

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

INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 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 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2023

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.09.2023 RM'000	Preceding year corresponding quarter 30.09.2022 RM'000	Current year to date 30.09.2023 RM'000	Preceding year corresponding year to date 30.09.2022 RM'000
Revenue	282,342	199,217	551,553	382,917
Cost of sales	(254,162)	(178,187)	(496,749)	(342,097)
Gross profit	28,180	21,030	54,804	40,820
Other income	788	869	2,491	2,221
Selling and distribution expenses	(2,860)	(2,560)	(5,655)	(4,996)
Administrative expenses	(14,299)	(12,597)	(29,485)	(28,382)
Other operating expenses	(783)	(137)	(1,135)	(266)
Finance costs	(3,020)	(2,026)	(5,905)	(3,667)
Net impairment gains/(losses) on financial assets and contract assets	124	(635)	921	27
Share of results in jointly controlled entities	4	(13)	18	(30)
Share of results in an associate	572	120	1,630	583
Profit before taxation	8,706	4,051	17,684	6,310
Income tax expense	(2,300)	(870)	(4,363)	(2,387)
Profit after taxation	6,406	3,181	13,321	3,923
Other comprehensive income				
<u>Items that will be reclassified subsequently to profit or loss</u>				
Cash flow hedge	(312)	206	(330)	(196)
Foreign currency translation	(80)	431	633	727
Total other comprehensive income	(392)	637	303	531
Total comprehensive income for the period	6,014	3,818	13,624	4,454

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 2023 (CONT'D)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.09.2023 RM'000	Preceding year corresponding quarter 30.09.2022 RM'000	Current year to date 30.09.2023 RM'000	Preceding year corresponding year to date 30.09.2022 RM'000
Profit after taxation attributable to:-				
- Owners of the Company	6,371	3,158	13,263	3,840
- Non-controlling interests	35	23	58	83
	6,406	3,181	13,321	3,923
Total comprehensive income attributable to:-				
- Owners of the Company	5,979	3,795	13,566	4,371
- Non-controlling interests	35	23	58	83
	6,014	3,818	13,624	4,454
Weighted average number of shares in issue ('000)	465,665	460,057	465,109	460,057
Earnings per ordinary share (sen):-				
-Basic	1.37	0.69	2.85	0.83
-Diluted	0.92	0.34	1.91	0.42

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 SEPTEMBER 2023

	30.09.2023	31.03.2023
	RM'000	RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Investment in an associate	5,961	6,732
Investment in jointly controlled entities	1,491	1,473
Property, plant and equipment	42,918	47,142
Investment properties	9,080	8,992
Intangible assets	20,629	24,870
Other investments	9,933	9,970
Deferred tax assets	4,536	4,791
Goodwill	53,138	53,138
Trade receivables	9,162	13,099
	<hr/>	<hr/>
	156,848	170,207
	<hr/>	<hr/>
Current assets		
Inventories	75,114	61,072
Trade and other receivables	309,436	264,197
Contract assets	210,000	184,534
Short term investments	7,067	9,363
Derivative assets	63	80
Current tax assets	1,938	2,784
Deposits, cash and bank balances	13,124	14,157
	<hr/>	<hr/>
	616,742	536,187
	<hr/>	<hr/>
TOTAL ASSETS	773,590	706,394
	<hr/>	<hr/>

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

	30.09.2023	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	41,605	34,531
	<hr/>	<hr/>
Equity attributable to owners of the Company	317,214	308,752
Non-controlling interests	732	674
	<hr/>	<hr/>
Total equity	317,946	309,426
	<hr/>	<hr/>
Non-current liabilities		
Borrowings	18,584	23,018
Deferred tax liabilities	6,197	7,032
	<hr/>	<hr/>
	24,781	30,050
	<hr/>	<hr/>
Current liabilities		
Trade and other payables	140,440	127,692
Contract liabilities	8,988	3,491
Derivative liabilities	397	66
Borrowings:-		
- bank overdrafts	33,457	17,148
- other borrowings	237,415	212,721
Provision for employee benefits	6,646	4,405
Current tax liabilities	3,520	1,395
	<hr/>	<hr/>
	430,863	366,918
	<hr/>	<hr/>
Total liabilities	455,644	396,968
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	773,590	706,394
	<hr/>	<hr/>
Net assets per ordinary share attributable to owners of the Company (RM)	0.68	0.67
	<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 SEPTEMBER 2023

6-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		
30.09.2023	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	-	-	-	-	-	-	13,263	13,263	58	13,321
Other comprehensive income for the period, net of tax:-										
- Foreign currency translation	-	-	-	-	633	-	-	633	-	633
- Cash flow hedge	-	-	-	-	-	(330)	-	(330)	-	(330)
Total comprehensive income for the period	-	-	-	-	633	(330)	13,263	13,566	58	13,624
Contributions by and distributions to owners of the Company:-										
- Exercise of warrants	1,388	-	-	-	-	-	-	1,388	-	1,388
- Dividends	-	-	-	-	-	-	(6,492)	(6,492)	-	(6,492)
Total transactions with owners	1,388	-	-	-	-	-	(6,492)	(5,104)	-	(5,104)
Balance at 30.09.2023	156,379	(2,313)	121,543	(116,732)	6,715	(309)	151,931	317,214	732	317,946

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

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

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	

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 SEPTEMBER 2023

	Current year to date 30.09.2023 RM'000	Preceding year corresponding year to date 30.09.2022 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before taxation	17,684	6,310
Adjustments for:-		
Allowance for impairment losses on receivables	1,371	2,963
Allowance for impairment losses on receivables no longer required	(1,958)	(2,948)
Allowance for impairment losses on contract assets no longer required	(333)	(42)
Allowance for slow-moving inventories	490	132
Allowance for slow-moving inventories no longer required	(136)	(218)
Amortisation of intangible assets	3,613	2,096
Bad debts written off	-	39
Depreciation of property, plant and equipment	6,030	5,455
Depreciation of investment properties	86	82
Fair value gain on derivatives	-	(56)
Fair value loss on other investments	37	2,309
Gain on disposal of property, plant and equipment	(189)	(29)
Gain on derecognition of leases	(73)	(1)
Impairment losses on intangible assets	640	94
Interest expense	5,905	3,667
Interest income	(222)	(204)
Provision for employee benefits	2,236	2,658
Share of results in jointly controlled entities	(18)	30
Share of results in an associate	(1,630)	(583)
Unrealised (gain)/loss on foreign exchange	(118)	417
Operating profit before working capital changes	33,415	22,171
Increase in inventories	(14,316)	(5,968)
Net increase in contract assets	(19,636)	(29,189)
Increase in trade and other receivables	(41,321)	(16,300)
Increase in trade and other payables	13,795	8,285
Employee benefits paid	-	(691)
CASH FOR OPERATING ACTIVITIES	(28,063)	(21,692)
Interest paid	(5,055)	(2,652)
Interest received	214	180
Income tax paid	(2,227)	(2,134)
Income tax refunded	344	700
NET CASH FOR OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	(34,787)	(25,598)

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

	Current year to date 30.09.2023 RM'000	Preceding year corresponding year to date 30.09.2022 RM'000
NET CASH FOR OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	(34,787)	(25,598)
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	200	68
Purchase of intangible assets	(4)	(4)
Purchase of investment properties	(174)	-
Purchase of property, plant and equipment	(1,011)	(3,522)
NET CASH FROM/(FOR) INVESTING ACTIVITIES	1,411	(3,358)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(6,492)	(4,862)
Increase in pledged deposits with licensed bank	(4)	(2)
Interest paid on long-term borrowings	(850)	(1,014)
Net of drawdown/(repayment) of bankers' acceptance	16,175	3,000
Net of drawdown/(repayment) of invoice financing	15,207	(15,708)
Net of (repayment)/drawdown of revolving credit	(5,857)	37,600
Proceeds from exercise of warrants	1,388	-
Repayment of hire purchase liabilities	(1,195)	(991)
Repayment of lease liabilities	(1,803)	(1,708)
Repayment of term loans	(3,000)	(3,000)
NET CASH FROM FINANCING ACTIVITIES	13,569	13,315
NET DECREASE IN CASH AND CASH EQUIVALENTS	(19,807)	(15,641)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	165	147
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	6,098	39,049
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	(13,544)	23,555

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

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

	Current year to date 30.09.2023 RM'000	Preceding year corresponding year to date 30.09.2022 RM'000
CASH AND CASH EQUIVALENTS COMPRISE:-		
Cash and bank balances	12,846	15,814
Bank overdrafts	(33,457)	(6,378)
Short-term investments	7,067	14,119
	<hr/> (13,544)	<hr/> 23,555

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 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 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.

A6 Dividend paid

During the current quarter under review, the Board of Directors declared the following dividends:

- (a) An interim dividend of 0.35 sen per ordinary share in respect of the financial year ended 31 March 2023. The total dividend of RM1,629,828 was paid on 29 September 2023.
- (b) An interim dividend of 2.12 sen per Redeemable Convertible Preference Share (RCPS) in respect of the financial year ended 31 March 2023. The total dividend of RM4,861,711 was paid on 29 September 2023.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 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 30.09.2023 RM'000
Revenue								
External revenue	80,935	120,897	24,016	18,983	11,032	61,478	234,212	551,553
Inter-segment revenue	128	4,887	-	1,661	19,234	4,597	-	30,507
	81,063	125,784	24,016	20,644	30,266	66,075	234,212	582,060
Adjustments and eliminations								(30,507)
Consolidated revenue								551,553
Results								
Segment results	14,938	4,924	1,135	1,490	998	4,923	6,020	34,428
Adjustments and eliminations	-	-	-	-	364	815	-	1,179
	14,938	4,924	1,135	1,490	1,362	5,738	6,020	35,607
Share of results in jointly controlled entities								18
Share of results in an associate								1,630
Unallocated income								232
Unallocated expenses								(19,803)
Consolidated profit before taxation								17,684

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 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 30.09.2023 RM'000
Assets								
Segment assets	72,743	78,913	18,399	17,253	28,363	64,209	383,895	663,775
Investment in an associate								5,961
Investment in jointly controlled entities								1,491
Goodwill								53,138
Unallocated assets								44,689
Deferred tax assets								4,536
Consolidated total assets								<u>773,590</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 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 30.09.2022 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

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 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 30.09.2022 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								642,536

(b) Geographical segments

	Year to date	
	30.09.2023 RM'000	30.09.2022 RM'000
Total revenue from external customers		
- Malaysia	543,148	375,069
- Singapore	8,405	7,848
	551,553	382,917

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 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 September 2023, the Group did not have any revalued assets.

A9 Subsequent events

There were no material subsequent events as at 10 November 2023.

A10 Changes in the composition of the Group

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

A11 Contingent liabilities

As at 10 November 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 September 2023 were as follows:

	RM'000
Purchase of investment properties	130

A13 Significant related party transactions

	Quarterly ended		Year to date	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Transactions with holding company	557	528	1,104	1,056
Transactions with other related parties	12,610	13,524	23,834	28,536

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 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 RM551.6 million for the period ended 30 September 2023, an increase of 44.0% or RM168.7 million compared to RM382.9 million reported in the previous corresponding period. All business segments, except for Agro Engineering and Heavy Equipment, recorded revenue growth.

For the period ended 30 September 2023, the Group posted a net profit of RM13.3 million compared with RM3.9 million a year earlier.

Marine & Industrial Segment

Quarterly results

Compared to the corresponding quarter of previous year, Marine and Industrial segment posted an 98.4% increase in revenue to RM39.1 million in 2QFY24 on higher sales mainly from marine engines.

With the increase in revenue, operating profit for the quarter rose 78.0% to RM7.7 million from RM4.3 million a year earlier.

Financial year-to-date

Revenue on a year-on-year basis increased 65.7% to RM80.9 million on the back of higher sales mainly from marine engines.

For YTD 2QFY24, operating profit was up by 43.7% to RM14.9 million from RM10.4 million a year earlier, driven by improved sales.

Building & Construction Materials Segment

Quarterly results

Building & Construction Materials segment saw its operating profit increased by 55.0% in 2QFY24 to RM3.2 million, from RM2.1 million on higher revenue during the quarter coupled with lower impairment losses on trade receivables. Revenue for the quarter gained 29.6% to RM58.5 million from RM45.2 million a year ago, mainly because of higher sales in building structural products.

Financial year-to-date

For YTD 2QFY24, the segment registered a 56.6% improvement in revenue to RM120.9 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 15.7% to RM4.9 million from RM4.3 million in the previous corresponding period. This was mainly weighed down by higher finance costs and lower margins resulting from unfavourable product mix.

Agro Engineering Segment

Quarterly results

On a quarter-on-quarter basis, the segment's revenue for 2QFY24 increased marginally by 1.8% to RM11.7 million, while operating profit decreased 53.4% to RM0.5 million. The lower earnings were mainly due to lower contributions resulting from squeezed margins across various products, coupled with the absence of write back of impairment losses on trade receivables.

Financial year-to-date

For YTD 2QFY24, Agro Engineering segment's revenue on y-o-y basis came in 3.0% lower to RM24.0 million on the back of lower sales mainly from sanding belts and steel strapping products. Operating profit dropped by 46.0% to RM1.1 million compared to the same period last year, primarily attributed to an unfavourable product mix and a higher provision for credit loss.

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

Electrical & Air Conditioning Segment

Quarterly results

Compared to the previous corresponding quarter, the segment's revenue for 2QFY24 maintained flat at RM9.8 million while operating profit decreased 38.3% to RM0.5 million from RM0.7 million previously. This was mainly due to higher operating expenses and lower earnings resulting from margin compression for air conditioning products.

Financial year-to-date

On a y-o-y comparison, Electrical & Air Conditioning segment's revenue remained steady at RM19.0 million for YTD 2QFY24. However, the operating profit for YTD 2QFY24 increased by 12.7% to RM1.5 million, mainly due to higher gross margins resulting from an improved product mix.

Heavy Equipment Segment

Quarterly results

Heavy Equipment segment saw its operating profit for 2QFY24 drop 50.2% to RM0.9 million from RM1.8 million in the same quarter last year, while revenue dipped 78.9% to RM4.8 million from RM22.8 million a year earlier.

Financial year-to-date

The segment's operating profit for YTD 2QFY24 fell 24.5% to RM1.4 million from RM1.8 million in YTD 2QFY23, weighed down by lower revenue which decreased by 58.5% to RM11.0 million from RM26.6 million in the same period last year.

Mechanical & Electrical Segment

Quarterly results

Revenue for Mechanical & Electrical segment increased by 10.5% from RM26.2 million in 2QFY23 to RM28.9 million in 2QFY24 due to higher work progress during the quarter.

Operating profit on y-o-y perspective rose more than doubled to RM2.5 million, primarily due to higher net impairment gains on financial assets.

Financial year-to-date

The segment's operating profit grew 173.9% to RM5.7 million, against RM2.1 million in the same period last year. This profit was achieved through the combination of lower operating expenses, a higher net impairment gains on financial assets, and higher revenue that increased 39.4% to RM61.5 million from RM44.1 million a year earlier.

Construction & Infrastructure Segment

Quarterly results

For 2QFY24, Construction & infrastructure segment's revenue rose 102.0% to RM129.4 million, while operating profit hit RM3.1 million, more than ten times the RM0.3 million posted a year ago, on account of higher work performed from the on-going projects.

Financial year-to-date

The segment reported a more than three-fold rise in operating profit to RM6.0 million for YTD 2QFY24 from RM1.9 million a year earlier, as revenue climbed 64.2% to RM234.2 million from RM142.6 million due to better site progress from the ongoing projects.

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

B2 Material changes in profit before tax for the quarter

For the current quarter under review, the Group recorded profit before tax of 8.7 million on the back of revenue of RM282.3 million as compared to profit before tax of 9.0 million and revenue of RM269.2 million in the immediate preceding quarter.

The lower profit was mainly due to lower other operating income and reduced share of results from an associate.

B3 Commentary on prospects

Economic activities have picked up significantly. We are fully focused, and have largely caught up with our major projects progress schedules. Collections is also a key focus area. High inflation, continuing geopolitical tensions and the weak Ringgit are our key concerns.

B4 Profit forecast and profit guarantee

Not applicable as no profit forecast was announced.

B5 Income tax expense

	Quarter ended		Year to date	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Income tax:-				
- Malaysian tax	2,451	1,675	4,848	2,623
- Foreign tax	6	2	6	2
	<u>2,457</u>	<u>1,677</u>	<u>4,854</u>	<u>2,625</u>
Deferred tax:-				
- Origination and reversal of temporary differences	(157)	(536)	(491)	(425)
- (Over)/under provision in the previous financial year	-	(271)	-	187
	<u>(157)</u>	<u>(807)</u>	<u>(491)</u>	<u>(238)</u>
	<u>2,300</u>	<u>870</u>	<u>4,363</u>	<u>2,387</u>

B6 Corporate proposals

As at 10 November 2023, there were no corporate proposals announced.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2023

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

B7 Borrowings

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

	Total RM'000
Long-term borrowings:-	
Hire purchase liabilities, secured	5,374
Lease liabilities	3,210
Term loans, secured	10,000
	<u>18,584</u>
Short-term borrowings:-	
Bank overdrafts, secured	21,146
Bank overdrafts, unsecured	12,311
Bankers' acceptance, secured	20,100
Bankers' acceptance, unsecured	25,726
Hire purchase liabilities, secured	2,503
Invoice financing, unsecured	55,344
Lease liabilities	2,642
Revolving credit, unsecured	125,100
Term loans, secured	6,000
	<u>270,872</u>
Total borrowings	<u>289,456</u>

B8 Derivative financial instruments

The outstanding foreign currency forward contracts as at 30 September 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	-	-	-
<u>Derivative designated as hedging instruments:-</u>			
Forward foreign currency contracts			
- Less than 1 year	20,377	63	(397)
	<u>20,377</u>	<u>63</u>	<u>(397)</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2023

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 Loss arising from fair value changes in financial liabilities

	Current quarter loss RM'000	Year to date loss RM'000
Foreign currency forward contracts	(392)	(331)

B10 Changes in material litigation

As at 10 November 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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2023

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 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 September 2023.

B12 Earnings per share

(a) Basic earnings per share

	Quarter ended		Year to date	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to the owners of the Company (RM'000)	6,371	3,158	13,263	3,840
Weight average number of ordinary shares in issue ('000)	465,665	460,057	465,109	460,057
Basic earnings per share based on weighted average number of shares in issue (sen)	1.37	0.69	2.85	0.83

(b) Diluted earnings per share

	Quarter ended		Year to date	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to the owners of the Company (RM'000)	6,371	3,158	13,263	3,840
Weight average number of ordinary shares in issue ('000)	694,991	918,303	694,435	918,303
Basic earnings per share based on weighted average number of shares issue (sen)	0.92	0.34	1.91	0.42

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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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2023

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	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Allowance for slow-moving inventories	138	94	490	132
Allowance for slow-moving inventories no longer required	12	(2)	(136)	(218)
Bad debts written off	-	9	-	39
Collective impairment losses on receivables	457	2,161	1,262	2,161
Collective impairment losses on receivables no longer required	282	(1,120)	(289)	(1,120)
Depreciation and amortisation	4,863	3,616	9,729	7,633
Fair value (gain)/loss on other investments	(220)	(183)	37	2,309
Fair value gain on short-term investments	(92)	(102)	(163)	(193)
Impairment losses on intangible assets	640	33	640	94
Impairment losses on intangible assets no longer required	287	-	-	-
Impairment losses on contract assets no longer required	(64)	-	(333)	(42)
Individual impairment losses on receivables	16	455	109	802
Individual impairment losses on receivables no longer required	(814)	(861)	(1,669)	(1,828)
Interest expense	3,020	2,026	5,905	3,667
Interest income	(123)	(103)	(222)	(204)
Loss on forward foreign currency contracts	-	-	12	391
Gain on derecognition of leases	(2)	-	(73)	(1)
Gain on disposal of property, plant and equipment	(191)	(16)	(189)	(29)
Realised (gain)/loss on foreign exchange	(339)	(1)	100	283
Realised loss/(gain) on derivatives	-	-	26	(129)
Unrealised (gain)/loss on foreign exchange	(273)	709	(118)	417
Unrealised loss/(gain) on derivatives	10	(26)	-	(56)