



P.I.E. INDUSTRIAL BERHAD

(Registration No. 199701008590 (424086-X))

(Incorporated in Malaysia)

Interim Financial Report for the Financial
Period Ended 30 June 2021

P.I.E. INDUSTRIAL BERHAD

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 2ND QUARTER ENDED 30 JUNE 2021**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30.06.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2020 RM'000	CURRENT YEAR TO DATE 30.06.2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2020 RM'000
Revenue	11	235,377	111,362	498,545	212,059
Cost of sales		(213,598)	(104,470)	(465,027)	(206,957)
Gross profit		21,779	6,892	33,518	5,102
Administrative and distribution expenses		(8,698)	(3,872)	(15,248)	(8,878)
Other operating income		2,634	(5,216)	10,467	(1,951)
Income from other investments		1,512	1,773	3,429	3,476
Finance costs		(31)	-	(63)	-
Profit/(loss) before tax	11	17,196	(423)	32,103	(2,251)
Income tax expense	23	(3,845)	(147)	(6,693)	(775)
Profit/(loss) for the period	22	13,351	(570)	25,410	(3,026)
<u>Other comprehensive (loss)/ income</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		(764)	1,561	(1,088)	457
Other comprehensive (loss)/income, net of tax		(764)	1,561	(1,088)	457
Total comprehensive income/(loss) for the period		12,587	991	24,322	(2,569)
Total comprehensive income attributable to: - Owners of the Company		12,587	991	24,322	(2,569)
Basic earnings per ordinary share (sen)	27	3.48	(0.15)	6.62	(0.79)
Diluted earnings per ordinary share (sen)	27	N/A	N/A	N/A	N/A

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.

P.I.E. INDUSTRIAL BERHAD

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Note	UNAUDITED AS AT 30.06.2021 RM'000	AUDITED AS AT 31.12.2020 RM'000
	-----	-----	-----
ASSETS			
Non-current assets			
Property, plant and equipment	9	101,525	85,400
Investment properties		46,834	46,986
Right-of-use assets		6,102	6,205
Goodwill on consolidation		1,722	1,722
Deferred tax assets		1,215	1,228
		<u>157,398</u>	<u>141,541</u>
Current assets			
Inventories		218,046	163,945
Trade and other receivables		263,927	206,858
Other financial assets		1,381	7,203
Current tax assets		57	333
Short-term deposits with licensed banks		15,484	105,858
Cash and bank balances		49,315	37,848
Total current assets		<u>548,210</u>	<u>522,045</u>
TOTAL ASSETS		<u>705,608</u>	<u>663,586</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		83,203	83,203
Reserves		15,651	16,739
Retained earnings		383,843	377,635
Total equity		<u>482,697</u>	<u>477,577</u>
Non-current liabilities			
Deferred tax liabilities		4,810	4,735
Current liabilities			
Short-term borrowings	14	45,678	28,318
Trade and other payables		169,682	150,758
Refund liabilities		314	1,325
Current tax liabilities		2,427	873
Total current liabilities		<u>218,101</u>	<u>181,274</u>
Total liabilities		<u>222,911</u>	<u>186,009</u>
TOTAL EQUITY AND LIABILITIES		<u>705,608</u>	<u>663,586</u>
NET ASSETS		482,697	477,577
Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (RM)		1.26	1.24

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 2020 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 2ND QUARTER ENDED 30 JUNE 2021**

	Share Capital	Non-distributable Foreign Currency Translation Reserve	Revaluation Reserve	Distributable Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 30 June 2020					
Balance as of 1 January 2020	83,203	14,760	2,660	351,240	451,863
Net loss for the period	-	-	-	(3,026)	(3,026)
Other comprehensive income for the period	-	457	-	-	457
Total comprehensive income/(loss) for the period	-	457	-	(3,026)	(2,569)
Payment of dividends	-	-	-	(19,202)	(19,202)
Balance as of 30 June 2020	<u>83,203</u>	<u>15,217</u>	<u>2,660</u>	<u>329,012</u>	<u>430,092</u>
Period ended 30 June 2021					
Balance as of 1 January 2021	83,203	14,079	2,660	377,635	477,577
Net profit for the period	-	-	-	25,410	25,410
Other comprehensive loss for the period	-	(1,088)	-	-	(1,088)
Total comprehensive (loss)/income for the period	-	(1,088)	-	25,410	24,322
Payment of dividends	-	-	-	(19,202)	(19,202)
Balance as of 30 June 2021	<u>83,203</u>	<u>12,991</u>	<u>2,660</u>	<u>383,843</u>	<u>482,697</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 2020 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 2ND QUARTER ENDED 30 JUNE 2021**

	6 months ended	
	30.06.2021	30.06.2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the period	25,410	(3,026)
Adjustments for:		
Income tax expense	6,693	775
Non-cash items	4,359	22,251
Non-operating items	(1,617)	(6,823)
Operating profit before working capital changes	34,845	13,177
Changes in working capital:		
Net change in current assets	(96,326)	(110,725)
Net change in current liabilities	12,526	120,535
Cash (used in)/generated from operations	(48,955)	22,987
Tax refunded	-	96
Income tax paid	(4,787)	(6,008)
Interest received	427	1,459
Net cash (used in)/generated from operating activities	(53,315)	18,534
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	710	-
Payment for property, plant and equipment	(26,237)	(21,947)
Proceeds from disposal of income funds	5,900	12,700
Purchase of investment in income funds	-	(8,000)
Net cash used in investing activities	(19,627)	(17,247)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(19,202)	(19,202)
Net proceeds from bank borrowings	45,204	-
Net repayment of bank borrowings	(28,743)	-
Interest paid	(63)	-
Bank balances held as security	3	(2)
Net cash used in financing activities	(2,801)	(19,204)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(75,743)	(17,917)
Effect of foreign exchange rate differences	(3,164)	6,194
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	143,605	167,282
CASH AND CASH EQUIVALENTS AT END OF PERIOD	64,698	155,559

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 2ND QUARTER ENDED 30 JUNE 2021**

	6 months ended	
	30.06.2021	30.06.2020
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	15,484	132,135
Cash and bank balances	49,315	23,529
Less : Bank balance pledged as security	(101)	(105)
	<u>64,698</u>	<u>155,559</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 2020 and the accompanying explanatory notes attached to the interim financial report.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 2ND QUARTER ENDED 30 JUNE 2021

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 2020, which have been prepared in accordance with MFRSs, International Financial Reporting Standards and the requirements of the Companies Act 2016, in Malaysia.

The explanatory notes attached to these interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2020.

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 2020.

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 2021:

Effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform - Phase 2

Initial application of the above standards did not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption.

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2 Significant Accounting Policies (Continued)

Effective for annual periods beginning on or after 1 April 2021

Amendments to MFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 3 References to the Conceptual Framework

Amendments to MFRS 116 Property, Plant, and Equipment – Proceeds before Intended Use

Amendments to MFRS 137 Onerous Contracts – Costs of Fulfilling a Contract

Effective for annual periods beginning on or after 1 January 2023

Annual improvements to MFRS Standards 2018-2020 Amendments to MFRS 1 First-time

Adoption of Malaysian Financial Reporting Standards, MFRS 9 Financial Instruments,

MFRS 16 Leases and MFRS 141 Agriculture

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 4 Extension of the Temporary Exemption from Applying MFRS 9

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

Amendments to MFRS 101 and MFRS Practice Statement 2 Disclosure of Accounting Policies

Amendments to MFRS 108 Definition of Accounting Estimates

Amendments to MFRS 112, Income Taxes - Deferred Tax related to Assets and Liabilities

arising from a Single Transaction

Effective date yet to be confirmed

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

3 Auditors' Report on Preceding Annual Financial Statements

The auditors' reports for the Company and its subsidiaries for the financial year ended 31 December 2020 were not subject to any qualification.

4 Seasonal or Cyclical Factors

The cyclical nature of the manufacturing sector is generally correlated to the global economy and is normally seasonal with demand peaking at the year-end festive seasons.

5 Unusual Items Due To Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period-to-date because of their nature, size or incidence.

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6 Changes in Estimates

There were no material changes in estimates of amount reported in either the prior interim period of the current financial period or prior financial years that have a material effect on the results during the current quarter and financial period-to-date.

7 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 30 June 2021.

As of 30 June 2021, total issued and fully paid-up share capital are 384,041,985 ordinary shares.

8 Dividends Paid

	6 months ended	
	<u>30.06.2021</u>	<u>30.06.2020</u>
	RM'000	RM'000
Dividends declared and paid:		
a) Special dividend:		
- 2.6 sen per ordinary share, single tier, for 2020	9,985	-
- 2.6 sen per ordinary share, interim single tier, for 2019	-	9,985
b) First and final dividend:		
- 2.4 sen per ordinary share, single tier, for 2020	9,217	-
- 2.4 sen per ordinary share, interim single tier, for 2019	-	9,217
	<u>19,202</u>	<u>19,202</u>

9 Revaluation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward without amendment from the previous annual audited financial statements for the financial period ended 30 June 2021.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 2ND QUARTER ENDED 30 JUNE 2021

10 Material Post Balance Sheet Events

There are no material events subsequent to the end of the current quarter that requires adjustment to, or disclosure in the unaudited interim financial report for the financial period ended 30 June 2021.

11 Operating Segment

Segment information is presented in respect of the Group's business segments.

The Group comprises the following main business segments:

- a) Manufacturing Manufacturing of industrial products
- b) Trading Trading of electrical products
- c) Others Investment holdings

Segments	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<u>Period ended 30 June 2021</u>					
Revenue	498,424	92	29	-	498,545
Inter-segment revenue	16	654	-	(670)	-
	<u>498,440</u>	<u>746</u>	<u>29</u>	<u>(670)</u>	<u>498,545</u>
Segment results	26,450	(12)	10,776	(9,838)	27,376
Investment revenue					3,429
Other gains and losses					1,361
Finance costs					(63)
Profit before tax					<u>32,103</u>

Segments	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<u>Period ended 30 June 2020</u>					
Revenue	211,789	95	175	-	212,059
Inter-segment revenue	85	444	9,938	(10,467)	-
	<u>211,874</u>	<u>539</u>	<u>10,113</u>	<u>(10,467)</u>	<u>212,059</u>
Segment results	(16,200)	(60)	9,165	(7,904)	(14,999)
Investment revenue					3,476
Other gains and losses					9,272
Loss before tax					<u>(2,251)</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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12 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.

13 Capital Commitments

There was no capital expenditure contracted but not provided for in the unaudited interim financial report of the Group during the current financial period under review.

14 Short-Term Borrowings

	6 months ended	
	30.06.2021	30.06.2020
	<u>RM'000</u>	<u>RM'000</u>
Current		
- Secured	<u>45,678</u>	<u>-</u>
The breakdown of Group borrowings by currency is as follows:		
Functional currency		
- USD	<u>11,000</u>	<u>-</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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15 Fair Value of Instruments

(a) Determination of fair value

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments, by class, which are not carried at fair value in the financial statements.

	30.06.2021		31.12.2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
Financial assets :				
Trade and other receivables (excluding prepayments)	262,658	262,658	202,484	202,484
Financial assets carried at fair value through profit or loss	1,381	1,381	7,203	7,203
Cash and cash equivalents	64,799	64,799	143,706	143,706
	<u>328,838</u>	<u>328,838</u>	<u>353,393</u>	<u>353,393</u>

(b) Fair value hierarchy

	30.06.2021		31.12.2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
Financial liabilities :				
Trade and other payables	169,682	169,682	150,758	150,758
Short term borrowings	45,678	45,678	28,318	28,318
	<u>215,360</u>	<u>215,360</u>	<u>179,076</u>	<u>179,076</u>

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15 Fair Value of Instruments (Continued)

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>30 June 2021</u>				
Financial assets				
Investment in unit trusts	1,381	-	-	1,381
	<u>1,381</u>	<u>-</u>	<u>-</u>	<u>1,381</u>
<u>31 December 2020</u>				
Financial assets				
Investment in unit trusts	7,203	-	-	7,203
	<u>7,203</u>	<u>-</u>	<u>-</u>	<u>7,203</u>

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

16 Contingent Liabilities

Save as disclosed below, there were no obligations and contingent liabilities for the Group as of 30 June 2021.

	RM '000
a) Letter of guarantee by a bank for a foreign subsidiary's import duties	117
b) Corporate guarantees given by the Company to banks for credit facilities granted to certain subsidiary companies	<u>175,496</u>
	<u>175,613</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 2ND QUARTER ENDED 30 JUNE 2021**

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

17 Review of Group Performance

Financial review for current quarter and financial period to date

	Individual Period (2nd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter ended			Current Year Quarter Ended	Preceding Year Corresponding Quarter ended		
	30.06.2021	30.06.2020	30.06.2021	30.06.2020	RM'000	RM'000	Amount	%
	RM'000	RM'000	Amount	%	RM'000	RM'000	Amount	%
Revenue by segments								
- Manufacturing	235,311	111,250	124,061	112%	498,424	211,789	286,635	135%
- Trading	54	30	24	80%	92	95	(3)	-3%
- Others	12	82	(70)	-85%	29	175	(146)	-83%
Total revenue	235,377	111,362	124,015	111%	498,545	212,059	286,486	135%
Revenue by geographical location of the Group's operations								
- Malaysia	231,348	108,838	122,510	113%	490,521	205,842	284,679	138%
- Thailand	4,011	2,494	1,517	61%	8,006	6,122	1,884	31%
- Singapore	18	30	(12)	-40%	18	95	(77)	-81%
Total revenue	235,377	111,362	124,015	111%	498,545	212,059	286,486	135%
Operating profit/(loss)	17,196	(423)	17,619	4165%	32,103	(2,251)	34,354	1526%
Profit before tax by segments								
- Manufacturing	16,789	(987)	17,776	1801%	31,269	(3,394)	34,663	1021%
- Trading	15	3	12	400%	9	(31)	40	129%
- Others	392	561	(169)	-30%	825	1,174	(349)	-30%
Total profit/(loss) before tax	17,196	(423)	17,619	4165%	32,103	(2,251)	34,354	1526%
Profit/(loss) after tax	13,351	(570)	13,921	2442%	25,410	(3,026)	28,436	940%
Total comprehensive income attributable to:								
- Owners of the Company	12,587	991	11,596	1170%	24,322	(2,569)	26,891	1047%

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

17 Review of Group Performance (Continued)

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

The Group's revenue for the current quarter under review was RM235.377 million and profit before tax was RM17.196 million.

The revenue increased by RM124.015 million or 111% as compared to preceding year corresponding quarter. The increase was mainly attributable to higher demand from new and existing customers for electronics manufacturing (EMS), raw wire & cable products and wire harness products. For comparison of segmental revenue for the respective quarters discussed, please refer to the tables below:

Breakdown of segmental revenue for the quarter ended 30 June 2021:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	184,787	46,513	4,011	235,311	100%
Trading	-	-	-	54	0%
Others	-	-	-	12	0%
Total	184,787	46,513	4,011	235,377	100%

Breakdown of segmental revenue for the quarter ended 30 June 2020:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	93,092	15,664	2,494	111,250	100%
Trading	-	-	-	30	0%
Others	-	-	-	82	0%
Total	93,092	15,664	2,494	111,362	100%

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

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

Compared with the preceding year corresponding quarter, the profit before tax soared by RM17.619 million or 4165%. The increase was mainly attributable to higher revenue recorded, income from scrap sales and reversal of provision for slow moving inventories in the current quarter as compared to the corresponding quarter. However, the improvement noted above were offset against higher administrative and distribution.

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

Breakdown of segmental profit before tax for the quarter ended 30 June 2021:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	12,200	4,418	171	16,789	98%
Trading	-	-	-	15	0%
Others	-	-	-	392	2%
Total	12,200	4,418	171	17,196	100%

Breakdown of segmental (loss)/profit before tax for the quarter ended 30 June 2020:

(Loss)/profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	(765)	1,336	(1,558)	(987)	233%
Trading	-	-	-	3	-1%
Others	-	-	-	561	-132%
Total	(765)	1,336	(1,558)	(423)	100%

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

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

For the financial period ended 30 June 2021, the Group recorded revenue of RM498,545 million, a increase of 135% or RM286.486 million as compared to the corresponding period ended 30 June 2020 of RM212.059 million.

The increase of revenue was mainly attributable to obtained new product orders from new customers for electronics manufacturing activities (EMS), and increased orders received from existing customers for EMS, raw wire & cable products and wire harness products but partly offset with lower revenue from 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 June 2021:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	398,478	91,940	8,006	498,424	100%
Trading	-	-	-	92	0%
Others	-	-	-	29	0%
Total	398,478	91,940	8,006	498,545	100%

Breakdown of segmental revenue for the period ended 30 June 2020:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	166,615	39,052	6,122	211,789	100%
Trading	-	-	-	95	0%
Others	-	-	-	175	0%
Total	166,615	39,052	6,122	212,059	100%

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17 Review of Group Performance (Continued)

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

For the financial period ended 30 June 2021, the Group recorded profit before tax of RM32.103 million, a soared increase of 1526% or RM34.354 million as compared to the corresponding period ended 30 June 2020 the loss before tax of RM2.251.

The improvement recorded in our profit before tax was mainly due to higher margin of unfavorable product mix, obtained new product orders from new customers for electronics manufacturing activities (EMS), income from scrap sales and reversal of provision for slow moving inventories. The increase was partially offset against higher administrative and distribution, lower gain from foreign currency exchange transaction and impairment of trade receivables.

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

Breakdown of segmental profit before tax for the period ended 30 June 2021:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	21,116	8,954	1,199	31,269	97%
Trading	-	-	-	9	0%
Others	-	-	-	825	3%
Total	21,116	8,954	1,199	32,103	100%

Breakdown of segmental profit before tax for the period ended 30 June 2020:

Loss before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	(6,026)	3,946	(1,314)	(3,394)	151%
Trading	-	-	-	(31)	1%
Others	-	-	-	1,174	-52%
Total	(6,026)	3,946	(1,314)	(2,251)	100%

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18 Comparison with Immediate Preceding Quarter's Results

Financial review for current quarter compared with immediate preceding quarter

	Individual Quarter Ended		Changes	
	30.06.2021	31.03.2021	Amount	Variance
	RM '000	RM '000	RM '000	%
Revenue				
Manufacturing segments				
- EMS activities	184,787	213,691	(28,904)	-14%
- Raw cable & wire	46,513	45,427	1,086	2%
- Wire harness	4,011	3,995	16	0%
Trading segment	54	38	16	42%
Other segment	12	17	(5)	-29%
	<u>235,377</u>	<u>263,168</u>	<u>(27,791)</u>	-11%
Operating profit	17,196	14,906	2,290	15%
Profit before tax	17,196	14,906	2,290	15%
Profit after tax	13,351	12,058	1,293	11%
Total comprehensive income attributable to:				
- Owners of the Company	12,587	11,734	853	7%

The Group's revenue in the quarter under review decreased by 11% as compared with the preceding quarter. The decrease was mainly due to the government announced the implementation of the Phase 1 FMCO on 28 May 2021 for 14 days from 1 June 2021 to 14 June 2021 which was further extended for another 2 weeks from 15 June 2021 to 28 June 2021. During the FMCO, our factory was allowed to operate at 60% capacity only. This situation has continued until 7 July 2021 that Penang entered into Phase 2 of the lockdown and allowed to operate at 80% of the capacity.

The Group profit before tax for the current quarter has increased by 15% as compared to preceding quarter. The increase was mainly due to higher margin of products mix and higher gain from foreign currency translation but was offset higher administrative and distribution expenses, provision for slow moving inventories and impairment of trade receivables.

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19 Review of Group Assets and Liabilities

	As at	As at	Changes	
	30.06.2021	31.12.2020	Amount	Variance
	RM'000	RM'000	RM '000	%
Total assets	705,608	663,586	42,022	6%
Total liabilities	222,911	186,009	36,902	20%
Total equity	482,697	477,577	5,120	1%

Total assets

As at 30 June 2021, the Group's total assets increased by 6% or RM42.022 million to RM705.608 million from RM663.586 million as at 31 December 2020. The growth was mainly contributed by the increase investment in property, plant and equipment (PPE), inventories and trade receivables. The increase in PPE and inventories was to fulfil sales order received from new and existing customers. Therefore, the increase in revenue this year has led to an increase in trade receivables.

Total liabilities

As at 30 June 2021, the Group's total liabilities increased by 20% or RM36.902 million to RM222.911 million from RM186.009 million as at 31 December 2020. The increase was mainly due to increase in short term borrowings and trade payables. The increase was mainly due to purchases of raw materials to meet the new and existing customers sales order and the expansion of factories.

Total equity

The Group's total equity as at 30 June 2021 increased by RM5.120 million to RM482.697 million as compared to RM477.577 million as at 31 December 2020. The increase in total equity is due to increased in distributable retained earnings as a net result of net profit of RM25.410 million for the current financial period under review and payment of dividends amounting to RM19.202 million. During the financial period under review, non-distributable reserves decreased by RM1.088 million due to changes in foreign exchange translation reserve.

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20 Current Year Prospect

The major source of revenue and profit of the Group is from its manufacturing segment (99%).

For EMS activities (80%), orders are expected to increase in the long run from existing customers and potential new customers through its fully built-up vertical integrated manufacturing facilities which will be further improved in operation for the coming years. As demand for mobile energy devices is expected to be in big demand in the future, the management has invested in Automation and a new Research and Development (R&D) division at the beginning of FY2021 to enhance manufacturing capabilities and competitive edge as the preferred EMS player. The management expects to be smoothen in coming quarters. However, any drastic fluctuation of Ringgit Malaysia against USD and global development of COVID-19 will be the main factor affecting its performance in the near future.

Revenue derived from the manufacturing activity of raw wire & cable (18%) will continue to grow, with consistent profit margin in near future. There is an increasing trend of the copper price since the end of FY2020. However, this division is able to maintain its profit margin as the selling price quoted to customers is pegged to the copper price determined according to the market. Even though this division is also seriously affected by global spread of COVID-19 and MCO, this segment is expected to maintain its profit margin as usual and secure more orders from its customers.

The revenue from cable assembly & wire harness (1%) activities in Thailand is expected to remain flat in coming years due to low order expected from its major customer affected by technology change. However, with its set-up small-scale facilities for plastic parts and PCB assembly, the management believes this division still have high potential to explore wider new business in Thailand market.

The trading segment (1%) will continue to promote respective parent companies products for the customers in the ASEAN market. However, the management does not expect significant growth from this segment in the near future due to the lack of attractive electronics products from the parent companies.

21 Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was announced and published.

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22 Profit/(loss) for the Period

	Quarter Ended		Period Ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the period is arrived at after crediting/(charging) :				
Interest income	193	699	427	1,459
Investment income	1,319	1,074	3,002	2,017
Interest expenses	(31)	-	(63)	-
Depreciation and amortisation	(4,508)	(4,440)	(8,970)	(8,603)
Net (additional)/reversal of impairment losses				
- trade receivables	(878)	(223)	(888)	(410)
Net (additional)/reversal of inventories written down	(1,160)	(8,975)	5,499	(13,238)
Net gain/(loss) on disposal of :				
- property, plant and equipment	6	-	(320)	-
- investment	22	15	30	26
Net foreign exchange gain/(loss)	2,983	3,103	2,558	9,721
(Loss)/gain from fair value adjustment of financial assets through profit and loss	(17)	(37)	(18)	(65)

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

23 Income Tax Expense

	Quarter Ended		Period Ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	3,858	326	6,618	952
Deferred tax income	(13)	(179)	75	(177)
	<u>3,845</u>	<u>147</u>	<u>6,693</u>	<u>775</u>

The Group's taxation for the current quarter and financial period-to-date reflects an effective tax rate which is higher than the statutory income tax rate mainly due to certain expenses which are not deductible.

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24 Status of Corporate Proposals Announced

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

25 Changes in Material Litigation

Save for the litigation described below, the Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Directors do not have any knowledge of any proceedings, pending or threatened, against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

In 2015, a subsidiary of the Group, Pan-International Electronics (Malaysia) Sdn. Bhd. (“PIESB”) received demand letters from the RMC regarding unpaid import duties and sales tax amounting to RM8,432,283 and RM841,342 respectively.

The RMC had blacklisted all the Directors of PIESB from leaving and entering Malaysia and arising from this, the external legal counsel of PIESB had filed a judicial review application in the High Court of Malaya to challenge the condition imposed by the RMC. The RMC had subsequently withdrawn the blacklisting of all Directors with the condition that PIESB remit a payment of 20% of the disputed sum and placed a bank guarantee with the RMC for the remaining sum. PIESB had complied with the instructions of the RMC without prejudice.

To date, the RMC had not filed any suit against PIESB for the above said claim. PIESB had filed an appeal with the Ministry of Finance (“MOF”), Malaysia regarding the alleged unpaid import duties and sales tax of which its application was verbally rejected by the MOF on October 31, 2017. Subsequent to the rejection, the external legal counsel of PIESB had applied for a judicial review on the decision of the MOF with the High Court of Penang. The High Court of Penang dismissed PIESB’s application for a judicial review. Following the dismissal by the High Court of Penang, PIESB had submitted an appeal application against the decision of the High Court of Penang to the Court of Appeals of which hearing of the case was fixed on June 24, 2019.

The Court of Appeal however decided that the appeal was premature as there was no documentary proof that the MOF had issued a letter to dismiss PIESB appeal for remission of the custom duties and sales tax. As such, the solicitor had advised PIESB to write a fresh letter of appeal to the MOF to request the Minister of Finance to reconsider and allow its appeal for the remission of the custom duties and sales tax. The external legal counsel of PIESB is still awaiting the Minister of Finance to reply to its fresh letter of appeal and believes that the chances of PIESB’s judicial review on the decision of the Ministry of Finance are reasonably good.

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26 Dividends

The following Dividends for the year ended 31 December 2020, has been approved by the Company's shareholders at the Twenty-Fourth Annual General Meeting on 21 May 2021 and had been paid on 18 June 2021 to depositors registered in the Record of Depositors on 28 May 2021:

- (a) A Special Single Tier Dividend of 2.6 sen per share; and
- (b) A First and Final Single Tier Dividend of 2.4 sen per share.

27 Earnings Per Ordinary Share

(a) Basic earnings per ordinary share

Basic earnings per ordinary share amounts are calculated by dividing profit attributable to the ordinary equity shareholders by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	Quarter Ended		Period Ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Profit/(loss) attributable to ordinary equity shareholders (RM'000)	13,351	(570)	25,410	(3,026)
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>3.48</u>	<u>(0.15)</u>	<u>6.62</u>	<u>(0.79)</u>

(b) Diluted earnings per ordinary share

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

28 Derivative Financial Instruments

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

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

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

30 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed at the Board of Directors' meeting held on 13 August 2021.