

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

INTERIM FINANCIAL STATEMENTS
FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2023

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PANSAR BERHAD [Registration No. 197401002551 (18904-M)]CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2023

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.06.2023 RM'000	Preceding year corresponding quarter 30.06.2022 RM'000	Current year to date 30.06.2023 RM'000	Preceding year corresponding year to date 30.06.2022 RM'000
Revenue	269,211	183,700	269,211	183,700
Cost of sales	(242,587)	(163,910)	(242,587)	(163,910)
Gross profit	26,624	19,790	26,624	19,790
Other income	1,703	1,352	1,703	1,352
Selling and distribution expenses	(2,796)	(2,436)	(2,796)	(2,436)
Administrative expenses	(15,186)	(15,785)	(15,186)	(15,785)
Other operating expenses	(352)	(129)	(352)	(129)
Finance costs	(2,885)	(1,641)	(2,885)	(1,641)
Net impairment gains on financial assets and contract assets	797	662	797	662
Share of results in jointly controlled entities	14	(17)	14	(17)
Share of results in an associate	1,058	463	1,058	463
Profit before taxation	8,977	2,259	8,977	2,259
Income tax expense	(2,063)	(1,517)	(2,063)	(1,517)
Profit after taxation	6,914	742	6,914	742
Other comprehensive income				
<u>Items that will be reclassified subsequently to profit or loss</u>				
Cash flow hedge	(18)	(402)	(18)	(402)
Foreign currency translation	713	296	713	296
Total other comprehensive income	695	(106)	695	(106)
Total comprehensive income for the period	7,609	636	7,609	636

PANSAR BERHAD [Registration No. 197401002551 (18904-M)]CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2023 (CONT'D)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.06.2023 RM'000	Preceding year corresponding quarter 30.06.2022 RM'000	Current year to date 30.06.2023 RM'000	Preceding year corresponding year to date 30.06.2022 RM'000
Profit after taxation attributable to:-				
- Owners of the Company	6,891	681	6,891	681
- Non-controlling interests	23	61	23	61
	6,914	742	6,914	742
Total comprehensive income attributable to:-				
- Owners of the Company	7,586	575	7,586	575
- Non-controlling interests	23	61	23	61
	7,609	636	7,609	636
Weighted average number of shares in issue ('000)	464,546	460,057	464,546	460,057
Earnings per ordinary share (sen):-				
-Basic	1.48	0.15	1.48	0.15
-Diluted	0.99	0.07	0.99	0.07

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 2023 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 JUNE 2023

	30.06.2023	31.03.2023
	RM'000	RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Investment in an associate	5,389	6,732
Investment in jointly controlled entities	1,487	1,473
Property, plant and equipment	45,171	47,142
Investment properties	9,123	8,992
Intangible assets	23,358	24,870
Other investments	9,713	9,970
Deferred tax assets	4,737	4,791
Goodwill	53,138	53,138
Trade receivables	7,839	13,099
	<hr/>	<hr/>
	159,955	170,207
	<hr/>	<hr/>
Current assets		
Inventories	66,479	61,072
Trade and other receivables	302,760	264,197
Contract assets	201,315	184,534
Short term investments	9,446	9,363
Derivative assets	169	80
Current tax assets	2,205	2,784
Deposits, cash and bank balances	20,570	14,157
	<hr/>	<hr/>
	602,944	536,187
	<hr/>	<hr/>
TOTAL ASSETS	762,899	706,394
	<hr/>	<hr/>

PANSAR BERHAD [Registration No. 197401002551 (18904-M)]CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2023 (CONT'D)

	30.06.2023	31.03.2023
	RM'000	RM'000
	(Unaudited)	(Audited)
EQUITY AND LIABILITIES		
Equity		
Share capital	156,379	154,991
Treasury shares	(2,313)	(2,313)
Redeemable convertible preference shares	121,543	121,543
Reserves	42,117	34,531
	<hr/>	<hr/>
Equity attributable to owners of the Company	317,726	308,752
Non-controlling interests	697	674
	<hr/>	<hr/>
Total equity	318,423	309,426
	<hr/>	<hr/>
Non-current liabilities		
Borrowings	21,109	23,018
Deferred tax liabilities	6,670	7,032
	<hr/>	<hr/>
	27,779	30,050
	<hr/>	<hr/>
Current liabilities		
Trade and other payables	148,633	127,692
Contract liabilities	6,838	3,491
Derivative liabilities	6	66
Borrowings:-		
- bank overdrafts	16,051	17,148
- other borrowings	237,528	212,721
Provision for employee benefits	5,724	4,405
Current tax liabilities	1,917	1,395
	<hr/>	<hr/>
	416,697	366,918
	<hr/>	<hr/>
Total liabilities	444,476	396,968
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	762,899	706,394
	<hr/>	<hr/>
Net assets per ordinary share attributable to owners of the Company (RM)	0.68	0.67
	<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 2023 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 JUNE 2023

3-month period ended	Share Capital	Treasury Shares	Redeemable Convertible Preference Shares	< ----- Non-distributable ----- >			<distributable>		Non-Controlling Interests	Total Equity
				Reverse Acquisition Reserve	Foreign Exchange Translation Reserve	Cash Flow Hedge Reserve	Retained Profits	Attributable to Owners of the Company		
30.06.2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 01.04.2023	154,991	(2,313)	121,543	(116,732)	6,082	21	145,160	308,752	674	309,426
Profit after taxation for the period	-	-	-	-	-	-	6,891	6,891	23	6,914
Other comprehensive income for the period, net of tax:-										
- Foreign currency translation	-	-	-	-	713	-	-	713	-	713
- Cash flow hedge	-	-	-	-	-	(18)	-	(18)	-	(18)
Total comprehensive income for the period	-	-	-	-	713	(18)	6,891	7,586	23	7,609
Contributions by and distributions to owners of the Company:-										
- Exercise of warrants	1,388	-	-	-	-	-	-	1,388	-	1,388
Total transactions with owners	1,388	-	-	-	-	-	-	1,388	-	1,388
Balance at 30.06.2023	156,379	(2,313)	121,543	(116,732)	6,795	3	152,051	317,726	697	318,423

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR TO DATE ENDED 30 JUNE 2023 (CONT'D)

3-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	153,182	(2,313)	121,543	(116,732)	4,864	(421)	141,297	301,420	457	301,877
Profit after taxation for the period	-	-	-	-	-	-	681	681	61	742
Other comprehensive income for the period, net of tax:-										
- Foreign currency translation	-	-	-	-	296	-	-	296	-	296
- Cash flow hedge	-	-	-	-	-	(402)	-	(402)	-	(402)
Total comprehensive income for the period	-	-	-	-	296	(402)	681	575	61	636
Balance at 30.06.2022	153,182	(2,313)	121,543	(116,732)	5,160	(823)	141,978	301,995	518	302,513

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 2023 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 JUNE 2023

	Current year to date 30.06.2023 RM'000	Preceding year corresponding year to date 30.06.2022 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before taxation	8,977	2,259
Adjustments for:-		
Allowance for impairment losses on receivables	898	347
Allowance for impairment losses on receivables no longer required	(1,426)	(967)
Allowance for impairment losses on contract assets no longer required	(269)	(42)
Allowance for impairment losses on investment in an associate		
Allowance for slow-moving inventories	352	38
Allowance for slow-moving inventories no longer required	(148)	(216)
Amortisation of intangible assets	1,807	1,278
Bad debts written off	-	30
Depreciation of property, plant and equipment	3,016	2,698
Depreciation of investment properties	43	41
Fair value gain on derivatives	(10)	(30)
Fair value loss on other investments	257	2,492
Loss/(gain) on disposal of property, plant and equipment	2	(13)
Gain on derecognition of leases	(71)	(1)
Impairment losses on intangible assets	-	61
Impairment losses on intangible assets no longer required	(287)	-
Interest expense	2,885	1,641
Interest income	(99)	(101)
Provision for employee benefits	1,408	1,160
Share of results in jointly controlled entities	(14)	17
Share of results in an associate	(1,058)	(463)
Unrealised loss/(gain) on foreign exchange	155	(292)
Operating profit before working capital changes	16,418	9,937
Increase in inventories	(5,510)	(2,876)
Net increase in contract assets	(13,165)	(24,723)
Increase in trade and other receivables	(33,352)	(2,031)
Increase in trade and other payables	21,688	8,944
Employee benefits paid	(95)	(502)
CASH FOR OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	(14,016)	(11,251)

PANSAR BERHAD [Registration No. 197401002551 (18904-M)]CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR TO DATE ENDED 30 JUNE 2023 (CONT'D)

	Current year to date 30.06.2023 RM'000	Preceding year corresponding year to date 30.06.2022 RM'000
CASH FOR OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	(14,016)	(11,251)
Interest paid	(2,437)	(1,002)
Interest received	95	(160)
Income tax paid	(1,296)	(1,158)
NET CASH FOR OPERATING ACTIVITIES	(17,654)	(13,571)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Dividend received from jointly controlled entities and associate	2,400	100
Proceeds from disposal of property, plant and equipment	5	20
Purchase of intangible assets	-	(4)
Purchase of investment properties	(174)	-
Purchase of property, plant and equipment	(253)	(2,274)
NET CASH FROM/(FOR) INVESTING ACTIVITIES	1,978	(2,158)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in pledged deposits with licensed bank	(2)	(1)
Interest paid on long-term borrowings	(447)	(508)
Net of drawdown/(repayment) of bankers' acceptance	10,611	(11,501)
Net of drawdown/(repayment) of invoice financing	18,046	3,295
Net of (repayment)/drawdown of revolving credit	(3,500)	25,000
Proceeds from exercise of warrants	1,388	-
Repayment of hire purchase liabilities	(593)	(468)
Repayment of lease liabilities	(895)	(854)
Repayment of term loans	(1,500)	(1,500)
NET CASH FROM FINANCING ACTIVITIES	23,108	13,463

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR TO DATE ENDED 30 JUNE 2023 (CONT'D)

	Current year to date 30.06.2023 RM'000	Preceding year corresponding year to date 30.06.2022 RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,432	(2,266)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	159	2
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	6,098	39,048
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>13,689</u>	<u>36,784</u>
 CASH AND CASH EQUIVALENTS COMPRISE:-		
Cash and bank balances	20,294	22,979
Bank overdrafts	(16,051)	(4,205)
Short-term investments	9,446	18,010
	<u>13,689</u>	<u>36,784</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2023 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 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2023

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 2023. 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 2023.

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 2023, except as follows:

On 1 April 2023, the Group adopted the following Amendments to MFRSs mandatory for annual financial periods beginning on or after 1 January 2023:-

- *MFRS 17 Insurance Contracts*
- Amendments to *MFRS 17: Insurance Contracts*
- Amendment to *MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to *MFRS 101: Disclosure of Accounting Policies*
- Amendments to *MFRS 108: Definition of Accounting Estimates*
- Amendments to *MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 except as disclosed below:-

A total of 2,434,725 units of Warrant 2018/2023 were converted into ordinary shares at an exercise price of RM0.57 per unit.

The Warrants had expired on 6 June 2023. The number of Warrants unexercised on the expiry date was 223,311,825.

A6 Dividend paid

There was no dividend paid by the Company during the quarter under review.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2023

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 30.06.2023 RM’000
Revenue								
External revenue	41,794	62,355	12,267	9,226	6,227	32,539	104,803	269,211
Inter-segment revenue	115	1,854	-	379	9,028	2,790	-	14,166
	41,909	64,209	12,267	9,605	15,255	35,329	104,803	283,377
Adjustments and eliminations								(14,166)
Consolidated revenue								269,211
Results								
Segment results	7,213	1,701	599	1,039	289	2,860	2,917	16,618
Adjustments and eliminations	-	-	-	-	183	407	-	590
	7,213	1,701	599	1,039	472	3,267	2,917	17,208
Share of results in jointly controlled entities								14
Share of results in an associate								1,058
Unallocated income								412
Unallocated expenses								(9,715)
Consolidated profit before taxation								8,977

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2023

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 30.06.2023 RM'000
Assets								
Segment assets	67,592	82,886	18,474	17,176	21,476	77,609	361,035	646,248
Investment in an associate								5,389
Investment in jointly controlled entities								1,487
Goodwill								53,138
Unallocated assets								51,900
Deferred tax assets								4,737
Consolidated total assets								<u>762,899</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2023

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 30.06.2022 RM'000
Revenue								
External revenue	29,119	32,029	13,219	9,051	3,768	17,929	78,585	183,700
Inter-segment revenue	117	8,737	-	144	1,154	51	-	10,203
	29,236	40,766	13,219	9,195	4,922	17,980	78,585	193,903
Adjustments and eliminations								(10,203)
Consolidated revenue								183,700
Results								
Segment results	6,059	2,176	951	591	(114)	586	1,642	11,891
Adjustments and eliminations	-	-	-	-	131	393	-	524
	6,059	2,176	951	591	17	979	1,642	12,415
Share of results in jointly controlled entities								(17)
Share of results in an associate								463
Unallocated income								87
Unallocated expenses								(10,689)
Consolidated profit before taxation								2,259

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2023

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 30.06.2022 RM'000
Assets								
Segment assets	47,677	47,001	18,399	14,776	6,182	43,646	303,132	480,813
Investment in an associate								8,962
Investment in jointly controlled entities								1,521
Goodwill								53,138
Unallocated assets								84,767
Deferred tax assets								4,097
Consolidated total assets								633,298

(b) Geographical segments

	Year to date	
	30.06.2023 RM'000	30.06.2022 RM'000
Total revenue from external customers		
- Malaysia	264,920	179,192
- Singapore	4,291	4,508
	269,211	183,700

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2023

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 June 2023, the Group did not have any revalued assets.

A9 Subsequent events

There were no material subsequent events as at 16 August 2023.

A10 Changes in the composition of the Group

There were no changes in the composition of the Group for the period ended 30 June 2023.

A11 Contingent liabilities

As at 16 August 2023, 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 June 2023 were as follows:

	RM'000
Purchase of investment properties	130

A13 Significant related party transactions

	Quarterly ended		Year to date	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Transactions with holding company	547	528	547	528
Transactions with other related parties	11,224	15,012	11,224	15,012

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2023

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

B1 Review of performance

The Group registered higher revenue of RM269.2 million for the period ended 30 June 2023, an increase of 46.5% or RM85.5 million compared to RM183.7 million reported in the previous corresponding period. All business segments, except for Agro Engineering, recorded revenue growth.

For the period ended 30 June 2023, the Group posted a net profit of RM6.9 million compared with RM0.7 million a year earlier.

Marine & Industrial Segment

Quarterly results

Compared to the corresponding quarter of previous year, Marine and Industrial segment posted 43.5% increase in revenue to RM41.8 million in 1QFY24 on higher sales from marine engines and spare parts.

With the increase in revenue, operating profit for the quarter rose 19.1% to RM7.2 million from RM6.1 million a year earlier.

Building & Construction Materials Segment

Quarterly results

For the quarter under review, the segment's revenue increased 94.7% to RM62.4 million from RM32.0 million a year ago. Operating profit for the quarter however slipped 21.8% y-o-y to RM1.7 million mainly due to unfavourable product mix and higher net impairment losses on financial assets.

Agro Engineering Segment

Quarterly results

For 1QFY24, Agro Engineering segment's revenue on y-o-y basis came in 7.2% lower to RM12.3 million on the back of lower sales mainly from sanding belts and steel strapping products. Similarly, operating profit for the quarter fell 37.0% year-on-year to RM0.6 million.

Electrical & Air Conditioning Segment

Quarterly results

Revenue increased 1.9% to RM9.2 million in 1QFY24 from RM9.1 million in the previous corresponding quarter. Due to better product mix, operating profit increased 75.8% to RM1.0 million from RM0.6 million a year ago.

Heavy Equipment Segment

Quarterly results

Heavy Equipment segment achieved revenue and operating profit for the current quarter of RM6.2 million and RM0.5 million respectively. This represents a 65.3% increase in revenue and a twenty-six times increase in operating profit.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2023

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)

Mechanical & Electrical Segment

Quarterly results

Revenue for Mechanical & Electrical segment increased by 81.5% from RM17.9 million in 1QFY23 to RM32.5 million in 1QFY24 due to higher work progress during the quarter.

Operating profit on y-o-y perspective rose more than three-fold to RM3.3 million, underpinned by revenue growth and higher net impairment gains on financial assets.

Construction & Infrastructure Segment

Quarterly results

In tandem with the surge in revenue, Construction & Infrastructure segment registered a 77.7% increase in operating profit to RM2.9 million in 1QFY24 from RM1.6 million in 1QFY23.

Revenue was up 33.4% y-o-y to RM104.8 million from RM78.6 million, on account of higher work performed from the on-going projects.

B2 Material changes in profit before tax for the quarter

For the current quarter under review, the Group recorded profit before tax of 9.0 million on the back of revenue of RM269.2 million as compared to profit before tax of 3.7 million and revenue of RM227.5 million in the immediate preceding quarter.

The better performance was mainly due to the decrease in overall operating expenses coupled with higher net impairment gains on financial assets.

B3 Commentary on prospects

As we exit the pandemic period, economic activities picked up significantly. We are focused on improving our major projects progression and collections. High inflation, continuing geopolitical tensions and the weakening Ringgit are our key concerns.

B4 Profit forecast and profit guarantee

Not applicable as no profit forecast was announced.

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

B5 Income tax expense

	Quarter ended		Year to date	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Income tax:-				
- Malaysian tax	2,397	949	2,397	949
	2,397	949	2,397	949
Deferred tax:-				
- Origination and reversal of temporary differences	(334)	110	(334)	110
- Under provision in the previous financial year	-	458	-	458
	(334)	568	(334)	568
	2,063	1,517	2,063	1,517

B6 Corporate proposals

As at 16 August 2023, there were no corporate proposals announced.

B7 Borrowings

The Group's borrowings as at 30 June 2023 were as follows:-

	Total RM'000
Long-term borrowings:-	
Hire purchase liabilities, secured	6,015
Lease liabilities	3,594
Term loans, secured	11,500
	21,109
Short-term borrowings:-	
Bank overdrafts, secured	14,488
Bank overdrafts, unsecured	1,563
Bankers' acceptance, secured	25,950
Bankers' acceptance, unsecured	14,312
Hire purchase liabilities, secured	2,466
Invoice financing, unsecured	59,491
Lease liabilities	3,159
Revolving credit, secured	3,000
Revolving credit, unsecured	123,150
Term loans, secured	6,000
	253,579
Total borrowings	274,688

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

B8 Derivative financial instruments

The outstanding foreign currency forward contracts as at 30 June 2023 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	962	11	(1)
<u>Derivative designated as hedging instruments:-</u>			
Forward foreign currency contracts			
- Less than 1 year	17,523	158	(5)
	18,485	169	(6)

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 arising from fair value changes in financial liabilities

	Current quarter gain RM'000	Year to date gain RM'000
Foreign currency forward contracts	60	60

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

B10 Changes in material litigation

As at 16 August 2023, 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.

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 applied to dismiss OS 30 & allow OS 34. Hearing for both OS 34 and OS 30 was fixed on 28 November 2022, but was further extended to 19 January 2023 in view of the unforeseen public holiday on 28 November 2022.

PESSB and BPSB had on 19 April 2023 executed a Settlement Agreement in which BPSB agreed to make fifteen (15) monthly instalment payments totalling RM3,200,000.00 as a full and final settlement.

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 June 2023.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2023

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

B12 Earnings per share

(a) Basic earnings per share

	Quarter ended		Year to date	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to the owners of the Company (RM'000)	6,891	681	6,891	681
Weight average number of ordinary shares in issue ('000)	464,546	460,057	464,546	460,057
Basic earnings per share based on weighted average number of shares in issue (sen)	1.48	0.15	1.48	0.15

(b) Diluted earnings per share

	Quarter ended		Year to date	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to the owners of the Company (RM'000)	6,891	681	6,891	681
Weight average number of ordinary shares in issue ('000)	693,872	918,303	693,872	918,303
Basic earnings per share based on weighted average number of shares issue (sen)	0.99	0.07	0.99	0.07

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 2023 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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Allowance for slow-moving inventories	352	38	352	38
Allowance for slow-moving inventories no longer required	(148)	(216)	(148)	(216)
Bad debts written off	-	30	-	30
Collective impairment losses on receivables	805	-	805	-
Collective impairment losses on receivables no longer required	(571)	-	(571)	-
Depreciation and amortisation	4,866	4,017	4,866	4,017
Fair value loss on other investments	257	2,492	257	2,492
Fair value gain on short-term investments	(71)	(91)	(71)	(91)
Impairment losses on intangible assets	-	61	-	61
Impairment losses on intangible assets no longer required	(287)	-	(287)	-
Impairment losses on contract assets no longer required	(269)	(42)	(269)	(42)
Individual impairment losses on receivables	93	347	93	347
Individual impairment losses on receivables no longer required	(855)	(967)	(855)	(967)
Interest expense	2,885	1,641	2,885	1,641
Interest income	(99)	(101)	(99)	(101)
Loss on forward foreign currency contracts	12	391	12	391
Gain on derecognition of leases	(71)	(1)	(71)	(1)
Loss/(gain) on disposal of property, plant and equipment	2	(13)	2	(13)
Realised loss on foreign exchange	439	284	439	284
Realised loss/(gain) on derivatives	26	(129)	26	(129)
Unrealised loss/(gain) on foreign exchange	155	(292)	155	(292)
Unrealised gain on derivatives	(10)	(30)	(10)	(30)