



**P.I.E. INDUSTRIAL BERHAD**

( Registration No. 199701008590 (424086-X) )

(Incorporated in Malaysia)

Interim Financial Report for the Financial  
Period Ended 31 March 2021

**P.I.E. INDUSTRIAL BERHAD**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 1ST QUARTER ENDED 31 MARCH 2021**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31.03.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2020 RM'000	CURRENT YEAR TO DATE 31.03.2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2020 RM'000
Revenue	11	263,168	100,697	263,168	100,697
Cost of sales		(251,430)	(102,488)	(251,430)	(102,488)
Gross profit/ (loss)		11,738	(1,791)	11,738	(1,791)
Administrative and distribution expenses		(6,550)	(5,005)	(6,550)	(5,005)
Other operating income		7,833	3,265	7,833	3,265
Income from other investments		1,917	1,703	1,917	1,703
Finance costs		(32)	-	(32)	-
Profit/(loss) before tax	11	14,906	(1,828)	14,906	(1,828)
Income tax expense	23	(2,848)	(628)	(2,848)	(628)
Profit/(loss) for the period	22	12,058	(2,456)	12,058	(2,456)
<u>Other comprehensive (loss)/ income</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		(324)	(1,104)	(324)	(1,104)
Other comprehensive (loss)/income, net of tax		(324)	(1,104)	(324)	(1,104)
Total comprehensive income/(loss) for the period		11,734	(3,560)	11,734	(3,560)
Total comprehensive income attributable to: - Owners of the Company		11,734	(3,560)	11,734	(3,560)
Basic earnings per ordinary share (sen)	27	3.14	(0.64)	3.14	(0.64)
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 31 MARCH 2021**

	Note	UNAUDITED AS AT 31.03.2021 RM'000	AUDITED AS AT 31.12.2020 RM'000
	-----	-----	-----
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	82,403	85,400
Investment properties		46,935	46,986
Right-of-use assets		6,153	6,205
Goodwill on consolidation		1,722	1,722
Deferred tax assets		1,224	1,228
		<u>138,437</u>	<u>141,541</u>
<b>Current assets</b>			
Inventories		194,851	163,945
Trade and other receivables		235,462	206,858
Other financial assets		5,364	7,203
Current tax assets		60	333
Short-term deposits with licensed banks		78,626	105,858
Cash and bank balances		45,788	37,848
<b>Total current assets</b>		<u>560,151</u>	<u>522,045</u>
<b>TOTAL ASSETS</b>		<u>698,588</u>	<u>663,586</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		83,203	83,203
Reserves		16,415	16,739
Retained earnings		389,693	377,635
<b>Total equity</b>		<u>489,311</u>	<u>477,577</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		4,823	4,735
<b>Current liabilities</b>			
Short-term borrowings	14	20,039	28,318
Trade and other payables		182,299	150,758
Refund liabilities		809	1,325
Current tax liabilities		1,307	873
<b>Total current liabilities</b>		<u>204,454</u>	<u>181,274</u>
<b>Total liabilities</b>		<u>209,277</u>	<u>186,009</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>698,588</u>	<u>663,586</u>
<b>NET ASSETS</b>		489,311	477,577
Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (RM)		1.27	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.

**P.I.E. INDUSTRIAL BERHAD**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE 1ST QUARTER ENDED 31 MARCH 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
<b>Period ended 31 March 2020</b>					
Balance as of 1 January 2020	83,203	14,760	2,660	351,240	451,863
Net loss for the period	-	-	-	(2,456)	(2,456)
Other comprehensive loss for the period	-	(1,104)	-	-	(1,104)
Total comprehensive loss for the period	-	(1,104)	-	(2,456)	(3,560)
Balance as of 31 March 2020	<u>83,203</u>	<u>13,656</u>	<u>2,660</u>	<u>348,784</u>	<u>448,303</u>
<b>Period ended 31 March 2021</b>					
Balance as of 1 January 2021	83,203	14,079	2,660	377,635	477,577
Net profit for the period	-	-	-	12,058	12,058
Other comprehensive loss for the period	-	(324)	-	-	(324)
Total comprehensive (loss)/income for the period	-	(324)	-	12,058	11,734
Balance as of 31 March 2021	<u>83,203</u>	<u>13,755</u>	<u>2,660</u>	<u>389,693</u>	<u>489,311</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.

**P.I.E. INDUSTRIAL BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE 1ST QUARTER ENDED 31 MARCH 2021**

	3 months ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) for the period	12,058	(2,456)
Adjustments for:		
Income tax expense	2,848	628
Non-cash items	(2,187)	8,613
Non-operating items	(1,029)	(4,009)
Operating profit before working capital changes	11,690	2,776
Changes in working capital:		
Net change in current assets	(44,440)	10,900
Net change in current liabilities	25,541	36,248
Cash (used in)/generated from operations	(7,209)	49,924
Tax refunded	-	24
Income tax paid	(2,053)	(3,274)
Interest received	235	760
Net cash (used in)/generated from operating activities	(9,027)	47,434
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	78	-
Payment for property, plant and equipment	(1,890)	(15,367)
Proceeds from disposal of income funds	1,900	1,500
Purchase of investment in income funds	-	(1,000)
Net cash generated from/(used in) investing activities	88	(14,867)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment of bank borrowings	(8,545)	-
Interest paid	(32)	-
Bank balances held as security	1	4
Net cash (used in)/generated from financing activities	(8,576)	4
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(17,515)	32,571
Effect of foreign exchange rate differences	(1,777)	2,176
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	143,605	167,282
CASH AND CASH EQUIVALENTS AT END OF PERIOD	124,313	202,029

**P.I.E. INDUSTRIAL BERHAD**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE 1ST QUARTER ENDED 31 MARCH 2021**

	3 months ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	78,626	164,448
Cash and bank balances	45,788	37,681
Less : Bank balance pledged as security	(101)	(100)
	<u>124,313</u>	<u>202,029</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.

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

**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**

A planned precautionary COVID-19 testing of all foreign and local employees of its wholly-owned subsidiary, Pan-International Electronics (Malaysia) Sdn Bhd ("PIESB") was conducted by the Group on 23 March 2021. Some of the employees of PIESB in two facilities had been tested positive for COVID-19 during the planned screening test. As an immediate response to protect the health and safety of the workforce and the community at large, PIESB had temporarily closed its factories from 23 March 2021 until 2 April 2021. The Management of PIESB had undertaken thorough disinfection and sanitisation procedures on the affected production factories as per the guidelines provided by Ministry of Health Malaysia ("KKM"). The Group resumed normal operation on 3 April 2021.



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**FOR THE 1ST QUARTER ENDED 31 MARCH 2021**

**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 31 March 2021.

As of 31 March 2021, total issued and fully paid-up share capital are 384,041,985 ordinary shares.

**8 Dividends Paid**

The Company did not pay any dividend to its shareholders during the financial period ended 31 March 2021.

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

The valuation of property, plant and equipment has been brought forward without amendment from the previous annual audited financial statements for the financial period ended 31 March 2021.

**10 Material Post Balance Sheet Events**

The emergence of COVID-19 since early 2020 has brought uncertainties to the Group's operating environment. The Group is cognizant of the challenges posed by these developing events and the potential impact on the Group business sector. On 10 May 2021, the Prime Minister of Malaysia, had announced the imposition of a twenty six (26) days movement control order ("MCO 3.0") from 12 May to 7 June 2021 nationwide to curb the spread of the COVID-19 infection in Malaysia. Nevertheless, all economic sectors will still be allowed to operate. Based on the initial assessment, MCO 3.0 would be unlikely to have material effect on the measurement of assets and liabilities at that date. The Group will continuously assess the situation, work closely with the local authorities to support their efforts in containing the spread of COVID-19, and put in place measures to minimise impact to the Group business. As the situation is still evolving, the full effect of the outbreak could not be ascertained yet.

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**FOR THE 1ST QUARTER ENDED 31 MARCH 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

<b>Segments</b>	<b>Manufacturing</b> RM'000	<b>Trading</b> RM'000	<b>Others</b> RM'000	<b>Elimination</b> RM'000	<b>Total</b> RM'000
<b><u>Period ended 31 March 2021</u></b>					
Revenue	263,113	38	17	-	263,168
Inter-segment revenue	12	-	-	(12)	-
	<u>263,125</u>	<u>38</u>	<u>17</u>	<u>(12)</u>	<u>263,168</u>
Segment results	13,264	(11)	389	135	13,777
Investment revenue					1,917
Other gains and losses					(756)
Finance costs					(32)
Profit before tax					<u>14,906</u>

<b>Segments</b>	<b>Manufacturing</b> RM'000	<b>Trading</b> RM'000	<b>Others</b> RM'000	<b>Elimination</b> RM'000	<b>Total</b> RM'000
<b><u>Period ended 31 March 2020</u></b>					
Revenue	100,538	66	93	-	100,697
Inter-segment revenue	58	314	969	(1,341)	-
	<u>100,596</u>	<u>380</u>	<u>1,062</u>	<u>(1,341)</u>	<u>100,697</u>
Segment results	(10,574)	(34)	576	87	(9,945)
Investment revenue					1,703
Other gains and losses					6,414
Loss before tax					<u>(1,828)</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE 1ST QUARTER ENDED 31 MARCH 2021**

**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**

	3 months ended	
	31.03.2021	31.03.2020
	<u>RM'000</u>	<u>RM'000</u>
Current		
- Secured	20,039	-

The breakdown of Group borrowings by currency is as follows:

Functional currency		
- USD	5,000	-

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**FOR THE 1ST QUARTER ENDED 31 MARCH 2021**

**15 Fair Value of Instruments**

**(a) Determination of fair value**

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

	31.03.2021		31.12.2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
<b>Financial assets :</b>				
Trade and other receivables (excluding prepayments)	231,792	231,792	202,484	202,484
Financial assets carried at fair value through profit or loss	5,364	5,364	7,203	7,203
Cash and cash equivalents	124,414	124,414	143,706	143,706
	<u>361,570</u>	<u>361,570</u>	<u>353,393</u>	<u>353,393</u>

**(b) Fair value hierarchy**

	31.03.2021		31.12.2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
<b>Financial liabilities :</b>				
Trade and other payables	182,299	182,299	150,758	150,758
Short term borrowings	20,039	20,039	28,318	28,318
	<u>202,338</u>	<u>202,338</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
<b><u>31 March 2021</u></b>				
<b>Financial assets</b>				
Investment in unit trusts	<u>5,364</u>	<u>-</u>	<u>-</u>	<u>5,364</u>
	<u><u>5,364</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>5,364</u></u>
<b><u>31 December 2020</u></b>				
<b>Financial assets</b>				
Investment in unit trusts	<u>7,203</u>	<u>-</u>	<u>-</u>	<u>7,203</u>
	<u><u>7,203</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>7,203</u></u>

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

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**16 Contingent Liabilities**

Save as disclosed below, there were no obligations and contingent liabilities for the Group as of 31 March 2021.

	RM '000
a) Letter of guarantee by a bank for a foreign subsidiary's import duties	120
b) Corporate guarantees given by the Company to banks for credit facilities granted to certain subsidiary companies	<u>175,656</u>
	<u><u>175,776</u></u>

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE 1ST QUARTER ENDED 31 MARCH 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 (1st quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter ended			Current Year Quarter Ended	Preceding Year Corresponding Quarter ended		
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	RM'000	RM'000	Amount	%
	RM'000	RM'000	Amount	%	RM'000	RM'000	Amount	%
<b>Revenue by segments</b>								
- Manufacturing	263,113	100,538	162,575	162%	263,113	100,538	162,575	162%
- Trading	38	66	(28)	-42%	38	66	(28)	-42%
- Others	17	93	(76)	-82%	17	93	(76)	-82%
Total revenue	263,168	100,697	162,471	161%	263,168	100,697	162,471	161%
<b>Revenue by geographical location of the Group's operations</b>								
- Malaysia	259,173	97,004	162,169	167%	259,173	97,004	162,169	167%
- Thailand	3,995	3,627	368	10%	3,995	3,627	368	10%
- Singapore	-	66	(66)	-100%	-	66	(66)	-100%
Total revenue	263,168	100,697	162,471	161%	263,168	100,697	162,471	161%
<b>Operating profit/(loss)</b>	14,906	(1,828)	16,734	915%	14,906	(1,828)	16,734	915%
<b>Profit before tax by segments</b>								
- Manufacturing	14,480	(2,407)	16,887	702%	14,480	(2,407)	16,887	702%
- Trading	(7)	(34)	27	79%	(7)	(34)	27	79%
- Others	433	613	(180)	-29%	433	613	(180)	-29%
Total profit/(loss) before tax	14,906	(1,828)	16,734	915%	14,906	(1,828)	16,734	915%
<b>Profit/(loss) after tax</b>	12,058	(2,456)	14,514	591%	12,058	(2,456)	14,514	591%
<b>Total comprehensive income attributable to:</b>								
- Owners of the Company	11,734	(3,560)	15,294	430%	11,734	(3,560)	15,294	430%

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**FOR THE 1ST QUARTER ENDED 31 MARCH 2021**

**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 RM263.168 million and profit before tax was RM14.906 million.

The revenue increased by RM162.471 million or 161% 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 31 March 2021:**

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	213,691	45,427	3,995	263,113	100%
Trading	-	-	-	38	0%
Others	-	-	-	17	0%
<b>Total</b>	<b>213,691</b>	<b>45,427</b>	<b>3,995</b>	<b>263,168</b>	<b>100%</b>

**Breakdown of segmental revenue for the quarter ended 31 March 2020:**

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	73,523	23,388	3,627	100,538	100%
Trading	-	-	-	66	0%
Others	-	-	-	93	0%
<b>Total</b>	<b>73,523</b>	<b>23,388</b>	<b>3,627</b>	<b>100,697</b>	<b>100%</b>



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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 RM16.734 million or 915%. The increase was mainly attributable to higher revenue, 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 expenses as well as loss from foreign currency exchange transaction.

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 2021:**

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	8,916	4,536	1,028	14,480	97%
Trading	-	-	-	(7)	0%
Others	-	-	-	433	3%
<b>Total</b>	<b>8,916</b>	<b>4,536</b>	<b>1,028</b>	<b>14,906</b>	<b>100%</b>

**Breakdown of segmental (loss)/profit before tax for the quarter ended 31 March 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	(5,261)	2,610	244	(2,407)	132%
Trading	-	-	-	(34)	2%
Others	-	-	-	613	-34%
<b>Total</b>	<b>(5,261)</b>	<b>2,610</b>	<b>244</b>	<b>(1,828)</b>	<b>100%</b>

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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	
	31.03.2021	31.12.2020	Amount	Variance
	RM '000	RM '000	RM '000	%
Revenue				
Manufacturing segments				
- EMS activities	213,691	211,831	1,860	1%
- Raw cable & wire	45,427	31,471	13,956	44%
- Wire harness	3,995	3,524	471	13%
Trading segment	38	20	18	90%
Other segment	17	20	(3)	-15%
	<u>263,168</u>	<u>246,866</u>	<u>16,302</u>	7%
Operating profit	14,906	40,231	(25,325)	-63%
Profit before tax	14,906	40,231	(25,325)	-63%
Profit after tax	12,058	35,077	(23,019)	-66%
Total comprehensive income attributable to:				
- Owners of the Company	11,734	35,676	(23,942)	-67%

The Group's revenue in the quarter under review increased by 7% as compared with the preceding quarter. The increase was mainly due to higher demand recorded for EMS, raw cable & wire products and wire harness products segments.

The Group profit before tax for the current quarter has decreased by 63% as compared to preceding quarter. The decrease was mainly due to higher administrative and distribution expenses, loss from foreign currency exchange transaction and provision for impairment of trade receivables but was offset against higher income from other investments.

**19 Review of Group Assets and Liabilities**

	As at	As at	Changes	
	31.03.2021	31.12.2020	Amount	Variance
	RM'000	RM'000	RM '000	%
Total assets	698,588	663,586	35,002	5%
Total liabilities	209,277	186,009	23,268	13%
Total equity	489,311	477,577	11,734	2%

**Total assets**

As at 31 March 2021, the Group's total assets increased by 5% or RM35.002 million to RM698.588 million from RM663.586 million as at 31 December 2020. The increase was mainly due to the increase in revenue which led to an increase in trade receivable and the increase in inventories was to fulfil sales order received from new and existing customers.

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

**Total liabilities**

As at 31 March 2021, the Group's total liabilities increased by 13% or RM23.268 million to RM209.277 million from RM186.009 million as at 31 December 2020. The increase was mainly due to increase in trade payables. During the year, the Company increased the purchases of raw materials to meet the new and existing customers sales order.

**Total equity**

The Group's total equity as at 31 March 2021 increased by RM11.734 million to RM489.311 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 RM12.058 million for the current financial period under review. During the financial period under review, non-distributable reserves also decreased by RM0.324 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 (81%), 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 Artificial Intelligence (AI) 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 (16%) 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 (2%) 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 for the Period**

	Quarter Ended		Period Ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	235	760	235	760
Investment income	1,682	943	1,682	943
Interest expenses	(32)	-	(32)	-
Depreciation and amortisation	(4,462)	(4,163)	(4,462)	(4,163)
Net (additional)/reversal of impairment losses				
- trade receivables	(10)	(187)	(10)	(187)
Net reversal/(additional) of inventories written down	6,659	(4,263)	6,659	(4,263)
Net (loss)/gain on disposal of :				
- property, plant and equipment	(326)	-	(326)	-
- investment	7	11	7	11
Net foreign exchange (loss)/gain	(425)	6,618	(425)	6,618
(Loss)/gain from fair value adjustment of financial assets through profit and loss	(1)	(28)	(1)	(28)

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

**23 Income Tax Expense**

	Quarter Ended		Period Ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	2,760	626	2,760	626
Deferred tax income	88	2	88	2
	<u>2,848</u>	<u>628</u>	<u>2,848</u>	<u>628</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 will be 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	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Profit/(loss) attributable to ordinary equity shareholders (RM'000)	12,058	(2,456)	12,058	(2,456)
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>3.14</u>	<u>(0.64)</u>	<u>3.14</u>	<u>(0.64)</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 21 May 2021.