



P.I.E. INDUSTRIAL BERHAD

(Registration No. 199701008590 (424086-X))

(Incorporated in Malaysia)

Interim Financial Report for the Financial
Period Ended 30 September 2021

P.I.E. INDUSTRIAL BERHAD

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2021**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30.09.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2020 RM'000	CURRENT YEAR TO DATE 30.09.2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2020 RM'000
Revenue	11	240,780	227,428	739,325	439,487
Cost of sales		(218,052)	(208,085)	(683,080)	(415,042)
Gross profit		22,728	19,343	56,245	24,445
Administrative and distribution expenses		(7,728)	(8,179)	(22,975)	(17,058)
Other operating income		2,032	4,653	12,499	2,702
Income from other investments		934	1,418	4,363	4,895
Finance costs		(83)	-	(146)	-
Profit before tax	11	17,883	17,235	49,986	14,984
Income tax expense	23	(4,431)	(3,467)	(11,124)	(4,242)
Profit for the period	22	13,452	13,768	38,862	10,742
<u>Other comprehensive (loss)/ income</u>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences in respect of foreign operations		(1,547)	(1,738)	(2,635)	(1,281)
Other comprehensive loss, net of tax		(1,547)	(1,738)	(2,635)	(1,281)
Total comprehensive income for the period		11,905	12,030	36,227	9,461
Total comprehensive income attributable to:					
- Owners of the Company		11,905	12,030	36,227	9,461
Basic earnings per ordinary share (sen)	27	3.50	3.58	10.12	2.80
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 SEPTEMBER 2021**

	Note	UNAUDITED AS AT 30.09.2021 RM'000	AUDITED AS AT 31.12.2020 RM'000
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ASSETS			
Non-current assets			
Property, plant and equipment	9	110,229	85,400
Investment properties		46,632	46,986
Right-of-use assets		6,051	6,205
Goodwill on consolidation		1,722	1,722
Deferred tax assets		1,197	1,228
		<u>165,831</u>	<u>141,541</u>
Current assets			
Inventories		258,692	163,945
Trade and other receivables		233,698	206,858
Other financial assets		1,391	7,203
Current tax assets		135	333
Short-term deposits with licensed banks		23,508	105,858
Cash and bank balances		104,734	37,848
Total current assets		<u>622,158</u>	<u>522,045</u>
TOTAL ASSETS		<u>787,989</u>	<u>663,586</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		83,203	83,203
Reserves		14,104	16,739
Retained earnings		397,295	377,635
Total equity		<u>494,602</u>	<u>477,577</u>
Non-current liabilities			
Deferred tax liabilities		4,870	4,735
Current liabilities			
Short-term borrowings	14	71,289	28,318
Trade and other payables		213,261	150,758
Refund liabilities		-	1,325
Current tax liabilities		3,967	873
Total current liabilities		<u>288,517</u>	<u>181,274</u>
Total liabilities		<u>293,387</u>	<u>186,009</u>
TOTAL EQUITY AND LIABILITIES		<u>787,989</u>	<u>663,586</u>
NET ASSETS		494,602	477,577
Net Assets Per Share Attributable to Ordinary			
Equity Holders of the Parent (RM)		1.29	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 3RD QUARTER ENDED 30 SEPTEMBER 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
<u>Period ended 30 September 2020</u>					
Balance as of 1 January 2020	83,203	14,760	2,660	351,240	451,863
Net profit for the period	-	-	-	10,742	10,742
Other comprehensive loss for the period	-	(1,281)	-	-	(1,281)
Total comprehensive (loss)/income for the period	-	(1,281)	-	10,742	9,461
Payment of dividends	-	-	-	(19,202)	(19,202)
Balance as of 30 September 2020	<u>83,203</u>	<u>13,479</u>	<u>2,660</u>	<u>342,780</u>	<u>442,122</u>
<u>Period ended 30 September 2021</u>					
Balance as of 1 January 2021	83,203	14,079	2,660	377,635	477,577
Net profit for the period	-	-	-	38,862	38,862
Other comprehensive loss for the period	-	(2,635)	-	-	(2,635)
Total comprehensive (loss)/income for the period	-	(2,635)	-	38,862	36,227
Payment of dividends	-	-	-	(19,202)	(19,202)
Balance as of 30 September 2021	<u>83,203</u>	<u>11,444</u>	<u>2,660</u>	<u>397,295</u>	<u>494,602</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 3RD QUARTER ENDED 30 SEPTEMBER 2021**

	9 months ended	
	30.09.2021	30.09.2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	38,862	10,742
Adjustments for:		
Income tax expense	11,124	4,242
Non-cash items	10,967	22,730
Non-operating items	(1,330)	(7,361)
Operating profit before working capital changes	59,623	30,353
Changes in working capital:		
Net change in current assets	(111,694)	(163,643)
Net change in current liabilities	57,274	151,804
Cash generated from operations	5,203	18,514
Tax refunded	-	116
Income tax paid	(7,700)	(8,948)
Interest received	512	1,796
Net cash (used in)/generated from operating activities	(1,985)	11,478
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	994	506
Payment for property, plant and equipment	(40,258)	(25,489)
Proceeds from disposal of income funds	5,900	12,700
Purchase of investment in income funds	-	(8,000)
Net cash used in investing activities	(33,364)	(20,283)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(19,202)	(19,202)
Net proceeds from bank borrowings	116,212	-
Net repayment of bank borrowings	(74,420)	-
Interest paid	(146)	-
Bank balances held as security	8	4
Net cash generated from/(used in) financing activities	22,452	(19,198)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(12,897)	(28,003)
Effect of foreign exchange rate differences	(2,560)	2,631
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	143,605	167,282
CASH AND CASH EQUIVALENTS AT END OF PERIOD	128,148	141,910

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2021**

	9 months ended	
	30.09.2021	30.09.2020
	RM'000	RM'000
REPRESENTED BY:-		
Short-term deposits with licensed banks	23,508	107,500
Cash and bank balances	104,734	34,510
Less : Bank balance pledged as security	(94)	(100)
	<u>128,148</u>	<u>141,910</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 3RD QUARTER ENDED 30 SEPTEMBER 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 September 2021.

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

8 Dividends Paid

	9 months ended	
	<u>30.09.2021</u>	<u>30.09.2020</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 September 2021.

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*NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 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 September 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	Trading	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Period ended 30 September 2021</u>					
Revenue	739,167	127	31	-	739,325
Inter-segment revenue	68	1,049	-	(1,117)	-
	<u>739,235</u>	<u>1,176</u>	<u>31</u>	<u>(1,117)</u>	<u>739,325</u>
Segment results	39,659	(31)	11,074	(9,787)	40,915
Investment revenue					4,363
Other gains and losses					4,854
Finance costs					(146)
Profit before tax					<u>49,986</u>

Segments	Manufacturing	Trading	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Period ended 30 September 2020</u>					
Revenue	439,124	163	200	-	439,487
Inter-segment revenue	133	784	10,907	(11,824)	-
	<u>439,257</u>	<u>947</u>	<u>11,107</u>	<u>(11,824)</u>	<u>439,487</u>
Segment results	319	(33)	9,687	(7,863)	2,110
Investment revenue					4,895
Other gains and losses					7,979
Profit before tax					<u>14,984</u>

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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

	9 months ended	
	30.09.2021	30.09.2020
	<u>RM'000</u>	<u>RM'000</u>
Current		
- Secured	71,289	-
The breakdown of Group borrowings by currency is as follows:		
Functional currency		
- USD	17,000	-

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 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.

	30.09.2021		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)	232,517	232,517	202,484	202,484
Financial assets carried at fair value through profit or loss	1,391	1,391	7,203	7,203
Cash and cash equivalents	128,242	128,242	143,706	143,706
	<u>362,150</u>	<u>362,150</u>	<u>353,393</u>	<u>353,393</u>

(b) Fair value hierarchy

	30.09.2021		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	213,261	213,261	150,758	150,758
Short term borrowings	71,289	71,289	28,318	28,318
	<u>284,550</u>	<u>284,550</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 September 2021</u>				
Financial assets				
Investment in unit trusts	1,391	-	-	1,391
	<u>1,391</u>	<u>-</u>	<u>-</u>	<u>1,391</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 September 2021.

	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	<u>176,642</u>
	<u>176,754</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 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 (3rd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter ended			Current Year Quarter Ended	Preceding Year Corresponding Quarter ended		
	30.09.2021	30.09.2020	RM'000	RM'000	RM'000	RM'000	Amount	%
Revenue by segments								
- Manufacturing	240,743	227,335	13,408	6%	739,167	439,124	300,043	68%
- Trading	36	68	(32)	-47%	127	163	(36)	-22%
- Others	1	25	(24)	-96%	31	200	(169)	-85%
Total revenue	240,780	227,428	13,352	6%	739,325	439,487	299,838	68%
Revenue by geographical location of the Group's operations								
- Malaysia	236,731	224,285	12,446	6%	727,252	430,127	297,125	69%
- Thailand	4,013	3,075	938	31%	12,020	9,197	2,823	31%
- Singapore	36	68	(32)	-47%	53	163	(110)	-67%
Total revenue	240,780	227,428	13,352	6%	739,325	439,487	299,838	68%
Operating profit	17,883	17,235	648	4%	49,986	14,984	35,002	234%
Profit before tax by segments								
- Manufacturing	17,590	16,710	880	5%	48,859	13,316	35,543	267%
- Trading	(13)	33	(46)	-139%	(5)	2	(7)	-350%
- Others	306	492	(186)	-38%	1,132	1,666	(534)	-32%
Total profit before tax	17,883	17,235	648	4%	49,986	14,984	35,002	234%
Profit after tax	13,452	13,768	(316)	-2%	38,862	10,742	28,120	262%
Total comprehensive income attributable to:								
- Owners of the Company	11,905	12,030	(125)	-1%	36,227	9,461	26,766	283%

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

17 Review of Group Performance (Continued)

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

The Group's revenue for the current quarter under review was RM240.780 million and profit before tax was RM17.883 million.

The revenue increased by RM13.352 million or 6% 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 September 2021:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	200,155	36,574	4,014	240,743	100%
Trading	-	-	-	36	0%
Others	-	-	-	1	0%
Total	200,155	36,574	4,014	240,780	100%

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

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	194,875	29,385	3,075	227,335	100%
Trading	-	-	-	68	0%
Others	-	-	-	25	0%
Total	194,875	29,385	3,075	227,428	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 increase by RM0.648 million or 4%. The increase was mainly attributable to higher revenue recorded, gain from foreign currency exchange transaction, reversal of provision for impairment of trade receivables and lower administrative and distribution in the current quarter as compared to the corresponding quarter. However, the improvement noted above were offset against provision for slow moving inventories and lower income from other investment.

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

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

Profit/(loss) before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	13,245	3,740	605	17,590	98%
Trading	-	-	-	(13)	0%
Others	-	-	-	306	2%
Total	13,245	3,740	605	17,883	100%

Breakdown of segmental profit before tax for the quarter ended 30 September 2020:

Profit before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	11,865	3,853	992	16,710	97%
Trading	-	-	-	33	0%
Others	-	-	-	492	3%
Total	11,865	3,853	992	17,235	100%

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17 Review of Group Performance (Continued)

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

For the financial period ended 30 September 2021, the Group recorded revenue of RM739.325 million, a increase of 68% or RM299.838 million as compared to the corresponding period ended 30 September 2020 of RM439.487 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 September 2021:

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	598,634	128,513	12,020	739,167	100%
Trading	-	-	-	127	0%
Others	-	-	-	31	0%
Total	598,634	128,513	12,020	739,325	100%

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

Revenue by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	361,490	68,437	9,197	439,124	100%
Trading	-	-	-	163	0%
Others	-	-	-	200	0%
Total	361,490	68,437	9,197	439,487	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 September 2021, the Group recorded profit before tax of RM49.986 million, a soared increase of 234% or RM35.002 million as compared to the corresponding period ended 30 September 2020 the profit before tax of RM14.984.

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 and impairment of trade receivables. The increase was partially offset against higher administrative and distribution, lower gain from foreign currency exchange transaction and income from other investment.

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

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

Profit/(loss) before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	34,361	12,694	1,804	48,859	98%
Trading	-	-	-	(5)	0%
Others	-	-	-	1,132	2%
Total	34,361	12,694	1,804	49,986	100%

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

Profit/(loss) before tax by segments :	EMS (Malaysia)	Raw Wire & Cable (Malaysia)	Wireharness (Thailand)	Total	%
	RM'000	RM'000	RM'000	RM'000	
Manufacturing	5,839	7,799	(322)	13,316	89%
Trading	-	-	-	2	0%
Others	-	-	-	1,666	11%
Total	5,839	7,799	(322)	14,984	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	
	30.09.2021	30.06.2021	Amount	Variance
	RM '000	RM '000	RM '000	%
Revenue				
Manufacturing segments				
- EMS activities	200,155	184,787	15,368	8%
- Raw cable & wire	36,574	46,513	(9,939)	-21%
- Wire harness	4,014	4,011	3	0%
Trading segment	36	54	(18)	-33%
Other segment	1	12	(11)	-92%
	<u>240,780</u>	<u>235,377</u>	<u>5,403</u>	2%
Operating profit	17,883	17,196	687	4%
Profit before tax	17,883	17,196	687	4%
Profit after tax	13,452	13,351	101	1%
Total comprehensive income attributable to:				
- Owners of the Company	11,905	12,587	(682)	-5%

The Group's revenue in the quarter under review slightly increase by 2% as compared with the preceding quarter. The increase was mainly due to the government announced on 7 July 2021 that Penang has entered into Phase 2 of the lockdown and allowed to operate at 80% of the capacity. The Group have achieved 100% vaccination by end of September 2021 and resumed 100% operation in mid-October 2021.

The Group profit before tax for the current quarter has increased by 4% as compared to preceding quarter. The increase was mainly due to increase of revenue, reversal of impairment of trade receivables and lower administrative and distribution expenses but was offset provision for slow moving inventories, lower gain from foreign currency exchange transaction and income from other investment.

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19 Review of Group Assets and Liabilities

	As at	As at	Changes	
	30.09.2021	31.12.2020	Amount	Variance
	RM'000	RM'000	RM '000	%
Total assets	787,989	663,586	124,403	19%
Total liabilities	293,387	186,009	107,378	58%
Total equity	494,602	477,577	17,025	4%

Total assets

As at 30 September 2021, the Group's total assets increased by 19% or RM124.403 million to RM787.989 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 September 2021, the Group's total liabilities increased by 58% or RM107.378 million to RM293.387 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 September 2021 increased by RM17.025 million to RM494.602 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 RM38.862 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 RM2.635 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 there is a high growth business opportunity in mobile energy device, a new Research and Development (R&D) division was set up to provide potential customers with one stop total solution to enhance our capabilities as the preferred EMS provider. As the pandemic is stabilizing and many businesses resuming operation, the local labour shortages getting more severe and will impact in future business expansion.

Revenue derived from the manufacturing activity of raw wire & cable (17%) 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 for the Period

	Quarter Ended		Period Ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	85	338	512	1,796
Investment income	849	1,080	3,851	3,099
Interest expenses	(83)	-	(146)	-
Depreciation and amortisation	(4,641)	(4,608)	(13,611)	(13,211)
Net reversal/(additional) of impairment losses				
- trade receivables	988	(158)	99	(568)
Net (additional)/reversal of inventories written down	(2,862)	4,288	2,637	(8,950)
Net (loss)/gain on disposal of :				
- property, plant and equipment	(78)	-	(398)	-
- investment	-	-	30	26
Property, plant and equipment written off	(93)	-	(93)	-
Net foreign exchange gain/(loss)	2,674	(1,136)	5,233	8,585
Gain/(loss) from fair value adjustment of financial assets through profit and loss	-	2	(18)	(64)

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	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
Current period	4,371	3,197	10,989	4,149
Underprovision in prior year	-	215	-	215
Deferred tax income	60	55	135	(122)
	<u>4,431</u>	<u>3,467</u>	<u>11,124</u>	<u>4,242</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	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Profit attributable to ordinary equity shareholders (RM'000)	13,452	13,768	38,862	10,742
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>3.50</u>	<u>3.58</u>	<u>10.12</u>	<u>2.80</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 19 November 2021.