

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

INTERIM FINANCIAL STATEMENTS  
FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2020

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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 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.09.2020 RM'000	Preceding year corresponding quarter 30.09.2019 RM'000	Current year to date 30.09.2020 RM'000	Preceding year corresponding year to date 30.09.2019 RM'000
Revenue	72,644	88,148	124,375	169,714
Cost of sales	(62,982)	(74,019)	(106,237)	(144,227)
<b>Gross profit</b>	9,662	14,129	18,138	25,487
Other income	4,510	2,789	6,510	4,806
Selling and distribution expenses	(2,301)	(2,460)	(4,511)	(4,887)
Administrative expenses	(9,860)	(8,053)	(17,810)	(16,043)
Other operating expenses	(616)	(2,513)	(1,722)	(3,395)
Finance costs	(200)	(191)	(456)	(492)
Share of results in an associate	-	938	116	1,178
<b>Profit before taxation</b>	1,195	4,639	265	6,654
Income tax expense	(683)	(1,038)	(518)	(1,614)
<b>Profit/(loss) after taxation</b>	512	3,601	(253)	5,040
Other comprehensive income				
<u>Items that will be reclassified subsequently to profit or loss</u>				
Cash flow hedge	37	(196)	(121)	(47)
Foreign currency translation	(208)	(157)	(28)	121
Foreign currency translation reserve transferred to profit or loss due to disposal of an associated company	(181)	-	(181)	-
<b>Total other comprehensive income</b>	(352)	(353)	(330)	74
<b>Total comprehensive income/(expenses) for the period</b>	160	3,248	(583)	5,114

**PANSAR BERHAD** [Registration No. 197401002551 (18904-M)]CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
(CONT'D)  
FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.09.2020 RM'000	Preceding year corresponding quarter 30.09.2019 RM'000	Current year to date 30.09.2020 RM'000	Preceding year corresponding year to date 30.09.2019 RM'000
<b>Profit/(loss) after taxation attributable to:-</b>				
- Owners of the Company	600	3,601	(165)	5,040
- Non-controlling interests	(88)	-	(88)	-
	512	3,601	(253)	5,040
<b>Total comprehensive income/(expenses) attributable to:-</b>				
- Owners of the Company	248	3,248	(495)	5,114
- Non-controlling interests	(88)	-	(88)	-
	160	3,248	(583)	5,114
<b>Weighted average number of shares in issue ('000)</b>	458,429	457,977	458,204	457,977
<b>Earnings/(loss) per ordinary share (sen):-</b>				
-Basic	0.13	0.79	(0.04)	1.10
-Diluted	N/A	N/A	N/A	N/A

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 2020 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 2020

	<b>30.09.2020</b>	<b>31.03.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in an associate	-	16,780
Property, plant and equipment	5,312	4,908
Right-of-use assets	8,731	10,979
Investment properties	14,739	14,961
Intangible assets	291	294
Other investments	9,776	-
Deferred tax assets	4,714	4,537
Goodwill	92	54
	<hr/>	<hr/>
	43,655	52,513
	<hr/>	<hr/>
<b>Current assets</b>		
Inventories	48,080	43,306
Trade and other receivables	121,113	119,990
Short term investments	19,641	5,018
Derivative assets	61	156
Current tax assets	586	96
Deposits, cash and bank balances	13,709	41,990
	<hr/>	<hr/>
	203,190	210,556
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>246,845</b>	<b>263,069</b>
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**PANSAR BERHAD** [Registration No. 197401002551 (18904-M)]CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)  
AT 30 SEPTEMBER 2020

	30.09.2020	31.03.2020
	RM'000	RM'000
	(Unaudited)	(Audited)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	152,381	151,956
Treasury shares	(2,313)	(2,313)
Reserves	20,741	28,116
	<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>	170,809	177,759
Non-controlling interests	876	-
	<hr/>	<hr/>
<b>Total equity</b>	171,685	177,759
	<hr/>	<hr/>
<b>Non-current liability</b>		
Bank borrowings	208	-
Lease liabilities	6,813	8,607
	<hr/>	<hr/>
	7,021	8,607
	<hr/>	<hr/>
<b>Current liabilities</b>		
Lease liabilities	2,769	2,727
Trade and other payables	54,978	56,895
Bank borrowings:-		
- bank overdrafts	883	6,156
- other borrowings	6,048	7,700
Provision for employee benefits	3,244	2,304
Current tax liabilities	217	921
	<hr/>	<hr/>
	68,139	76,703
	<hr/>	<hr/>
<b>Total liabilities</b>	75,160	85,310
	<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>	246,845	263,069
	<hr/>	<hr/>
<b>Net assets per ordinary share attributable to owners of the Company (RM)</b>	0.37	0.39
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The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020 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 2020

6-month period ended	< ----- Non-distributable ----- > <distributable>						Attributable to Owners of the Company	Non-Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Reverse Acquisition Reserve	Foreign Exchange Translation Reserve	Cash Flow Hedge Reserve	Retained Profits			
30.09.2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 01.04.2020	151,956	(2,313)	(116,732)	4,686	162	140,000	177,759	-	177,759
Loss after taxation for the period	-	-	-	-	-	(165)	(165)	(88)	(253)
Other comprehensive income for the period, net of tax:-									
- Foreign currency translation reserve transferred to profit or loss due to disposal of an associated company	-	-	-	(181)	-	-	(181)	-	(181)
- Foreign currency translation	-	-	-	(28)	-	-	(28)	-	(28)
- Cash flow hedge	-	-	-	-	(121)	-	(121)	-	(121)
Total comprehensive expenses for the period	-	-	-	(209)	(121)	(165)	(495)	(88)	(583)
Contributions by and distributions to owners of the Company:-									
- Acquisition of a subsidiary company	-	-	-	-	-	-	-	964	964
- Issuance of shares	425	-	-	-	-	-	425	-	425
- Dividends	-	-	-	-	-	(6,880)	(6,880)	-	(6,880)
Balance at 30.09.2020	152,381	(2,313)	(116,732)	4,477	41	132,955	170,809	876	171,685

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

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D) FOR THE YEAR TO DATE ENDED 30 SEPTEMBER 2020

6-month period ended	<----- Non-distributable ----->					<distributable>			
	Share Capital	Treasury Shares	Reverse Acquisition Reserve	Foreign Exchange Translation Reserve	Cash Flow Hedge Reserve	Retained Profits	Attributable to Owners of the Company	Non-Controlling Interests	Total Equity
30.09.2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 01.04.2019	151,956	(2,313)	(116,732)	4,496	93	137,232	174,732	-	174,732
Profit after taxation for the period	-	-	-	-	-	5,040	5,040	-	5,040
Other comprehensive income for the period, net of tax:-									
- Foreign currency translation	-	-	-	121	-	-	121	-	121
- Cash flow hedge	-	-	-	-	(47)	-	(47)	-	(47)
Total comprehensive income for the period	-	-	-	121	(47)	5,040	5,114	-	5,114
Contributions by and distributions to owners of the Company:-									
- Dividends	-	-	-	-	-	(4,580)	(4,580)	-	(4,580)
Balance at 30.09.2019	151,956	(2,313)	(116,732)	4,617	46	137,692	175,266	-	175,266

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 2020 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 2020

	Current year to date 30.09.2020 RM'000	Preceding year corresponding period 30.09.2019 RM'000
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>		
Profit before taxation	265	6,654
<b>Adjustments for:-</b>		
Allowance for impairment losses on receivables	1,607	3,340
Allowance for impairment losses on receivables no longer required	(2,159)	(3,314)
Allowance for slow-moving inventories	111	43
Allowance for slow-moving inventories no longer required	(16)	(204)
Amortisation of intangible assets	3	3
Bad debts written off	4	12
Depreciation of property, plant and equipment	644	896
Depreciation of investment properties	222	80
Depreciation of right-of-use assets	1,353	-
Fair value loss on derivatives	11	38
Fair value loss on other investments	2,370	-
Fair value loss on short-term investments	10	-
Gain on disposal of an associated company	(1,969)	-
(Gain)/loss on disposal of property, plant and equipment	(90)	2
Gain on disposal of right-of-use assets	(30)	-
Interest expense on lease liabilities	333	-
Interest expense	123	492
Interest income	(607)	(627)
Provision for employee benefits	940	1,151
Share of results in an associate	(116)	(1,178)
Unrealised (gain)/loss on foreign exchange	(6)	35
Operating profit before working capital changes	3,003	7,423
(Increase)/Decrease in inventories	(4,873)	8,774
Decrease/(Increase) in trade and other receivables	4,926	(7,430)
(Decrease)/Increase in trade and other payables	(5,875)	394
<b>CASH (FOR)/FROM OPERATING ACTIVITIES</b>	(2,819)	9,161
Interest paid	(123)	(492)
Interest received	334	417
Income tax paid	(1,870)	(1,559)
Income tax refunded	49	1,062
<b>CASH (FOR)/FROM OPERATING ACTIVITIES / BALANCE CARRIED FORWARD</b>	(4,429)	8,589



**PANSAR BERHAD** [Registration No. 197401002551 (18904-M)]CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)  
FOR THE YEAR TO DATE ENDED 30 SEPTEMBER 2020

	<b>Current year to date 30.09.2020 RM'000</b>	<b>Preceding year Corresponding Period 30.09.2019 RM'000</b>
CASH (FOR)/FROM OPERATING ACTIVITIES / BALANCE CARRIED FORWARD	(4,429)	8,589
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>		
Net cash outflow arising from acquisition of a subsidiary	(132)	-
Proceeds from disposal of property, plant and equipment	98	-
Proceeds from disposal of an associated company	6,540	-
Purchase of short-term investments	(14,633)	-
Purchase of property, plant and equipment	(682)	(553)
Purchase of intangible assets	-	(29)
Purchase of investment properties	-	(126)
Uplift of fixed deposits with licensed banks		6,185
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(8,809)	5,477
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Dividend paid	(6,880)	(4,580)
Proceeds from issuance of ordinary shares	425	-
Net of repayment of bankers' acceptance	(1,700)	(3,000)
Net of drawdown of revolving credit	-	1,000
Repayment of lease liabilities	(1,587)	-
NET CASH FOR FINANCING ACTIVITIES	(9,742)	(6,580)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(22,980)	7,486
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	(28)	21
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	35,834	6,381
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	12,826	13,888

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

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D) FOR THE YEAR TO DATE ENDED 30 SEPTEMBER 2020

	<b>Current year to date 30.09.2020 RM'000</b>	<b>Preceding year Corresponding Period 30.09.2019 RM'000</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE:-</b>		
Cash and bank balances	13,446	25,921
Fixed deposits with licensed banks	263	19,158
Bank overdrafts	(883)	(15,116)
	<hr/>	<hr/>
	12,826	29,963
Less: Fixed deposits with tenure more than 3 months	-	(16,075)
	<hr/>	<hr/>
	12,826	13,888
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The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020 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 2020

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### 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 2020. 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 2020.

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 2020, except as follows:

On 1 April 2020, the Group adopted the following new and revised MFRSs, Amendments to MFRSs and IC Interpretations (including the consequential amendments) mandatory for annual financial periods beginning on or after 1 January 2020:-

- *MFRS 17: Insurance Contracts*
- Amendments to *MFRS 3: Definition of a Business*
- Amendments to *MFRS 3: Reference to the Conceptual Framework*
- Amendments to *MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform*
- Amendments to *MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to *MFRS 16: COVID-19 - Related Rent Concessions*
- Amendments to *MFRS 101 and MFRS 108: Definition of Material*
- Amendments to *MFRS 101: Classification of Liabilities as Current or Non-Current*
- Amendments to *MFRS 116: Property, Plant and Equipment - Proceeds Before Intended Use*
- Amendments to *MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to References to the Conceptual Framework in MFRS Standards
- 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 except as disclosed below:-

On 5 August 2020 and 11 August 2020, a total of 675,100 units of Warrant 2018/2023 were converted into ordinary shares at an exercise price of RM0.63 per unit. As at 30 September 2020, the total number of Warrants unexercised stood at 230,324,900. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares.

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

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2020

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

#### A6 Dividend paid

During the current quarter under review, the Board of Directors declared a first and final single tier dividend of 1.5 sen per ordinary share for financial year ended 31 March 2020. The total dividend of RM6,879,779 was paid on 28 August 2020.

#### 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 Products RM'000	Agro Engineering RM'000	Electrical & Office Automation RM'000	Heavy Equipment RM'000	Mechanical & Electrical RM'000	Year to date 30.09.2020 RM'000
<b>Revenue</b>							
External revenue	36,635	37,289	12,081	10,151	6,643	21,576	124,375
Inter-segment revenue	40	98	-	266	4,618	8	5,030
	36,675	37,387	12,081	10,417	11,261	21,584	129,405
Adjustments and eliminations							(5,030)
Consolidated revenue							124,375
<b>Results</b>							
Segment results	6,905	2,386	979	539	314	523	11,646
Adjustments and eliminations	-	-	-	-	191	657	848
	6,905	2,386	979	539	505	1,180	12,494
Share of results in an associate							116
Unallocated income							2,760
Unallocated expenses							(15,105)
Consolidated profit before taxation							265
<b>Assets</b>							
Segment assets	51,863	36,942	15,433	11,498	13,734	44,795	174,265
Goodwill							92
Unallocated assets							67,774
Deferred tax assets							4,714
Consolidated total assets							246,845

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

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2020

### 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 Products RM'000	Agro Engineering RM'000	Electrical & Office Automation RM'000	Heavy Equipment RM'000	Mechanical & Electrical RM'000	Year to date 30.09.2019 RM'000
<b>Revenue</b>							
External revenue	52,127	60,437	14,082	10,720	5,243	27,105	169,714
Inter-segment revenue	26	171	-	115	1,961	1	2,274
	52,153	60,608	14,082	10,835	7,204	27,106	171,988
Adjustments and eliminations							(2,274)
Consolidated revenue							169,714
<b>Results</b>							
Segment results	10,710	3,338	905	400	581	1,615	17,549
Adjustments and eliminations	-	-	-	-	129	707	836
	10,710	3,338	905	400	710	2,322	18,385
Share of results in an associate							1,178
Unallocated income							290
Unallocated expenses							(13,199)
Consolidated profit before taxation							6,654
<b>Assets</b>							
Segment assets	46,112	46,311	19,277	11,656	12,123	59,345	194,824
Investment in an associate							15,957
Goodwill							54
Unallocated assets							42,265
Deferred tax assets							3,530
Consolidated total assets							256,630

##### (b) Geographical segments

	Year to date	
	30.09.2020 RM'000	30.09.2019 RM'000
Total revenue from external customers		
- Malaysia	120,403	162,341
- Singapore	3,972	7,373
	124,375	169,714

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

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2020

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### 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 2020, the Group did not have any revalued assets.

#### A9 Subsequent events

There were no material subsequent events as at 12 November 2020.

#### A10 Changes in the composition of the Group

On 15 August 2020, Pansar Berhad has subscribed for 1,050,000 new ordinary shares in Terminal Aman Sdn Bhd (“TASB”) for a total cash consideration of RM1,050,000. Pursuant to the subscription, the total issued share capital of TASB has increased from 1,000,000 to 2,050,000 ordinary shares. This has resulted in TASB becoming a 51.22% subsidiary of Pansar Berhad.

#### A11 Contingent liabilities

As at 12 November 2020, 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

There were no commitments in respect of the Group since the last annual reporting date to the date of this report.

#### A13 Significant related party transactions

	Quarterly ended		Year to date	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Transactions with holding company	460	577	1,038	1,154
Transactions with other related parties	8,455	7,039	13,091	16,892

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

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2020

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

#### B1 Review of performance

For the period ended 30 September 2020, the Group reported a net loss attributable to owners of the Company of RM0.2 million compared with a net profit of RM5.0 million reported in the same period a year earlier, as the COVID-19 pandemic significantly affected the overall sales performance of the Group.

On a year-on-year basis, revenue contracted 26.7% to RM124.4 million from RM170.0 million a year ago.

#### Marine & Industrial Segment

##### Quarterly results

Marine & Industrial segment's operating profit for 2QFY21 fell 44.2% to RM3.7 million from RM6.6 million in 2QFY20, weighed down by lower revenue which decreased by 28.3% to RM18.6 million from RM25.9 million in the previous corresponding quarter.

##### Financial year-to-date

The segment saw its operating profit for YTD 2QFY21 drop 35.5% to RM6.9 million from RM10.7 million in the same period last year, while revenue dipped 29.7% to RM36.6 million from RM52.1 million a year earlier.

The lower performance was primarily due to weaker sales largely from marine engines and spare parts.

#### Building products Segment

##### Quarterly results

Building Products segment's revenue dropped 21.4% to RM24.0 million from RM30.5 million in 2QFY20, attributed mainly to lower sales volume from roofing and building structural products.

Despite registering lower revenue for 2QFY21, the segment's operating profit came in higher at RM1.6 million compared with RM1.1 million the same quarter last year due largely to lower doubtful debts provision in the current quarter.

##### Financial year-to-date

The segment's revenue fell by RM23.1 million from RM60.4 million in YTD 2QFY20 to RM37.3 million in YTD 2QFY21. The drop in sales revenue led to lower gross profit, dragging down the operating profit to RM2.4 million from RM3.3 million a year ago.

#### Agro Engineering Segment

##### Quarterly results

For 2QFY21, Agro Engineering segment's revenue fell RM0.4 million on the back of lower sales volume mainly from wood bandsaw and steel products.

Despite the decrease in revenue, operating profit for the quarter however improved 78.3% to RM0.7 million in 2QFY21 from RM0.4 million in 2QFY20 mainly due to lower operating expenses coupled with higher write back of impairment losses on trade receivables.

##### Financial year-to-date

On a year-on-year comparison, the segment's revenue for YTD 2QFY21 decreased by 14.2% to RM12.1 million while operating profit increased 8.2% to RM1.0 million largely attributed to higher write back of impairment losses on trade receivables.

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

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2020

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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 & Office Automation Segment

###### Quarterly results

For the current quarter, Electrical & Office Automation segment registered a 20.5% increase in revenue q-o-q attributed mainly to higher sales from air conditioning products.

The segment posted an operating profit of RM0.6 million in 2QFY21 as opposed to an operating loss of RM0.1 million in the previous corresponding quarter.

###### Financial year-to-date

Despite a 5.3% dip in y-o-y revenue due to weaker sales largely from air conditioning and lighting products, the segment posted an operating profit of RM0.5 million, up by RM0.1 million on the back of lower impairment losses on trade receivables.

##### Heavy Equipment Segment

###### Quarterly results

Heavy Equipment segment saw a 55.7% increase in revenue to RM4.8 million over the previous corresponding quarter, led largely by higher sales from telescopic handlers.

Operating profit for the current quarter however eased 32.4% to RM0.3 million from RM0.5 million in 2QFY20 due mainly to reduced margins as a result of unfavourable sales mix.

###### Financial year-to-date

Revenue on a y-o-y basis increased 26.7% to RM6.6 million on the back of higher sales mainly from telescopic handlers.

Operating profit for YTD 2QFY21 however decreased to RM0.5 million from RM0.7 million a year ago.

##### Mechanical & Electrical Segment

###### Quarterly results

Compared with the same quarter last year, operating profit for 2QFY21 came in 76.6% lower at RM0.4 million on the back of contracted margins as well as revenue that declined 25.2% to RM12.2 million from RM16.3 million in the previous corresponding quarter.

###### Financial year-to-date

Compared to previous year, Mechanical & Electrical segment's revenue decreased 20.4% to RM21.6 million on account of lower work performed from the on-going projects.

With the decreased revenue coupled with contracted margins, the segment reported 49.2% dip in operating profit to RM1.2 million compared with RM2.3 million a year earlier.



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## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2020

### 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

The Group recorded lower sales in the immediate preceding quarter following the temporary closure of business operations from 1 April 2020 to 12 May 2020 to comply with the Movement Control Order (“MCO”) which was imposed by the Government to curb the spread of COVID-19 infections. The subsequent transition to “Conditional MCO” and “Recovery MCO” provided some relief to businesses. Almost all economic sectors began to reopen and business activities were allowed to resume operations since mid-May 2020, subject to conditions and standard operating procedures.

For the current quarter under review, the Group’s financial performance made a turnaround with profit before tax of RM1.2 million as opposed to a loss before tax of RM0.9 million in the immediate preceding quarter. Revenue climbed 40.4% to RM72.6 million from RM51.7 million.

#### B3 Commentary on prospects

Malaysia’s GDP decreased by 2.7% in the current quarter. With the recent re-implementation of movement controls, demand remains weak. However, we do see silver linings in certain sectors, such as infrastructure projects and the much improved palm oil price.

#### B4 Profit forecast and profit guarantee

Not applicable as no profit forecast was announced.

#### B5 Income tax expense

	Quarter ended		Year to date	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Income tax:-				
- Malaysian tax	546	1,301	674	2,008
- Foreign tax	-	20	1	21
	<hr/>	<hr/>	<hr/>	<hr/>
	546	1,321	675	2,029
Deferred tax:-				
- Origination and reversal of temporary differences	137	(283)	(188)	(416)
- Under provision in the previous financial year	-	-	31	1
	<hr/>	<hr/>	<hr/>	<hr/>
	137	(283)	(157)	(415)
	<hr/>	<hr/>	<hr/>	<hr/>
	683	1,038	518	1,614

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## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2020

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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

##### Proposed Listing of an Associated Company

The Board of Directors of the Company, had on 28 June 2019, announced that Reservoir Link Sdn Bhd (“RLSB”), a 20% owned associated company of Pansar, is proposing to list on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”), via a special purpose vehicle, Reservoir Link Energy Bhd (“RLEB”).

RLEB had completed its Initial Public Offering (“IPO”) exercise and was successfully listed on Bursa Securities on 15 July 2020. During the IPO exercise, the Company had undertaken an offer for sale (“OFS”) of 15,951,000 ordinary shares held in RLEB at an offer price of RM0.41 per share.

Following the completion of RLEB’s IPO exercise, RLEB has ceased to be an associated company of the Company.

##### Proposed Acquisition, Proposed Right Issue of Redeemable Convertible Preference Shares (“RCPS”), Proposed Diversification, and Proposed Amendments

On 9 September 2020, UOB Kay Hian Securities (M) Sdn Bhd (“UOBKH”), on behalf of Board of Directors of Pansar (“Board”) announced that the Company had on 9 September 2020 entered into a conditional share purchase agreement with PE Holdings Sdn Bhd (“PE Holdings” or “Vendor”) to acquire 100% equity interest in the issued share capital of Perbena Emas Sdn Bhd from the Vendor for a purchase consideration of RM151.0 million to be satisfied entirely in cash (“Proposed Acquisition”).

In conjunction with the Proposed Acquisition, the Company also intends to undertake the following:-

- (a) A proposed renounceable rights issue of up to 346,500,000 new redeemable convertible preference shares in Pansar (“RCPS”), on the basis of 1 RCPS for every 2 existing ordinary shares in Pansar held on an entitlement date to be determined later (“Proposed Rights Issue”);
- (b) Proposed diversification of the principal activities of Pansar and its subsidiaries to include construction and civil engineering (“Proposed Diversification”); and
- (c) Proposed amendments to the Constitution of the Company to facilitate the issuance of the RCPS under the Proposed Right Issues (“Proposed Amendments”).

(collectively referred to as the “Proposals”)

On 9 October 2020, the application in relation to the Proposals has been submitted to Bursa Securities.

On 30 October 2020, Bursa Securities had vide its letter dated 30 October 2020, resolved to approve the following:-

- (a) Admission to the Official List and listing and quotation of up to 346,500,000 RCPS to be issued pursuant to the Proposed Rights Issue; and
- (b) Listing and quotation of up to 346,500,000 Pansar Shares to be issued pursuant to the conversion of the RCPS.

The approval granted by Bursa Securities for the Proposed Right Issue is subject to the conditions set out in its letter.

Except as disclosed, there is no corporate proposal announced but not completed as at 12 November 2020.

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## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2020

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

#### B7 Bank borrowings

The Group's bank borrowings as at 30 September 2020 were as follows:-

	Short-term RM'000	Long term RM'000	Total RM'000
<b>Secured:-</b>			
Term loans	48	208	256
<b>Unsecured:-</b>			
Bank overdrafts	883	-	883
Bankers' acceptance	3,000	-	3,000
Revolving credit	3,000	-	3,000
	6,883	-	6,883
<b>Total bank borrowings</b>	<b>6,931</b>	<b>208</b>	<b>7,139</b>

#### B8 Derivative financial instruments

The outstanding foreign currency forward contracts as at 30 September 2020 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	507	7	-
<u>Derivative designated as hedging instruments:-</u>			
Forward foreign currency contracts			
- Less than 1 year	4,363	54	-
	4,870	61	-

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.

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## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2020

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

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

There were no gains or losses arising from fair value changes in financial liabilities for the current quarter ended 30 September 2020.

#### B10 Changes in material litigation

As at 12 November 2020, 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 have applied on 3 September 2020 for an arbitrator to be appointed, which appointment is still pending.

PESSB’s counsel for this suit is of the opinion that PESSB has a good case on the merits against BPSB.

#### B11 Dividend payable

No interim dividend has been declared for the financial period ended 30 September 2020.

#### B12 Earnings/(Loss) per share

##### (a) Basic earnings/(loss) per share

	Quarter ended		Year to date	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the period attributable to the owners of the Company (RM'000)	600	3,601	(165)	5,040
Weight average number of ordinary shares in issue ('000)	458,429	457,977	458,204	457,977
Basic earnings/(loss) per share based on weighted average number of issue (sen)	0.13	0.79	(0.04)	1.10

##### (b) Diluted earnings per share

Not applicable as at 30 September 2020.

#### 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 2020 was not subject to any qualification.

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

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2020

### 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	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Allowance for slow-moving inventories	38	43	111	43
Allowance for slow-moving inventories no longer required	(4)	(38)	(16)	(204)
Bad debts written off	4	12	4	12
Collective impairment losses on receivables	-	(13)	-	37
Depreciation and amortisation	1,067	480	2,222	979
Fair value loss on other investments	2,370	-	2,370	-
Fair value (gain)/loss on short-term investments	(16)	-	10	-
Individual impairment losses on receivables	573	2,471	1,607	3,303
Individual impairment losses on receivables no longer required	(1,444)	(2,137)	(2,159)	(3,314)
Interest expense on lease liabilities	146	-	333	-
Interest expense	53	192	123	492
Interest income	(293)	(237)	(607)	(627)
Loss/(Gain) on forward foreign currency contracts	4	-	19	(1)
(Gain)/Loss on disposal of property, plant and equipment	(74)	2	(90)	2
Gain on disposal of an associated company	(1,969)	-	(1,969)	-
Gain on disposal of right-of-use assets	(30)	-	(30)	-
Realised gain on foreign exchange	(330)	(204)	(627)	(260)
Realised loss on derivatives	-	-	18	49
Unrealised (gain)/loss on foreign exchange	(95)	(71)	(6)	35
Unrealised loss/(gain) on derivatives	13	(10)	(7)	(11)