

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

INTERIM FINANCIAL STATEMENTS
FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2021

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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 2021

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.06.2021 RM'000	Preceding year corresponding quarter 30.06.2020 RM'000	Current year to date 30.06.2021 RM'000	Preceding year corresponding year to date 30.06.2020 RM'000
Revenue	97,775	51,731	97,775	51,731
Cost of sales	(86,699)	(43,256)	(86,699)	(43,256)
Gross profit	11,076	8,475	11,076	8,475
Other income	2,138	2,001	2,138	2,001
Selling and distribution expenses	(2,291)	(2,210)	(2,291)	(2,210)
Administrative expenses	(17,116)	(7,951)	(17,116)	(7,951)
Other operating expenses	(531)	(1,106)	(531)	(1,106)
Finance costs	(810)	(257)	(810)	(257)
Share of results in jointly controlled entities	67	-	67	-
Share of results in an associate	125	116	125	116
Loss before taxation	(7,342)	(932)	(7,342)	(932)
Income tax expense	358	165	358	165
Loss after taxation	(6,984)	(767)	(6,984)	(767)
Other comprehensive income				
<u>Items that will be reclassified subsequently to profit or loss</u>				
Cash flow hedge	(55)	(159)	(55)	(159)
Foreign currency translation	94	181	94	181
Total other comprehensive income	39	22	39	22
Total comprehensive expenses for the period	(6,945)	(745)	(6,945)	(745)

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 2021 (CONT'D)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.06.2021 RM'000	Preceding year corresponding quarter 30.06.2020 RM'000	Current year to date 30.06.2021 RM'000	Preceding year corresponding year to date 30.06.2020 RM'000
Loss after taxation attributable to:-				
- Owners of the Company	(6,978)	(767)	(6,978)	(767)
- Non-controlling interests	(6)	-	(6)	-
	(6,984)	(767)	(6,984)	(767)
Total comprehensive expenses attributable to:-				
- Owners of the Company	(6,939)	(745)	(6,939)	(745)
- Non-controlling interests	(6)	-	(6)	-
	(6,945)	(745)	(6,945)	(745)
Weighted average number of shares in issue ('000)	460,048	457,977	460,048	457,977
Loss per ordinary share (sen):-				
-Basic	(1.52)	(0.17)	(1.52)	(0.17)
-Diluted	(0.76)	(0.11)	(0.76)	(0.11)

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 2021 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 2021

	30.06.2021	31.03.2021
	RM'000	RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Investment in an associate	5,577	-
Investment in jointly controlled entities	2,945	-
Property, plant and equipment	15,435	6,946
Right-of-use assets	20,169	12,357
Investment properties	8,112	8,149
Intangible assets	38,198	1,016
Other investments	14,369	19,940
Deferred tax assets	5,559	5,001
Goodwill	57,432	453
Trade receivables	4,996	-
	<hr/> 172,792	<hr/> 53,862
Current assets		
Inventories	54,374	46,551
Trade and other receivables	277,554	108,365
Short term investments	28,017	20,889
Derivative assets	129	162
Current tax assets	5,191	740
Deposits, cash and bank balances	16,413	141,843
	<hr/> 381,678	<hr/> 318,550
TOTAL ASSETS	<hr/> 554,470	<hr/> 372,412

PANSAR BERHAD [Registration No. 197401002551 (18904-M)]CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2021 (CONT'D)

	30.06.2021	31.03.2021
	RM'000	RM'000
	(Unaudited)	(Audited)
EQUITY AND LIABILITIES		
Equity		
Share capital	153,182	153,121
Treasury shares	(2,313)	(2,313)
Redeemable convertible preference shares	121,543	121,543
Reserves	24,717	31,656
	<hr/>	<hr/>
Equity attributable to owners of the Company	297,129	304,007
Non-controlling interests	682	688
	<hr/>	<hr/>
Total equity	297,811	304,695
	<hr/>	<hr/>
Non-current liabilities		
Bank borrowings	24,196	204
Deferred tax liabilities	8,933	-
Lease liabilities	10,599	5,800
	<hr/>	<hr/>
	43,728	6,004
	<hr/>	<hr/>
Current liabilities		
Lease liabilities	4,820	2,790
Trade and other payables	92,399	51,437
Bank borrowings:-		
- bank overdrafts	4,913	2,776
- other borrowings	108,133	3,054
Provision for employee benefits	2,656	1,568
Current tax liabilities	10	88
	<hr/>	<hr/>
	212,931	61,713
	<hr/>	<hr/>
Total liabilities	256,659	67,717
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	554,470	372,412
	<hr/>	<hr/>
Net assets per ordinary share attributable to owners of the Company (RM)	0.65	0.66
	<hr/> <hr/>	<hr/> <hr/>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2021 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 2021

3-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 01.04.2021	153,121	(2,313)	121,543	(116,732)	4,659	(98)	143,827	304,007	688	304,695	
Loss after taxation for the period	-	-	-	-	-	-	(6,978)	(6,978)	(6)	(6,984)	
Other comprehensive income for the period, net of tax:-											
- Foreign currency translation	-	-	-	-	94	-	-	94	-	94	
- Cash flow hedge	-	-	-	-	-	(55)	-	(55)	-	(55)	
Total comprehensive income for the period	-	-	-	-	94	(55)	(6,978)	(6,939)	(6)	(6,945)	
Contributions by and distributions to owners of the Company:-											
- Issuance of shares	61	-	-	-	-	-	-	61	-	61	
Total transactions with owners	61	-	-	-	-	-	-	61	-	61	
Balance at 30.06.2021	153,182	(2,313)	121,543	(116,732)	4,753	(153)	136,849	297,129	682	297,811	

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR TO DATE ENDED 30 JUNE 2021 (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 01.04.2020	151,956	(2,313)	-	(116,732)	4,686	162	140,000	177,759	-	177,759
Loss after taxation for the period	-	-	-	-	-	-	(767)	(767)	-	(767)
Other comprehensive income for the period, net of tax:-										
- Foreign currency translation	-	-	-	-	181	-	-	181	-	181
- Cash flow hedge	-	-	-	-	-	(159)	-	(159)	-	(159)
Total comprehensive income for the period	-	-	-	-	181	(159)	(767)	(745)	-	(745)
Balance at 30.06.2020	151,956	(2,313)	-	(116,732)	4,867	3	139,233	177,014	-	177,014

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 2021 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 2021

	Current year to date 30.06.2021 RM'000	Preceding year corresponding period 30.06.2020 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before taxation	(7,342)	(932)
Adjustments for:-		
Allowance for impairment losses on receivables	478	1,034
Allowance for impairment losses on receivables no longer required	(1,445)	(715)
Allowance for slow-moving inventories	53	73
Allowance for slow-moving inventories no longer required	(30)	(12)
Amortisation of intangible assets	795	1
Depreciation of property, plant and equipment	882	312
Depreciation of investment properties	37	111
Depreciation of right-of-use assets	1,368	731
Fair value loss/(gain) on derivatives	1	(2)
Fair value loss on other investments	5,571	-
Fair value (gain)/loss on short-term investments	(6)	26
Gain on disposal of property, plant and equipment	(8)	(16)
Gain on disposal of right-of-use assets	(20)	-
Interest expense on lease liabilities	237	187
Interest expense	580	70
Interest income	(183)	(314)
Provision for employee benefits	1,088	627
Share of results in jointly controlled entities	(67)	-
Share of results in an associate	(125)	(116)
Unrealised (gain)/loss on foreign exchange	(23)	89
Operating profit before working capital changes	1,841	1,154
Increase in inventories	(7,840)	(4,651)
(Increase)/Decrease in trade and other receivables	(52,851)	2,339
(Decrease)/Increase in trade and other payables	(1,646)	108
CASH FOR OPERATING ACTIVITIES	(60,496)	(1,050)
Interest paid	(580)	(70)
Interest received	112	196
Income tax paid	(1,257)	(1,069)
Income tax refunded	-	49
CASH FOR OPERATING ACTIVITIES / BALANCE CARRIED FORWARD	(62,221)	(1,944)

PANSAR BERHAD [Registration No. 197401002551 (18904-M)]CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR TO DATE ENDED 30 JUNE 2021 (CONT'D)

	Current year to date 30.06.2021 RM'000	Preceding year Corresponding Period 30.06.2020 RM'000
CASH FOR OPERATING ACTIVITIES / BALANCE CARRIED FORWARD	(62,221)	(1,944)
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash and cash equivalents acquired	(147,266)	-
Proceeds from disposal of property, plant and equipment	8	17
Purchase of property, plant and equipment	(2,816)	(272)
Purchase of short-term investments	(7,122)	(8,111)
Increase in pledged fixed deposits with licensed banks	-	(1)
NET CASH FOR INVESTING ACTIVITIES	(157,196)	(8,367)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Net of repayment of bankers' acceptance	(493)	(1,900)
Net of drawdown of invoice financing	7,549	-
Net of drawdown of revolving credit	56,400	-
Net of drawdown of term loans	29,993	-
Proceeds from issuance of ordinary shares	61	-
Repayment of lease liabilities	(1,648)	(862)
NET CASH FROM/(FOR) FINANCING ACTIVITIES	91,862	(2,762)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(127,555)	(13,073)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	(11)	56
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	138,801	35,574
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	11,235	22,557
CASH AND CASH EQUIVALENTS COMPRISE:-		
Cash and bank balances	16,148	26,335
Bank overdrafts	(4,913)	(3,778)
	11,235	22,557

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2021 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 2021

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 2021. 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 2021.

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 2021, except as follows:

On 1 April 2021, the Group adopted the following Amendments to MFRSs mandatory for annual financial periods beginning on or after 1 January 2021:-

- Amendments to *MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2*
- Amendments to *MFRS 16 Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

The adoption of the abovementioned Amendments to MFRSs did not have any material impact on the financial statements of the Group.

A2 Comments about seasonality or cyclical 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 107,500 units of Warrant 2018/2023 were converted into ordinary shares at an exercise price of RM0.57 per unit. As at 30 June 2021, the total number of Warrants unexercised stood at 228,920,150. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares.

A6 Dividend paid

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2021

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 30.06.2021 RM'000
Revenue								
External revenue	13,958	18,434	8,015	5,930	5,359	9,676	36,403	97,775
Inter-segment revenue	56	907	-	258	4,348	143	-	5,712
	14,014	19,341	8,015	6,188	9,707	9,819	36,403	103,487
Adjustments and eliminations								(5,712)
Consolidated revenue								97,775
Results								
Segment results	1,937	1,870	609	142	297	225	(589)	4,491
Adjustments and eliminations	-	-	-	-	136	258	-	394
	1,937	1,870	609	142	433	483	(589)	4,885
Share of results in jointly controlled entities								67
Share of results in an associate								125
Unallocated income								169
Unallocated expenses								(12,588)
Consolidated loss before taxation								(7,342)

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2021

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 30.06.2021 RM'000
Assets								
Segment assets	45,763	33,674	15,720	14,114	10,597	39,953	232,901	392,722
Investment in an associate								5,577
Investment in jointly controlled entities								2,945
Goodwill								57,432
Unallocated assets								90,235
Deferred tax assets								5,559
Consolidated total assets								554,470

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2021

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	Year to date 30.06.2020 RM'000
Revenue							
External revenue	18,081	13,289	5,731	3,438	1,817	9,375	51,731
Inter-segment revenue	35	4	-	132	2,123	-	2,294
	18,116	13,293	5,731	3,570	3,940	9,375	54,025
Adjustments and eliminations							(2,294)
Consolidated revenue							51,731
Results							
Segment results	3,193	783	314	(27)	107	465	4,835
Adjustments and eliminations	-	-	-	-	49	329	378
	3,193	783	314	(27)	156	794	5,213
Share of results in an associate							116
Unallocated income							318
Unallocated expenses							(6,579)
Consolidated loss before taxation							(932)
Assets							
Segment assets	48,953	41,651	16,126	10,479	12,811	42,805	172,825
Investment in an associate							16,896
Goodwill							54
Unallocated assets							61,315
Deferred tax assets							4,865
Consolidated total assets							255,955

(b) Geographical segments

	Year to date	
	30.06.2021 RM'000	30.06.2020 RM'000
Total revenue from external customers		
- Malaysia	95,229	50,128
- Singapore	2,546	1,603
	97,775	51,731

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2021

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 2021, the Group did not have any revalued assets.

A9 Subsequent events

There were no material subsequent events as at 19 August 2021.

A10 Changes in the composition of the Group

On 13 April 2021, the Company has acquired 100% equity interest in Perbena Emas Sdn Bhd (“PESB”) from PE Holdings Sdn Bhd for a purchase cash consideration of RM151.0 million.

PESB was incorporated in Malaysia on 7 November 1977 as a private limited company under the laws of Malaysia. PESB is principally engaged in the business of construction and property development.

A11 Contingent liabilities

As at 19 August 2021, 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 2021 were as follows:

	RM'000
Purchase of investment properties	430

A13 Significant related party transactions

	Quarterly ended		Year to date	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Transactions with holding company	567	578	567	578
Transactions with other related parties	5,707	4,636	5,707	4,636

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2021

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

B1 Review of performance

For the financial period ended 30 June 2021, we registered revenue of RM97.8 million, an increase of 89% or RM46.0 million from RM51.7 million in the previous corresponding period. The increase was primarily due to the addition in construction and infrastructure revenue contributed by the new subsidiary that we acquired in April 2021.

The Group posted a net loss of RM7.0 million for the financial period ended 30 June 2021 as compared to a net loss of RM0.8 million a year ago, dragged largely by the amortisation of intangible assets arising from the acquisition of new subsidiary of RM0.8 million and the loss on fair value adjustment of RM5.6 million on quoted investment.

Marine & Industrial Segment

Quarterly results

Compared to the corresponding quarter of previous year, Marine and Industrial segment posted a 22.8% drop in revenue to RM14.0 million in 1QFY22 on lower sales volume from marine engines.

With the decrease in revenue, operating profit for the quarter was down 39.3% q-o-q to RM1.9 million.

Building & Construction Materials Segment

Quarterly results

For the quarter under review, Building & Construction Materials segment's revenue increased by 38.7% to RM18.4 million from RM13.3 million a year earlier.

With higher gross profit and write back of impairment losses on trade receivables, the segment recorded a higher operating profit of RM1.9 million in the current quarter as compared to RM0.8 million in the previous corresponding quarter.

Agro Engineering Segment

Quarterly results

Agro Engineering segment's revenue on q-o-q basis came in 39.9% higher to RM8.0 million on the back of higher sales volume mainly from fertilizers, sanding belt and steel strapping products.

With the increase in revenue, operating profit for the quarter increased 94.0% to RM0.6 million.

Electrical & Air Conditioning Segment

Quarterly results

For the current quarter under review, Electrical & Air Conditioning segment reported an operating profit of RM0.1 million as opposed to an operating loss of RM27K a year ago.

Revenue increased 72.5% to RM5.9 million in 1QFY22 from RM3.4 million in the previous corresponding quarter, largely due to higher sales volume from consumer electronic products.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2021

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)

Heavy Equipment Segment

Quarterly results

Heavy Equipment segment achieved revenue and operating profit for the current quarter of RM5.4 million and RM0.4 million respectively. This represents a 194.8% and 177.6% increase in revenue and operating profit respectively as compared to the previous corresponding quarter.

Mechanical & Electrical Segment

Quarterly results

Revenue for Mechanical & Electrical segment increased by 3.2% from RM9.4 million in 1QFY21 to RM9.7 million in 1QFY22 due to higher work progress during the quarter.

Operating profit recorded by this segment however decreased by 39.2% to RM0.5 million from RM0.8 million in the previous corresponding quarter, mainly due to higher operating expenses.

Construction & Infrastructure Segment

Quarterly results

This new business segment from the acquisition of the Group's new subsidiary is principally engaged in the business of building and infrastructure construction.

Amid the challenges posed by the Covid-19 pandemic, the segment posted an operating loss of RM0.6 million on the back of revenue of RM36.4 million in the current quarter. As acquisition of the new subsidiary was completed in April 2021, there are no comparative figures available for the previous corresponding quarter.

B2 Material changes in profit before tax for the quarter

Overall revenue increased 24.3% to RM97.8 million in the current quarter from RM78.7 million in the immediate preceding quarter, primarily due to the construction and infrastructure revenue contribution by the newly acquired subsidiary.

The Group reported a pre-tax loss of RM7.3 million for the first quarter ended 30 June 2021 as opposed to a pre-tax profit of RM3.3 million achieved in the immediate preceding quarter, dragged largely by the amortisation of intangible assets arising from the acquisition of new subsidiary and the fair value loss on quoted equity investment.

Included in the pre-tax profit of the immediate preceding quarter was a recognition of fair value gain on quoted equity investment of RM5.9 million which was classified under other operating income.

B3 Commentary on prospects

Malaysia's GDP shrank 0.5% in Q1 2021 and is expected to continue being weak given the new wave of Covid-19 cases, particularly the Delta variant. This had led to continued implementation of FMCO movement controls which has halted many economic sectors.

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

B4 Profit forecast and profit guarantee

Not applicable as no profit forecast was announced.

B5 Income tax expense

	Quarter ended		Year to date	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Income tax:-				
- Malaysian tax	76	128	76	128
- Foreign tax	2	1	2	1
	<u>78</u>	<u>129</u>	<u>78</u>	<u>129</u>
Deferred tax:-				
- Origination and reversal of temporary differences	(366)	(325)	(366)	(325)
- (Over)/Under provision in the previous financial year	(70)	31	(70)	31
	<u>(436)</u>	<u>(294)</u>	<u>(436)</u>	<u>(294)</u>
	<u>(358)</u>	<u>(165)</u>	<u>(358)</u>	<u>(165)</u>

B6 Corporate proposals

As at 19 August 2021, there were no corporate proposals announced.

B7 Bank borrowings

The Group's bank borrowings as at 30 June 2021 were as follows:-

	Short-term	Long-term	Total
	RM'000	RM'000	RM'000
Secured:-			
Bank overdrafts	4,429	-	4,429
Bankers' acceptance	5,416	-	5,416
Invoice financing	10,762	-	10,762
Revolving credit	85,900	-	85,900
Term loans	6,055	24,196	30,251
	<u>112,562</u>	<u>24,196</u>	<u>136,758</u>
Unsecured:-			
Bank overdrafts	484	-	484
	<u>484</u>	<u>-</u>	<u>484</u>
Total bank borrowings	113,046	24,196	137,242

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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 2021 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	1,838	16	-
<u>Derivative designated as hedging instruments:-</u>			
Forward foreign currency contracts			
- Less than 1 year	9,461	113	-
	11,299	129	-

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

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

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

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

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

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

There were no gains or losses arising from fair value changes in financial liabilities for the current quarter ended 30 June 2021.

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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 19 August 2021, 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. The arbitration hearing has been scheduled for 12 July 2021 to 16 July 2021.

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

The arbitrator has now rescheduled the hearing of the claim and counterclaim in this arbitration for 11 October 2021 to 17 October 2021.

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

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 2021.

B12 Loss per share

(a) Basic loss per share

	Quarter ended		Year to date	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Loss for the period attributable to the owners of the Company (RM'000)	(6,978)	(767)	(6,978)	(767)
Weight average number of ordinary shares in issue ('000)	460,048	457,977	460,048	457,977
Basic loss per share based on weighted average number of shares in issue (sen)	(1.52)	(0.17)	(1.52)	(0.17)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2021

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

B12 Loss per share (Cont'd)

(b) Diluted loss per share

	Quarter ended		Year to date	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Loss for the period attributable to the owners of the Company (RM'000)	(6,978)	(767)	(6,978)	(767)
Weight average number of ordinary shares in issue ('000)	918,004	688,977	918,004	688,977
Basic loss per share based on weighted average number of shares in issue (sen)	(0.76)	(0.11)	(0.76)	(0.11)

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 2021 was not subject to any qualification.

B14 Loss for the year

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

	Quarter ended		Year to date	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Allowance for slow-moving inventories	53	73	53	73
Allowance for slow-moving inventories no longer required	(30)	(12)	(30)	(12)
Depreciation and amortisation	3,082	1,155	3,082	1,155
Fair value loss on other investments	5,571	-	5,571	-
Fair value (gain)/loss on short-term investments	(6)	26	(6)	26
Individual impairment losses on receivables	478	1,034	478	1,034
Individual impairment losses on receivables no longer required	(1,445)	(715)	(1,445)	(715)
Interest expense on lease liabilities	237	187	237	187
Interest expense	580	70	580	70
Interest income	(183)	(314)	(183)	(314)
Loss on forward foreign currency contracts	29	15	29	15
Gain on disposal of property, plant and equipment	(8)	(16)	(8)	(16)
Gain on disposal of right-of-use assets	(20)	-	(20)	-
Realised gain on foreign exchange	(97)	(297)	(97)	(297)
Realised loss on derivatives	17	18	17	18
Unrealised (gain)/loss on foreign exchange	(23)	89	(23)	89
Unrealised gain on derivatives	(16)	(20)	(16)	(20)