406	3,080	219%	4,486	1,406	3,080	219%
- Others	67	5	62	1240%	67	5	62	1240%
Total revenue	145,260	161,870	(16,610)	-10%	145,260	161,870	(16,610)	-10%
Revenue by geographical location of the Group's operations								
- Malaysia	137,789	156,758	(18,969)	-12%	137,789	156,758	(18,969)	-12%
- Thailand	4,175	5,048	(873)	-17%	4,175	5,048	(873)	-17%
- Singapore	3,296	64	3,232	5050%	3,296	64	3,232	5050%
Total revenue	145,260	161,870	(16,610)	-10%	145,260	161,870	(16,610)	-10%
Operating profit	9,736	16,125	(6,389)	-40%	9,736	16,125	(6,389)	-40%
Profit before tax by segments								
- Manufacturing	8,905	16,968	(8,063)	-48%	8,905	16,968	(8,063)	-48%
- Trading	372	149	223	150%	372	149	223	150%
- Others	459	(992)	1,451	-146%	459	(992)	1,451	-146%
Total profit before tax	9,736	16,125	(6,389)	-40%	9,736	16,125	(6,389)	-40%
Profit after tax	7,218	11,586	(4,368)	-38%	7,218	11,586	(4,368)	-38%
Total comprehensive income attributable to:								
- Owners of the Company	6,970	12,638	(5,668)	-45%	6,970	12,638	(5,668)	-45%

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 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 RM145.260 million and profit before tax was RM9.736 million.

The revenue was decreased by RM16.610 million or 10% if compared to preceding year corresponding quarter. The decrease was mainly attributable to lower demand from existing customers for electronics manufacturing activities (EMS) and wire harness products but partly offset by higher revenue recorded for raw wire & cable products and 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 31 March 2018:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	105,219	31,313	4,175	140,707	97%
Trading	-	-	-	4,486	3%
Others	-	-	-	67	0%
Total	105,219	31,313	4,175	145,260	100%

Breakdown of segmental revenue for the quarter ended 31 March 2017:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	127,766	27,645	5,048	160,459	99%
Trading	-	-	-	1,406	1%
Others	-	-	-	5	0%
Total	127,766	27,645	5,048	161,870	100%

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 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 decreased by RM6.389 million or 40%. The decrease is mainly attributable to lower revenue recorded and lower margin of products mix, higher cost of sales, higher provision for slow moving inventories and lower gain from foreign currency exchange transaction in the current quarter compared to the corresponding quarter. However, the decline noted above were offset against reversal of impairment of trade receivables and lower administrative and distribution expenses for the current quarter which improved the profit before tax for the current quarter compared to the corresponding 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 31 March 2018:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	4,297	4,192	416	8,905	91%
Trading	-	-	-	372	4%
Others	-	-	-	459	5%
Total	4,297	4,192	416	9,736	100%

Breakdown of segmental profit before tax for the quarter ended 31 March 2017:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	13,265	3,023	680	16,968	105%
Trading	-	-	-	149	1%
Others	-	-	-	(992)	-6%
Total	13,265	3,023	680	16,125	100%

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2018

16 Comparison with Immediate Preceding Quarter's Results

Financial review for current quarter compared with immediate preceding quarter

	Individual Quarter Ended		Changes	
	31.03.2018	31.12.2017	Amount	Variance
	RM '000	RM '000	RM '000	%
Revenue				
Manufacturing segments				
- EMS activities	105,219	140,740	(35,521)	-25%
- Raw cables & wire	31,313	32,070	(757)	-2%
- Wire harness	4,175	5,024	(849)	-17%
Trading segment	4,486	5,369	(883)	-16%
Other segment	67	84	(17)	-20%
	<u>145,260</u>	<u>183,287</u>	<u>(38,027)</u>	<u>-21%</u>
Operating profit	9,736	31,212	(21,476)	-69%
Profit before tax	9,736	31,212	(21,476)	-69%
Profit after tax	7,218	23,860	(16,642)	-70%
Total comprehensive income attributable to:				
- Owners of the Company	6,970	23,093	(16,123)	-70%

The Group's revenue for the quarter under review has decreased by 21% as compared with the preceding quarter. The decrease was mainly due to lower demand recorded for EMS, raw cables & wire, wire harness products and trading segments.

The Group profit before tax for the current quarter has declined by 69% as compared to preceding quarter. The decrease was mainly due to lower revenue and lower margin of products mix, higher cost of sales, higher operating expenses, lower scrap sales, higher provision of impairment for trade receivables, higher provision for slow moving inventories, lower foreign currency translation gain and investment income.

17 Review of Group Assets and Liabilities

	As at	As at	Changes	
	31.03.2018	31.12.2017	Amount	Variance
	RM'000	RM'000	RM '000	%
Total assets	536,422	529,959	6,463	1%
Total liabilities	127,421	127,928	(507)	0%
Total equity	409,001	402,031	6,970	2%

Total assets

As at 31 March 2018, the Group's total assets increased by 1% or RM6.463 million to RM536.422 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 cash and bank balances. The increase in cash level was due to collection of overdue trade receivables and through financing activities in short term borrowing of RM10 million during the quarter.

P.I.E. INDUSTRIAL BERHAD (COMPANY NO.: 424086-X)
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 1ST QUARTER ENDED 31 MARCH 2018

17 Review of Group Assets and Liabilities (Continued)

Total liabilities

As at 31 March 2018, the Group's total liabilities decrease by RM0.507 million to RM127.421 million from RM127.928 million as at 31 December 2017. The decrease was due to decrease in account payables.

Total equity

The Group's total equity as at 31 March 2018 slightly increased by 2% or RM6.970 million to RM409.001 million as compared to RM402.031 million as at 31 December 2017. The increased in total equity is due to increased in distributable retained earnings as a result of increase in net profit of RM7.218 million for the current financial period under review. During the financial period under review, non-distributable reserves also decreased by RM0.248 million due to changes in foreign exchange translation reserve.

18 Key Finance Information of Foreign Operation

	Functional Currency USD'000	Reporting Currency RM'000	Functional Currency THB'000	Reporting Currency RM'000
Exchanges rate as at 30.03.2018	USD 1	RM3.8620	THB 1	RM0.1237
Revenue	977	3,773	72,488	8,967
Profit before tax	(2)	(8)	3,353	415
Profit after tax	(2)	(8)	3,353	415
Total assets	1,246	4,812	356,505	44,100
Total liabilities	891	3,441	65,194	8,064

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 at the dates of the transactions.

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19 Current Year Prospect

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

For EMS activities (75%), orders are expected to increase steadily from existing customers and potential customers through its fully built-up vertical integrated manufacturing facilities which have been improved in operation for the past 5 years. 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 (22%) 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 increase in the near future, enhancing its selling price and securing 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 in 2018.

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.

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21 Profit for the Period

	Quarter Ended		Period Ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	335	265	335	265
Investment income	807	795	807	795
Depreciation and amortisation	(3,669)	(4,197)	(3,669)	(4,197)
Net reversal/(provision) of impairment losses - trade receivables	6,424	(794)	6,424	(794)
Net (provision)/reversal of inventories written down	(211)	3,210	(211)	3,210
Net gain/(loss) on disposal of :				
- property, plant and equipment	-	131	-	131
- investment	6	4	6	4
Net foreign exchange gain	1,431	2,166	1,431	2,166
Gain/(loss) from fair value adjustment of financial assets through profit and loss	-	20	-	20

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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Based on result for the financial period : -				
Current tax expenses	2,541	4,562	2,541	4,562
Deferred tax income	(23)	(23)	(23)	(23)
	<u>2,518</u>	<u>4,539</u>	<u>2,518</u>	<u>4,539</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.

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.

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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 fixed for hearing on 4 May 2018 was postponed. Therefore until release of this report, Penang high court yet receive Defendant’s Affidavit. The next hearing date is still pending judge’s further decision. The external legal counsel of PIESB believes that the chances of PIESB’s Judicial Review Application against the decision of the MOF 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 will be 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.

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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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Profit attributable to ordinary equity shareholders (RM'000)	7,218	11,586	7,218	11,586
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>1.88</u>	<u>3.02</u>	<u>1.88</u>	<u>3.02</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.