

PANSAR BERHAD [Registration No. 197401002551 (18904-M)]

INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022

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PANSAR BERHAD [Registration No. 197401002551 (18904-M)]CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.09.2022 RM'000	Preceding year corresponding quarter 30.09.2021 RM'000	Current year to date 30.09.2022 RM'000	Preceding year corresponding year to date 30.09.2021 RM'000
Revenue	199,217	163,772	382,917	261,547
Cost of sales	(178,187)	(145,289)	(342,097)	(231,988)
Gross profit	21,030	18,483	40,820	29,559
Other income	869	726	2,221	1,419
Selling and distribution expenses	(2,560)	(2,279)	(4,996)	(4,570)
Administrative expenses	(12,597)	(8,047)	(28,382)	(25,163)
Other operating expenses	(137)	(35)	(266)	(89)
Finance costs	(2,026)	(1,771)	(3,667)	(2,580)
Net impairment (losses)/ gains on financial assets and contract assets	(635)	2,056	27	3,023
Share of results in jointly controlled entities	(13)	103	(30)	170
Share of results in an associate	120	378	583	503
Profit before taxation	4,051	9,614	6,310	2,272
Income tax expense	(870)	(1,938)	(2,387)	(1,581)
Profit after taxation	3,181	7,676	3,923	691
Other comprehensive income				
<u>Items that will be reclassified subsequently to profit or loss</u>				
Cash flow hedge	206	198	(196)	142
Foreign currency translation	431	(62)	727	34
Total other comprehensive income	637	136	531	176
Total comprehensive income for the period	3,818	7,812	4,454	867

PANSAR BERHAD [Registration No. 197401002551 (18904-M)]CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022 (CONT'D)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.09.2022 RM'000	Preceding year corresponding quarter 30.09.2021 RM'000	Current year to date 30.09.2022 RM'000	Preceding year corresponding year to date 30.09.2021 RM'000
Profit after taxation attributable to:-				
- Owners of the Company	3,158	7,781	3,840	803
- Non-controlling interests	23	(105)	83	(112)
	<u>3,181</u>	<u>7,676</u>	<u>3,923</u>	<u>691</u>
Total comprehensive income attributable to:-				
- Owners of the Company	3,795	7,917	4,371	979
- Non-controlling interests	23	(105)	83	(112)
	<u>3,818</u>	<u>7,812</u>	<u>4,454</u>	<u>867</u>
Weighted average number of shares in issue ('000)	460,057	460,057	460,057	460,053
Earnings per ordinary share (sen):-				
-Basic	0.69	1.69	0.83	0.17
-Diluted	0.34	0.85	0.42	0.09

The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial statements.

PANSAR BERHAD [Registration No. 197401002551 (18904-M)]CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 SEPTEMBER 2022

	30.09.2022	31.03.2022
	RM'000	RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Investment in an associate	9,082	8,500
Investment in jointly controlled entities	1,508	1,638
Property, plant and equipment	41,670	39,692
Investment properties	8,766	8,849
Intangible assets	30,389	32,567
Other investments	11,363	13,672
Deferred tax assets	4,646	4,842
Goodwill	53,138	53,138
Trade receivables	12,355	11,774
	<hr/> 172,917	<hr/> 174,672
Current assets		
Inventories	58,560	52,461
Trade and other receivables	242,361	226,542
Contract assets	132,445	99,582
Short term investments	14,119	19,913
Derivative assets	120	77
Current tax assets	5,929	5,707
Deposits, cash and bank balances	16,085	21,567
	<hr/> 469,619	<hr/> 425,849
TOTAL ASSETS	<hr/> 642,536	<hr/> 600,521

PANSAR BERHAD [Registration No. 197401002551 (18904-M)]CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 SEPTEMBER 2022 (CONT'D)

	30.09.2022	31.03.2022
	RM'000	RM'000
	(Unaudited)	(Audited)
EQUITY AND LIABILITIES		
Equity		
Share capital	153,182	153,182
Treasury shares	(2,313)	(2,313)
Redeemable convertible preference shares	121,543	121,543
Reserves	28,517	29,008
	<hr/>	<hr/>
Equity attributable to owners of the Company	300,929	301,420
Non-controlling interests	540	457
	<hr/>	<hr/>
Total equity	301,469	301,877
	<hr/>	<hr/>
Non-current liabilities		
Borrowings	25,556	27,846
Deferred tax liabilities	8,686	9,205
	<hr/>	<hr/>
	34,242	37,051
	<hr/>	<hr/>
Current liabilities		
Trade and other payables	93,679	85,278
Contract liabilities	7,789	4,158
Derivative liabilities	876	708
Borrowings:-		
- bank overdrafts	6,378	2,161
- other borrowings	191,230	165,801
Provision for employee benefits	5,450	3,478
Current tax liabilities	1,423	9
	<hr/>	<hr/>
	306,825	261,593
	<hr/>	<hr/>
Total liabilities	341,067	298,644
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	642,536	600,521
	<hr/>	<hr/>
Net assets per ordinary share attributable to owners of the Company (RM)	0.65	0.66
	<hr/> <hr/>	<hr/> <hr/>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial statements.

PANSAR BERHAD [Registration No. 197401002551 (18904-M)]

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR TO DATE ENDED 30 SEPTEMBER 2022

6-month period ended	Share Capital RM'000	Treasury Shares RM'000	Redeemable Convertible Preference Shares RM'000	< ----- Non-distributable ----- >			<distributable>		Attributable to Owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
				Reverse Acquisition Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Cash Flow Hedge Reserve RM'000	Retained Profits RM'000				
Balance at 01.04.2022	153,182	(2,313)	121,543	(116,732)	4,864	(421)	141,297	301,420	457	301,877	
Profit after taxation for the period	-	-	-	-	-	-	3,840	3,840	83	3,923	
Other comprehensive income for the period, net of tax:-											
- Foreign currency translation	-	-	-	-	727	-	-	727	-	727	
- Cash flow hedge	-	-	-	-	-	(196)	-	(196)	-	(196)	
Total comprehensive income for the period	-	-	-	-	727	(196)	3,840	4,371	83	4,454	
Contributions by and distributions to owners of the Company:-											
- Dividends	-	-	-	-	-	-	(4,862)	(4,862)	-	(4,862)	
Total transactions with owners	-	-	-	-	-	-	(4,862)	(4,862)	-	(4,862)	
Balance at 30.09.2022	153,182	(2,313)	121,543	(116,732)	5,591	(617)	140,275	300,929	540	301,469	

PANSAR BERHAD [Registration No. 197401002551 (18904-M)]

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR TO DATE ENDED 30 SEPTEMBER 2022 (CONT'D)

6-month period ended	Share Capital RM'000	Treasury Shares RM'000	Redeemable Convertible Preference Shares RM'000	< ----- Non-distributable ----- >			<distributable>		Non- Controlling Interests RM'000	Total Equity RM'000
				Reverse Acquisition Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Cash Flow Hedge Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000		
Balance at 01.04.2021	153,121	(2,313)	121,543	(116,732)	4,659	(98)	143,827	304,007	688	304,695
Profit after taxation for the period	-	-	-	-	-	-	803	803	(112)	691
Other comprehensive income for the period, net of tax:-										
- Foreign currency translation	-	-	-	-	34	-	-	34	-	34
- Cash flow hedge	-	-	-	-	-	142	-	142	-	142
Total comprehensive income for the period	-	-	-	-	34	142	803	979	(112)	867
Contributions by and distributions to owners of the Company:-										
- Issuance of shares	61	-	-	-	-	-	-	61	-	61
- Dividends	-	-	-	-	-	-	(3,450)	(3,450)	-	(3,450)
Total transactions with owners	61	-	-	-	-	-	(3,450)	(3,389)	-	(3,389)
Balance at 30.09.2021	153,182	(2,313)	121,543	(116,732)	4,693	44	141,180	301,597	576	302,173

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial statements.

PANSAR BERHAD [Registration No. 197401002551 (18904-M)]CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR TO DATE ENDED 30 SEPTEMBER 2022

	Current year to date 30.09.2022 RM'000	Preceding year corresponding year to date 30.09.2021 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before taxation	6,310	2,272
Adjustments for:-		
Allowance for impairment losses on receivables	2,963	663
Allowance for impairment losses on receivables no longer required	(2,948)	(3,686)
Allowance for impairment losses on contract assets no longer required	(42)	-
Allowance for slow-moving inventories	132	88
Allowance for slow-moving inventories no longer required	(218)	(62)
Amortisation of intangible assets	2,096	1,913
Bad debts written off	39	1
Depreciation of property, plant and equipment	5,455	4,656
Depreciation of investment properties	82	75
Fair value gain on derivatives	(56)	(29)
Fair value loss on other investments	2,309	2,346
Fair value gain on short-term investments	(193)	(67)
Gain on disposal of property, plant and equipment	(29)	(24)
Gain on derecognition of leases	(1)	-
Impairment losses on intangible assets	94	-
Interest expense	3,667	2,580
Interest income	(204)	(344)
Provision for employee benefits	2,658	2,197
Share of results in jointly controlled entities	30	(170)
Share of results in an associate	(583)	(503)
Unrealised loss/(gain) on foreign exchange	417	(37)
Operating profit before working capital changes	21,978	11,869
(Increase)/decrease in inventories	(5,968)	3,734
Net increase in contract assets	(29,189)	(30,075)
Increase in trade and other receivables	(16,300)	(48,899)
Increase/(decrease) in trade and other payables	8,285	(3,096)
Employee benefits paid	(691)	-
CASH FOR OPERATING ACTIVITIES	(21,885)	(66,467)
Interest paid	(2,652)	(2,280)
Interest received	180	233
Income tax paid	(2,134)	(2,344)
Income tax refunded	700	55
NET CASH FOR OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	(25,791)	(70,803)

PANSAR BERHAD [Registration No. 197401002551 (18904-M)]CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR TO DATE ENDED 30 SEPTEMBER 2022 (CONT'D)

	Current year to date 30.09.2022 RM'000	Preceding year corresponding year to date 30.09.2021 RM'000
NET CASH FOR OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	(25,791)	(70,803)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash and cash equivalents acquired	-	(147,266)
Dividend received from jointly controlled entities	100	1,600
Increase in pledged deposits with licensed bank	(2)	(2)
Proceeds from disposal of property, plant and equipment	68	20
Purchase of intangible assets	(4)	(11)
Purchase of property, plant and equipment	(3,522)	(5,076)
Purchase of short-term investments	(11,013)	(12,193)
Redemption of short-term investments	17,000	6,000
NET CASH FROM/(FOR) INVESTING ACTIVITIES	2,627	(156,928)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(4,862)	(3,450)
Drawdown of term loans	-	30,000
Interest paid on long-term borrowings	(1,014)	(300)
Net of drawdown/(repayment) of bankers' acceptance	3,000	1,691
Net of (repayment)/drawdown of invoice financing	(15,708)	7,304
Net of drawdown/(repayment) of revolving credit	37,600	78,250
Proceeds from issuance of ordinary shares	-	61
Repayment of hire purchase liabilities	(991)	(1,098)
Repayment of lease liabilities	(1,708)	(1,650)
Repayment of term loans	(3,000)	(2,258)
NET CASH FROM FINANCING ACTIVITIES	13,317	108,550
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,847)	(119,181)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	147	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	19,136	138,801
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	9,436	19,620

PANSAR BERHAD [Registration No. 197401002551 (18904-M)]

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR TO DATE ENDED 30 SEPTEMBER 2022 (CONT'D)

	Current year to date 30.09.2022 RM'000	Preceding year corresponding year to date 30.09.2021 RM'000
CASH AND CASH EQUIVALENTS COMPRISE:-		
Cash and bank balances	15,814	20,400
Bank overdrafts	(6,378)	(780)
	<hr/> 9,436	<hr/> 19,620

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial statements.

PANSAR BERHAD [Registration No. 197401002551 (18904-M)]

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of preparation

The unaudited interim financial statements have been prepared in accordance with *MFRS 134: Interim Financial Reporting* issued by Malaysian Accounting Standards Board, *IAS 34: Interim Financial Reporting* issued by International Accounting Standards Board and *paragraph 9.22 of the Main Market Listing Requirements* of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022. These explanatory notes attached to the interim financial statements 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 financial year ended 31 March 2022.

The significant accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2022, except as follows:

On 1 April 2022, the Group adopted the following Amendments to MFRSs mandatory for annual financial periods beginning on or after 1 January 2022:-

- Amendments to *MFRS 3: Reference to the Conceptual Framework*
- Amendments to *MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to *MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to *MFRS Standards 2018 - 2020*

The adoption of the abovementioned MFRSs, Amendments to MFRSs and IC Interpretations (including the consequential amendments) did not have any material impact on the financial statements of the Group.

A2 Comments about seasonality or cyclicity of operations

The business of the Group is not subject to seasonal or cyclical fluctuations.

A3 Unusual items due to their nature, size and incidence

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows due to their nature, size or incidence during the current quarter under review.

A4 Changes in estimates

There were no changes in the estimates that have had a material effect in the current quarter under review.

A5 Debt and equity securities

There were no issuances, repurchases and repayments of debt and equity securities for the current quarter under review.

A6 Dividend paid

During the current quarter under review, the Board of Directors declared an interim dividend of 2.12 sen per Redeemable Convertible Preference Share (RCPS) in respect of the financial year ended 31 March 2022. The total dividend of RM4,861,711 was paid on 5 September 2022.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A7 Segmental information

The following is an analysis of the Group's revenue and results by reportable segments:-

(a) Business segments

	Marine & Industrial RM'000	Building & Construction Materials RM'000	Agro Engineering RM'000	Electrical & Air Conditioning RM'000	Heavy Equipment RM'000	Mechanical & Electrical RM'000	Construction & Infrastructure RM'000	Year to date 30.09.2022 RM'000
Revenue								
External revenue	48,850	77,203	24,757	18,797	26,550	44,117	142,643	382,917
Inter-segment revenue	147	11,996	7	540	25,176	165	-	38,031
	48,997	89,199	24,764	19,337	51,726	44,282	142,643	420,948
Adjustments and eliminations								(38,031)
Consolidated revenue								382,917
Results								
Segment results	10,398	4,255	2,102	1,322	1,543	1,310	1,932	22,862
Adjustments and eliminations	-	-	-	-	262	785	-	1,047
	10,398	4,255	2,102	1,322	1,805	2,095	1,932	23,909
Share of results in jointly controlled entities								(30)
Share of results in an associate								583
Unallocated income								181
Unallocated expenses								(18,333)
Consolidated profit before taxation								6,310

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A7 Segmental information (cont'd)

(a) Business segments (cont'd)

	Marine & Industrial RM'000	Building & Construction Materials RM'000	Agro Engineering RM'000	Electrical & Air Conditioning RM'000	Heavy Equipment RM'000	Mechanical & Electrical RM'000	Construction & Infrastructure RM'000	Year to date 30.09.2022 RM'000
Assets								
Segment assets	38,949	57,201	18,164	16,712	22,712	41,029	310,676	505,443
Investment in an associate								9,082
Investment in jointly controlled entities								1,508
Goodwill								53,138
Unallocated assets								68,719
Deferred tax assets								4,646
Consolidated total assets								<u>642,536</u>

PANSAR BERHAD [Registration No. 197401002551 (18904-M)]

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A7 Segmental information

The following is an analysis of the Group's revenue and results by reportable segments:-

(a) Business segments

	Marine & Industrial RM'000	Building & Construction Materials RM'000	Agro Engineering RM'000	Electrical & Air Conditioning RM'000	Heavy Equipment RM'000	Mechanical & Electrical RM'000	Construction & Infrastructure RM'000	Year to date 30.09.2021 RM'000
Revenue								
External revenue	50,409	39,368	15,064	12,654	10,660	33,738	99,654	261,547
Inter-segment revenue	144	1,765	-	632	8,764	342	-	11,647
	50,553	41,133	15,064	13,286	19,424	34,080	99,654	273,194
Adjustments and eliminations								(11,647)
Consolidated revenue								261,547
Results								
Segment results	8,806	4,019	1,144	609	445	2,667	(446)	17,244
Adjustments and eliminations	-	-	-	-	269	807	-	1,076
	8,806	4,019	1,144	609	714	3,474	(446)	18,320
Share of results in jointly controlled entities								170
Share of results in an associate								503
Unallocated income								244
Unallocated expenses								(16,965)
Consolidated profit before taxation								2,272

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A7 Segmental information (cont'd)

(a) Business segments (cont'd)

	Marine & Industrial RM'000	Building & Construction Materials RM'000	Agro Engineering RM'000	Electrical & Air Conditioning RM'000	Heavy Equipment RM'000	Mechanical & Electrical RM'000	Construction & Infrastructure RM'000	Year to date 30.09.2021 RM'000
Assets								
Segment assets	48,125	33,208	14,138	12,035	9,753	43,120	217,347	377,726
Investment in an associate								5,955
Investment in jointly controlled entities								1,448
Goodwill								57,260
Unallocated assets								130,136
Deferred tax assets								5,423
Consolidated total assets								577,948

(b) Geographical segments

	Year to date	
	30.09.2022 RM'000	30.09.2021 RM'000
Total revenue from external customers		
- Malaysia	375,069	256,844
- Singapore	7,848	4,703
	382,917	261,547

PANSAR BERHAD [Registration No. 197401002551 (18904-M)]

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A8 Property, plant and equipment

(a) Acquisition and disposal of property, plant and equipment

There was no material acquisition or disposal of property, plant and equipment since the end of last financial year.

(b) Impairment losses

Neither loss from impairment of property, plant and equipment nor reversal of such impairment losses was recognised since the end of last financial year.

(c) Valuation

As at 30 September 2022, the Group did not have any revalued assets.

A9 Subsequent events

On 14 October 2022, the Company announced to Bursa Malaysia Securities Berhad the following:

Perbena Emas Sdn Bhd, a wholly owned subsidiary of the Company had on 14 October 2022 received a Letter of Acceptance from Jabatan Kerja Raya Sarawak for the completion of Remaining Works to The Proposed Road at Jalan Lubok Teranggas, Samarahan Division (“the Project”), with a contract value of Ringgit Malaysia Sixty Seven Million One Hundred Eight Thousand And Three Hundred Only (RM67,108,300.00).

The scope of work includes the construction and completion of road, along with two bridges. The contract period is thirty (30) months and the Project is scheduled to commence in October 2022. The contract is expected to contribute positively to the earnings and net assets of the Group as the Project progresses during the contract period.

A10 Changes in the composition of the Group

There were no changes in the composition of the Group for the period ended 30 September 2022.

A11 Contingent liabilities

As at 16 November 2022, there were no material contingent liabilities or contingent assets which, upon being enforceable, might have a material impact on the financial position or business of the Group.

A12 Capital commitment

The capital commitments of the Group as at 30 September 2022 were as follows:

	RM'000
Purchase of property, plant and equipment	2,902
Purchase of investment properties	388
	<u>3,290</u>

A13 Significant related party transactions

	Quarterly ended		Year to date	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Transactions with holding company	528	538	1,056	1,105
Transactions with other related parties	13,524	5,768	28,536	11,475

PANSAR BERHAD [Registration No. 197401002551 (18904-M)]

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022

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

B1 Review of performance

The Group registered stronger revenue of RM382.9 million for the period ended 30 September 2022, an increase of 46.4% or RM121.4 million compared to RM261.5 million reported in the previous corresponding period. The revenue growth was driven by higher revenue from all business segments except Marine & Industrial segment.

The Group posted a net profit of RM3.9 million compared with RM0.7 million a year earlier. Included in the net profit of current financial period was a recognition of fair value loss on quoted investment of RM2.3 million.

Marine & Industrial Segment

Quarterly results

Marine & Industrial segment posted operating profit of RM4.3 million in 2QFY23, a decrease of 36.8% from RM6.9 million a year ago, underpinned by a contraction in revenue which fell 45.9% to RM19.7 million from RM36.5 million in the previous corresponding quarter.

Financial year-to-date

Despite a lower year-on-year revenue which eased 3.1% to RM48.9 million, the segment's operating profit for YTD 2QFY23 rose 18.1% to RM10.4 million from RM8.8 million the same period last year. Better product mix and the strengthening of the Ringgit against the Japanese Yen had contributed to the improved results.

Building & Construction Materials Segment

Quarterly results

For the quarter under review, Building & Construction Materials segment's revenue increased 115.8% to RM45.2 million from RM20.9 million a year ago. Operating profit for the quarter however slipped 3.3% y-o-y to RM2.1 million mainly due to unfavourable product mix and higher allowance for impairment loss on trade receivables.

Financial year-to-date

For YTD 2QFY23, the segment registered a 96.1% improvement in revenue of RM77.2 million backed largely by the stronger sales volume from building structural products.

Despite registering a significantly higher revenue, the segment's operating profit only increased by 5.9% to RM4.3 million from RM4.0 million in the previous corresponding period. This was mainly affected by margin compression and higher allowance for impairment loss on trade receivables.

Agro Engineering Segment

Quarterly results

For 2QFY23, Agro Engineering segment's revenue increased 63.7% to RM11.5 million on the back of higher sales volume mainly from fertilizers.

With the increase in revenue, operating profit for the quarter was more than two-fold to RM1.2 million.

Financial year-to-date

Agro Engineering segment's revenue on y-o-y basis came in 64.4% higher to RM24.8 million on the back of higher sales volume mainly from fertilizers.

With the increase in revenue, operating profit for YTD 2QFY23 increased 83.7% to RM2.1 million from RM1.1 million a year earlier.

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B1 Review of performance (Cont'd)

Electrical & Air Conditioning Segment

Quarterly results

Electrical & Air Conditioning segment's operating profit for 2QFY23 rose to RM0.7 million from RM0.5 million a year earlier, on the back of a 44.9% increase in revenue to RM9.7 million from RM6.7 million previously.

Financial year-to-date

For the current financial period, the segment recorded a 48.6% increase in revenue to RM18.8 million on higher sales largely from air conditioners, M & E ancillary and lighting products.

With the increase in revenue, operating profit for the period was more than double at RM1.3 million from RM0.6 million a year earlier.

Heavy Equipment Segment

Quarterly results

Revenue for Heavy Equipment segment climbed more than four times from RM5.3 million in 2QFY22 to RM22.8 million in 2QFY23. Notably, this quarterly revenue of RM22.8 million is a fresh new record high for heavy equipment business.

Operating profit was up six times to RM1.8 million from RM0.3 million in the previous corresponding quarter, on the back of growth in revenue.

Financial year-to-date

For cumulative six-month period, Heavy Equipment segment's operating profit jumped 152.8% to RM1.8 million from RM0.7 million a year earlier, as cumulative revenue increased 149.1% to RM26.6 million from RM10.7 million previously.

Mechanical & Electrical Segment

Quarterly results

Despite a 8.8% increase in y-o-y revenue to RM26.2 million from RM24.1 million, Mechanical & Electrical segment's operating profit fell 62.7% y-o-y to RM1.1 million from RM3.0 million. The earnings during the quarter was hampered by rising project costs and higher net impairment losses on financial assets.

Financial year-to-date

Revenue for the period ended 30 September 2022 rose 30.8% y-o-y to RM44.1 million from RM33.7 million, while operating profit dipped 39.7% to RM2.1 million on the back of rising project costs and lower net impairment gains on financial assets.

Construction & Infrastructure Segment

Quarterly results

For 2QFY23, Construction & infrastructure segment's revenue rose 1.3% to RM64.1 million, while operating profit was up 102.8% to RM0.3 million from RM0.1 million a year ago.

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B1 Review of performance (Cont'd)

Construction & Infrastructure Segment

Financial year-to-date

For the current period under review, the segment returned to the black after recording an operating profit of RM1.9 million from operating loss of RM0.4 million a year earlier. This profit was achieved on the back of revenue that increased 43.1% to RM142.6 million from RM99.7 million a year earlier. The higher revenue was mainly attributable to better site progress from the ongoing projects.

B2 Material changes in profit before tax for the quarter

For the current quarter under review, the Group recorded profit before tax of RM4.1 million on the back of revenue of RM199.2 million as compared to profit before tax of RM2.3 million and revenue of RM183.7 million in the immediate preceding quarter.

The better performance was primarily attributed to the significant revenue growth in heavy equipment business and the absence of fair value loss on quoted investment in the current quarter.

B3 Commentary on prospects

With markets opening up, economic activities have picked up and project progress has improved. However economic and geopolitical uncertainties remain. Moving forward, we have sufficient orders and projects in hand to tide over this period.

B4 Profit forecast and profit guarantee

Not applicable as no profit forecast was announced.

B5 Income tax expense

	Quarter ended		Year to date	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Income tax:-				
- Malaysian tax	1,675	1,497	2,623	1,573
- Foreign tax	2	1	2	4
	<u>1,677</u>	<u>1,498</u>	<u>2,625</u>	<u>1,577</u>
Deferred tax:-				
- Origination and reversal of temporary differences	(536)	224	(425)	(142)
- (Over)/under provision in the previous financial year	(271)	216	187	146
	<u>(807)</u>	<u>440</u>	<u>(238)</u>	<u>4</u>
	<u>870</u>	<u>1,938</u>	<u>2,387</u>	<u>1,581</u>

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B6 Corporate proposals

As at 16 November 2022, there were no corporate proposals announced.

B7 Borrowings

The Group's borrowings as at 30 September 2022 were as follows:-

	Total RM'000
Long-term borrowings:-	
Hire purchase liabilities, secured	4,969
Lease liabilities	4,587
Term loans, secured	16,000
	<hr/> 25,556
Short-term borrowings:-	
Bank overdrafts, secured	3,659
Bank overdrafts, unsecured	2,719
Bankers' acceptance, secured	3,000
Bankers' acceptance, unsecured	11,323
Hire purchase liabilities, secured	1,951
Invoice financing, unsecured	43,897
Lease liabilities	3,409
Revolving credit, unsecured	121,650
Term loans, secured	6,000
	<hr/> 197,608
Total borrowings	<hr/> 223,164 <hr/>

B8 Derivative financial instruments

The outstanding foreign currency forward contracts as at 30 September 2022 were as follows:-

	Contract / notional amount RM'000	Assets RM'000	Liabilities RM'000
<u>Derivative not designated as hedging instruments:-</u>			
Forward foreign currency contracts			
- Less than 1 year	6,247	56	-
<u>Derivative designated as hedging instruments:-</u>			
Forward foreign currency contracts			
- Less than 1 year	16,064	64	(876)
	<hr/> 22,311	<hr/> 120	<hr/> (876) <hr/>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B8 Derivative financial instruments (Cont'd)

The Group enters into foreign currency forward contracts to hedge against the Group's exposure to foreign currency risks as a result of purchases denominated in currencies other than its functional currency for which firm commitments existed at the end of the reporting period.

There were no cash requirements for these derivatives and they are not subject to significant credit risk, market risk and liquidity risk.

In line with the Group's foreign currency hedging policy, hedging is only considered for firm commitments. These derivatives and their underlying exposures will be monitored on an on-going basis.

With respect to derivatives not designated as hedging instruments, they are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss. These fair value changes are attributable to changes in foreign exchange spot and forward rates.

For those derivatives designated as hedging instruments (cash flow hedge), the effective portion of changes in fair value of those derivatives is recognised in other comprehensive income. The gain or loss in relation to ineffective portion is recognised immediately in profit or loss.

B9 Gain / (loss) arising from fair value changes in financial liabilities

	Current quarter gain RM'000	Year to date loss RM'000
Foreign currency forward contracts	212	(168)

B10 Changes in material litigation

As at 16 November 2022, save as disclosed below, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware and has no knowledge of any proceedings pending or threatened against our Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of our Group:-

Via a Writ Summons dated 27 July 2020, the wholly owned subsidiary, Pansar Engineering Services Sdn Bhd ("PESSB") brought an action (Suit No. BKI-22 NCvC-59/7 of 2020) against Bina Puri Sdn Bhd ("BPSB") for the outstanding balance of RM2,846,951.28 being total final payment for works done under 2 Letters of Award in respect of the air conditioning and mechanical ventilation system for Blocks A, B and C and Interior Design Works for Blocks A and C at Pusat Pentadbiran Negeri Sabah.

Further in the same suit, PESSB claimed against BPSB for the sum of RM17,196.65 being costs and expenses incurred in the sub-sales of the Apartment Units purportedly as payment in kind by BPSB to PESSB which sub-sales were rescinded.

On 14 August 2020, PESSB applied to enter summary judgement. BPSB then applied to stay proceedings of the suit pending arbitration. PESSB and BPSB have agreed to proceed to arbitration and an arbitrator has been appointed.

In the same arbitration, BPSB counterclaimed PESSB for the alleged sum of RM2,386,714.59 alleging delayed by PESSB and defects not completed by PESSB, which were denied.

Arbitration hearing of the claim and counterclaim has been held via zoom from 11 October 2021 to 16 October 2021 and 22 October 2021. Both parties have completed with the final submission of claims on 17 December 2021.

On 10 May 2022, a Final Award was obtained in favour of PESSB in which BPSB shall pay PESSB the sum of RM2,685,112.92 as full and final settlement within 21 days after the day upon which either party shall have taken up the Final Award.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B10 Changes in material litigation (Cont'd)

BPSB shall also pay to PESSB, interest at the rate of 5% simple interest per annum on the sum of RM2,685,112.92 from 22 July 2020 until the actual realization.

On 14 July 2022, PESSB filed Originating Summons No. WA-24C(ARB)-34-08/2022 ("OS 34") to register and enforce the Arbitration Award. On 27 July 2022, BPSB filed Originating Summons No. WA-24C(ARB)-30-07/2022 ("OS 30") to set aside the Arbitration Award. PESSB is currently applying to dismiss OS 30 & allow OS 34. Hearing for both OS 34 and OS 30 will be held on 28 November 2022.

Despite the above, the Board is of the view that the abovementioned case has no material adverse impact on the financial position or business of the Company and/or the Group.

B11 Dividend payable

No interim dividend has been declared for the financial period ended 30 September 2022.

B12 Earnings per share

(a) Basic earnings per share

	Quarter ended		Year to date	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to the owners of the Company (RM'000)	3,158	7,781	3,840	803
Weight average number of ordinary shares in issue ('000)	460,057	460,057	460,057	460,053
Basic earnings per share based on weighted average number of shares in issue (sen)	0.69	1.69	0.83	0.17

(b) Diluted earnings per share

	Quarter ended		Year to date	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to the owners of the Company (RM'000)	3,158	7,781	3,840	803
Weight average number of ordinary shares in issue ('000)	918,303	918,303	918,303	918,303
Basic earnings per share based on weighted average number of shares issue (sen)	0.34	0.85	0.42	0.09

B13 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the Company and its subsidiaries for the financial year ended 31 March 2022 was not subject to any qualification.

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B14 Profit for the year

Profit before taxation is arrived at after charging / (crediting):-

	Quarter ended		Year to date	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Allowance for slow-moving inventories	94	35	132	88
Allowance for slow-moving inventories no longer required	(2)	(32)	(218)	(62)
Bad debts written off	9	1	39	1
Collective impairment losses on receivables	2,161	-	2,161	-
Collective impairment losses on receivables no longer required	(1,120)	-	(1,120)	-
Depreciation and amortisation	3,616	3,562	7,633	6,644
Fair value (gain)/loss on other investments	(183)	(3,225)	2,309	2,346
Fair value gain on short-term investments	(102)	(33)	(193)	(67)
Impairment losses on intangible assets	33	-	94	-
Impairment losses on contract assets no longer required	-	-	(42)	-
Individual impairment losses on receivables	455	185	802	663
Individual impairment losses on receivables no longer required	(861)	(2,241)	(1,828)	(3,686)
Interest expense	2,026	1,763	3,667	2,580
Interest income	(103)	(161)	(204)	(344)
Loss on forward foreign currency contracts	-	8	391	22
(Gain)/loss on disposal of property, plant and equipment	(16)	4	(29)	(24)
Realised (gain)/loss on foreign exchange	(10)	(80)	274	(177)
Realised (gain)/loss on derivatives	-	-	(129)	17
Unrealised loss/(gain) on foreign exchange	709	(14)	417	(37)
Unrealised gain on derivatives	(26)	(13)	(56)	(29)