

# PANSAR BERHAD (Company No. 18904-M)

## INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2013

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**PANSAR BERHAD** (Company No. 18904-M)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME  
FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2013

|   | INDIVIDUAL QUARTER                          |   | CUMULATIVE QUARTER                          |  |
|---|---|---|---|--|
|   | Current year quarter<br>30.9.2013<br>RM'000 | Preceding year corresponding quarter<br>30.9.2012<br>RM'000 | Current year to date<br>30.9.2013<br>RM'000 | Preceding year corresponding year to date<br>30.9.2012<br>RM'000 |
| Revenue   | 116,738                                     | 107,900   | 220,929                                     | 216,478  |
| Cost of sales   | (102,650)                                   | (92,405)  | (192,980)                                   | (186,394)  |
| <b>Gross profit</b>   | 14,088                                      | 15,495  | 27,949                                      | 30,084   |
| Other income  | 594   | 379   | 1,188                                       | 2,217  |
| Selling and distribution expenses                                       | (2,305)                                     | (2,306)   | (4,594)                                     | (4,541)  |
| Administrative expenses   | (6,306)                                     | (6,036)   | (13,200)                                    | (12,730)   |
| Other operating expenses  | (121)                                       | (235)   | (273)                                       | (477)  |
| Finance costs   | (96)  | (137)   | (183)                                       | (392)  |
| <b>Profit before taxation</b>   | 5,854                                       | 7,160   | 10,887                                      | 14,161   |
| Income tax expense  | (1,513)                                     | (1,880)   | (2,792)                                     | (3,650)  |
| <b>Profit after taxation</b>  | 4,341                                       | 5,280   | 8,095                                       | 10,511   |
| Other comprehensive income  |   |   |   |  |
| <u>Items that may be reclassified subsequently to profit or loss</u>    |   |   |   |  |
| Cash flow hedge   | 17  | (205)   | 445   | 78   |
| Foreign currency translation  | 398   | 25  | 473   | 291  |
| <b>Total other comprehensive income</b>                                 | 415   | (180)   | 918   | 369  |
| <b>Total comprehensive income for the period</b>                        | 4,756                                       | 5,100   | 9,013                                       | 10,880   |
| <b>Profit after taxation attributable to owners of the Company</b>      | 4,341                                       | 5,280   | 8,095                                       | 10,511   |
| <b>Total comprehensive income attributable to owners of the Company</b> | 4,756                                       | 5,100   | 9,013                                       | 10,880   |
| <b>Weighted average number of shares in issue ('000)</b>                | 280,000                                     | 280,000   | 280,000                                     | 280,000  |
| <b>Earnings per ordinary share (sen):-</b>                              |   |   |   |  |
| - Basic   | 1.55  | 1.89  | 2.89  | 3.75   |
| - Diluted   | N/A   | N/A   | N/A   | N/A  |

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2013; and the accompanying explanatory notes attached to the interim financial statements.

# PANSAR BERHAD (Company No. 18904-M)

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2013

|   | <b>30.9.2013</b>   | <b>31.03.2013</b> |
|---|--------------------|-------------------|
|   | <b>RM'000</b>      | <b>RM'000</b>     |
|   | <b>(Unaudited)</b> | <b>(Audited)</b>  |
| <b>ASSETS</b>   |                    |                   |
| <b>Non-current assets</b>                                 |                    |                   |
| Property, plant and equipment                             | 3,967              | 4,025             |
| Intangible assets   | 202                | 201               |
| Deferred tax assets                                       | 346                | 149               |
|   | <u>4,515</u>       | <u>4,375</u>      |
| <b>Current assets</b>                                     |                    |                   |
| Inventories   | 46,762             | 46,253            |
| Trade and other receivables                               | 150,247            | 135,237           |
| Derivative assets   | 554                | 84                |
| Tax refundable  | 483                | 290               |
| Deposits, cash and bank balances                          | 18,392             | 15,547            |
|   | <u>216,438</u>     | <u>197,411</u>    |
| <b>TOTAL ASSETS</b>                                       | <u>220,953</u>     | <u>201,786</u>    |
| <b>EQUITY AND LIABILITIES</b>                             |                    |                   |
| <b>Equity</b>   |                    |                   |
| Share capital   | 140,000            | 140,000           |
| Reserves  | 7,138              | 3,725             |
| <b>Total equity attributable to owners of the Company</b> | <u>147,138</u>     | <u>143,725</u>    |
| <b>Non-current liabilities</b>                            |                    |                   |
| Deferred tax liabilities                                  | -                  | 5                 |
| <b>Current liabilities</b>                                |                    |                   |
| Trade and other payables                                  | 56,612             | 42,574            |
| Derivative liabilities                                    | -                  | 119               |
| Bank borrowings:-   |                    |                   |
| - bank overdrafts   | 8,300              | 6,437             |
| - other borrowings  | 4,000              | 6,000             |
| Provision for employee benefits                           | 3,338              | 2,100             |
| Provision for taxation                                    | 1,565              | 826               |
|   | <u>73,815</u>      | <u>58,056</u>     |
| <b>Total liabilities</b>                                  | <u>73,815</u>      | <u>58,061</u>     |
| <b>TOTAL EQUITY AND LIABILITIES</b>                       | <u>220,953</u>     | <u>201,786</u>    |
| <b>Net assets per ordinary share (RM)</b>                 | <u>0.53</u>        | <u>0.51</u>       |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2013; and the accompanying explanatory notes attached to the interim financial statements.

**PANSAR BERHAD** (Company No. 18904-M)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR TO DATE ENDED 30 SEPTEMBER 2013**

| 6-month period ended<br>30.9.2013                             | ←-----Non-Distributable-----→ |   |   | ←Distributable→                         |                            | Total<br>equity<br>RM'000 |
|---|-------------------------------|---|---|---|----------------------------|---------------------------|
|   | Share<br>capital<br>RM'000    | Reverse<br>acquisition<br>reserve<br>RM'000 | Foreign<br>exchange<br>translation<br>reserve<br>RM'000 | Cash flow<br>hedge<br>reserve<br>RM'000 | Retained profits<br>RM'000 |                           |
| Balance at 1.4. 2013  | 140,000                       | (116,732)                                   | 1,529   | 57                                      | 118,871                    | 143,725                   |
| Profit after taxation for the period                          | -                             | -   | -   | -                                       | 8,095                      | 8,095                     |
| Other comprehensive income for the period, net of tax:-       |                               |   |   |   |                            |                           |
| - Foreign currency translation                                | -                             | -   | 473   | -                                       | -                          | 473                       |
| - Cash flow hedge   | -                             | -   | -   | 445                                     | -                          | 445                       |
| Total comprehensive income for the period                     | -                             | -   | 473   | 445                                     | 8,095                      | 9,013                     |
| Contributions by and distributions to owners of the Company:- |                               |   |   |   |                            |                           |
| - Dividends   | -                             | -   | -   | -                                       | (5,600)                    | (5,600)                   |
| Balance at 30.9.2013  | 140,000                       | (116,732)                                   | 2,002   | 502                                     | 121,366                    | 147,138                   |

| 6-month period ended<br>30.9.2012                             | ←-----Non-Distributable-----→ |   |   | ←Distributable→                         |                            | Total<br>equity<br>RM'000 |
|---|-------------------------------|---|---|---|----------------------------|---------------------------|
|   | Share<br>capital<br>RM'000    | Reverse<br>acquisition<br>reserve<br>RM'000 | Foreign<br>exchange<br>translation<br>reserve<br>RM'000 | Cash flow<br>hedge<br>reserve<br>RM'000 | Retained profits<br>RM'000 |                           |
| Balance at 1.4. 2012  | 140,000                       | (116,732)                                   | 1,269   | 22                                      | 106,313                    | 130,872                   |
| Profit after taxation for the period                          | -                             | -   | -   | -                                       | 10,511                     | 10,511                    |
| Other comprehensive income for the period, net of tax:-       |                               |   |   |   |                            |                           |
| - Foreign currency translation                                | -                             | -   | 291   | -                                       | -                          | 291                       |
| - Cash flow hedge   | -                             | -   | -   | 78                                      | -                          | 78                        |
| Total comprehensive income for the period                     | -                             | -   | 291   | 78                                      | 10,511                     | 10,880                    |
| Contributions by and distributions to owners of the Company:- |                               |   |   |   |                            |                           |
| - Dividends   | -                             | -   | -   | -                                       | (4,900)                    | (4,900)                   |
| Balance at 30.9.2012  | 140,000                       | (116,732)                                   | 1,560   | 100                                     | 111,924                    | 136,852                   |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2013; and the accompanying explanatory notes attached to the interim financial statements.

# PANSAR BERHAD (Company No. 18904-M)

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR TO DATE ENDED 30 SEPTEMBER 2013

|   | <b>Current<br/>year<br/>to date<br/>30.9.2013<br/>RM'000</b> | <b>Preceding year<br/>corresponding<br/>period<br/>30.9.2012<br/>RM'000</b> |
|---|--|---|
| <b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>               |  |   |
| Profit before taxation  | 10,887   | 14,161  |
| Adjustments for:-   |  |   |
| Allowance for impairment loss on receivables                    | 260  | 284   |
| Allowance for impairment loss on receivables no longer required | (83)   | (1,247)   |
| Amortisation of intangible assets                               | 2  | 2   |
| Bad debts written off   | 12   | 12  |
| Depreciation of property, plant and equipment                   | 684  | 624   |
| Fair value gain on derivatives                                  | (426)  | (232)   |
| Gain on disposal of property, plant and equipment               | (12)   | (39)  |
| Gain on disposal of property held for resale                    | (10)   | -   |
| Interest expense  | 183  | 392   |
| Interest income   | (226)  | (163)   |
| Inventories written down  | -  | 96  |
| Provision for employee benefits                                 | 1,233  | 1,780   |
| Unrealised loss on foreign exchange                             | 88   | 27  |
| Operating profit before changes in working capital              | 12,592   | 15,697  |
| Increase in inventories   | (569)  | (4,157)   |
| Increase in trade and other receivables                         | (14,429)   | (11,543)  |
| Increase/(decrease) in trade and other payables                 | 8,163  | (4,555)   |
| Cash from/(for) operations                                      | 5,757  | (4,558)   |
| Interest paid   | (183)  | (392)   |
| Interest received   | 220  | 157   |
| Income tax paid   | (2,504)  | (1,839)   |
| Income tax refunded   | -  | 40  |
| Net cash from/(for) operating activities                        | 3,290  | (6,592)   |

# PANSAR BERHAD (Company No. 18904-M)

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR TO DATE ENDED 30 SEPTEMBER 2013

|  | <b>Current year<br/>to date<br/>30.9.2013<br/>RM'000</b> | <b>Preceding year<br/>corresponding<br/>period<br/>30.9.2012<br/>RM'000</b> |
|--|--|---|
| <b>CASH FLOWS FOR INVESTING ACTIVITIES</b>                     |  |   |
| Proceeds from disposal of property, plant and equipment        | 28   | 36  |
| Proceeds from disposal of property held for resale             | 150  | -   |
| Purchase of property, plant and equipment                      | (641)  | (738)   |
| Net cash for investing activities                              | (463)  | (702)   |
| <b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>              |  |   |
| Proceeds from bankers' acceptance                              | 5,200  | 10,400  |
| Repayment of bankers' acceptance                               | (7,200)  | (10,200)  |
| Net cash (for)/from financing activities                       | (2,000)  | 200   |
| Net increase/(decrease) in cash and cash equivalents           | 827  | (7,094)   |
| Effect of exchange rate changes on cash and cash equivalents   | 155  | 33  |
| Cash and cash equivalents at beginning of the financial period | 9,110  | 7,222   |
| Cash and cash equivalents at end of the financial period       | 10,092   | 161   |
| <b>Analysis of cash and cash equivalents:-</b>                 |  |   |
| Deposits, cash and bank balances                               | 18,392   | 14,757  |
| Bank overdrafts  | (8,300)  | (14,596)  |
|  | 10,092   | 161   |

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2013; and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2013

**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 and Chapter 9 Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad. This Condensed Report also complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2013. 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 2013.

**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 during the current quarter.

**A6 Dividend paid**

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

**A7 Segmental information**

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

**(a) Business segments**

|                                     | <b>Marine &amp;<br/>Industrial<br/>RM'000</b> | <b>Building<br/>Products<br/>RM'000</b> | <b>Wood<br/>Engineering<br/>&amp; Supplies<br/>RM'000</b> | <b>Electrical &amp;<br/>Office<br/>Automation<br/>RM'000</b> | <b>Mechanical &amp;<br/>Electrical<br/>RM'000</b> | <b>Year to date<br/>30.9.2013<br/>RM'000</b> |
|-------------------------------------|---|---|---|--|---|--|
| <b>Revenue</b>                      |   |   |   |  |   |  |
| External revenue                    | 67,367  | 83,130                                  | 19,655  | 19,029   | 31,748  | 220,929                                      |
| Inter-segment revenue               | 120   | -                                       | -   | 494  | 31  | 645  |
|                                     | <u>67,487</u>                                 | <u>83,130</u>                           | <u>19,655</u>   | <u>19,523</u>  | <u>31,779</u>                                     | <u>221,574</u>                               |
| Adjustments and eliminations        |   |   |   |  |   | (645)  |
| Consolidated revenue                |   |   |   |  |   | <u>220,929</u>                               |
| <b>Results</b>                      |   |   |   |  |   |  |
| Segment results                     | 8,967   | 5,863                                   | 1,798   | 1,912  | 2,160   | 20,700                                       |
| Eliminations                        | -   | -                                       | -   | -  | 900   | 900  |
|                                     | <u>8,967</u>                                  | <u>5,863</u>                            | <u>1,798</u>  | <u>1,912</u>   | <u>3,060</u>                                      | <u>21,600</u>                                |
| Unallocated income                  |   |   |   |  |   | 206  |
| Unallocated expenses                |   |   |   |  |   | (10,919)                                     |
| Consolidated profit before taxation |   |   |   |  |   | <u>10,887</u>                                |

|                           | <b>Marine &amp;<br/>Industrial<br/>RM'000</b> | <b>Building<br/>Products<br/>RM'000</b> | <b>Wood<br/>Engineering<br/>&amp; Supplies<br/>RM'000</b> | <b>Electrical &amp;<br/>Office<br/>Automation<br/>RM'000</b> | <b>Mechanical &amp;<br/>Electrical<br/>RM'000</b> | <b>Year to date<br/>30.9.2013<br/>RM'000</b> |
|---------------------------|---|---|---|--|---|--|
| <b>Assets</b>             |   |   |   |  |   |  |
| Segment assets            | 79,969  | 47,942                                  | 19,490  | 21,935   | 33,802  | 203,138                                      |
| Unallocated assets        |   |   |   |  |   | 17,469                                       |
| Deferred tax assets       |   |   |   |  |   | 346  |
| Consolidated total assets |   |   |   |  |   | <u>220,953</u>                               |

NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2013

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

**A7 Segmental information (cont'd)**

|                                     | <b>Marine &amp;<br/>Industrial<br/>RM'000</b> | <b>Building<br/>Products<br/>RM'000</b> | <b>Wood<br/>Engineering<br/>&amp; Supplies<br/>RM'000</b> | <b>Electrical &amp;<br/>Office<br/>Automation<br/>RM'000</b> | <b>Mechanical &amp;<br/>Electrical<br/>RM'000</b> | <b>Year to date<br/>30.9.2012<br/>RM'000</b> |
|-------------------------------------|---|---|---|--|---|--|
| <b>Revenue</b>                      |   |   |   |  |   |  |
| External revenue                    | 82,764  | 73,140                                  | 22,196  | 18,439   | 19,939  | 216,478                                      |
| Inter-segment revenue               | 1   | 65                                      | -   | 748  | 55  | 869  |
|                                     | <u>82,765</u>                                 | <u>73,205</u>                           | <u>22,196</u>   | <u>19,187</u>  | <u>19,994</u>                                     | <u>217,347</u>                               |
| Adjustments and eliminations        |   |   |   |  |   | (869)  |
| Consolidated revenue                |   |   |   |  |   | <u>216,478</u>                               |
| <b>Results</b>                      |   |   |   |  |   |  |
| Segment results                     | 10,977  | 5,616                                   | 1,894   | 2,003  | 4,094   | 24,584                                       |
| Eliminations                        | -   | -                                       | -   | -  | 534   | 534  |
|                                     | <u>10,977</u>                                 | <u>5,616</u>                            | <u>1,894</u>  | <u>2,003</u>   | <u>4,628</u>                                      | <u>25,118</u>                                |
| Unallocated income                  |   |   |   |  |   | 244  |
| Unallocated expenses                |   |   |   |  |   | (11,201)                                     |
| Consolidated profit before taxation |   |   |   |  |   | <u>14,161</u>                                |
| <b>Assets</b>                       |   |   |   |  |   |  |
| Segment assets                      | <u>82,708</u>                                 | <u>42,197</u>                           | <u>19,584</u>   | <u>19,866</u>  | <u>30,848</u>                                     | <u>195,203</u>                               |
| Unallocated assets                  |   |   |   |  |   | 16,411                                       |
| Deferred tax assets                 |   |   |   |  |   | 144  |
| Consolidated total assets           |   |   |   |  |   | <u>211,758</u>                               |

**(b) Geographical segments**

|                                       | <b>Year to date</b> |                  |
|---------------------------------------|---------------------|------------------|
|                                       | <b>30.9.2013</b>    | <b>30.9.2012</b> |
|                                       | <b>RM'000</b>       | <b>RM'000</b>    |
| Total revenue from external customers |                     |                  |
| - Malaysia                            | 215,224             | 209,971          |
| - Singapore                           | 5,705               | 6,507            |
|                                       | <u>220,929</u>      | <u>216,478</u>   |

**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 2013, the Group did not have any revalued assets.

**A9 Subsequent events**

There were no material subsequent events as at 14 November 2013.

**A10 Changes in the composition of the Group**

There were no changes in the composition of the Group for the period ended 30 September 2013.



# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2013

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

#### **A11 Contingent liabilities or contingent assets**

As at 14 November 2013, 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**

|   | <b>Quarter ended</b> |                  | <b>Year to date</b> |                  |
|---|----------------------|------------------|---------------------|------------------|
|   | <b>30.9.2013</b>     | <b>30.9.2012</b> | <b>30.9.2013</b>    | <b>30.9.2012</b> |
|   | <b>RM'000</b>        | <b>RM'000</b>    | <b>RM'000</b>       | <b>RM'000</b>    |
| Transactions with holding company       | 491                  | 496              | 992                 | 990              |
| Transactions with other related parties | 15,611               | 10,934           | 28,463              | 19,990           |

**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 2013, the Group registered an increase of 2.1% in revenue to RM220.9 million which was RM4.5 million higher than the previous year's RM216.5 million.

Profit after taxation (PAT) on a y-o-y comparison came in lower at RM8.1 million for the period ended 30 September 2013. Lower gross profit coupled with lower other operating income as well as higher administrative expenses resulted in the overall decrease in PAT for 1HFY14.

Marine & Industrial Segment

Quarterly results

Compared to previous corresponding quarter, Marine & Industrial segment recorded a 8.1% decrease in revenue from RM40.9 million in 2QFY13 to RM37.6 million in 2QFY14. PBT however remained flattish at RM4.9 million, attributed to better profit margin in 2QFY14.

Financial year-to-date

The segment's revenue eased 18.6% from RM82.8 million recorded in the previous corresponding period. As a result of the lower revenue, PBT for this segment also fell 18.3% to RM9.0 million against RM11.0 million in YTD 2QFY13.

Building Products Segment

Quarterly results

Building Products segment achieved revenue and PBT for the current quarter of RM42.1 million and RM3.0 million respectively. This represents a 14.0% increase in revenue and 11.1% improvement for PBT over the previous corresponding quarter.

Financial year-to-date

Building products segment recorded a revenue growth of 13.7% or RM10.0 million for YTD 2QFY14, driven largely by the increase in the sales volume of building structural products. Better sales mix of higher product margins led to vast improvement in gross profit when compared to the previous corresponding period.

PBT for YTD 2QFY14 of RM5.9 million was up 4.4% year-on-year as a result of higher gross profit achieved.

Wood Engineering & Supplies Segment

Quarterly results

Compared to 2QFY13, Wood Engineering & Supplies segment registered a 11.0% drop in revenue of RM10.1 million attributed mainly to lower sales volume from fertilizers.

In tandem with the decrease in revenue, PBT for the quarter was RM0.9 million, a decrease of 6.7% compared to previous corresponding quarter.

Financial year-to-date

The segment's YTD 2QFY14 PBT declined to RM1.8 million year-on-year from RM1.9 million a year ago. Revenue had decreased to RM19.7 million for YTD 2QFY14, down RM2.5 million vis-à-vis previous corresponding period due to intense market competition.

Electrical & Office Automation Segment

Quarterly results

Although Electrical & Office Automation segment's revenue for the current quarter had increased by RM1.8 million as compared to the previous corresponding quarter, PBT for this segment however decreased by 6.7% from RM1.0 million in 2QFY13 to RM0.9 million in 2QFY14. The decrease in PBT was attributed to a decrease in gross profit margin resulting mainly from lower purchase discounts in the current quarter.

Financial year-to-date

This segment achieved a slightly lower PBT of RM1.9 million on the back of higher revenue of RM19.0 million for YTD 2QFY14. This represents 3.2% increase in revenue and 4.5% decrease in PBT compared to the same period last year. Although better sales had been reported for YTD 2QFY14 compared with YTD 2QFY13, gross profit margin moderated as a result of intense market competition and pricing pressure especially for consumer electronics products.

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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)**

Mechanical & Electrical Segment

Quarterly results

For 2QFY14, the segment posted a lower PBT of RM1.5 million on the back of higher revenue of RM16.8 million compared to PBT of RM2.6 million on revenue of RM10.4 million recorded in the previous corresponding quarter. Gross profit margin for the current quarter was lower on a q-o-q comparison mainly due to a higher profit margin for timely completion of several major projects during the previous corresponding quarter.

Financial year-to-date

Compared to previous corresponding period, revenue of the segment increased by RM11.8 million and PBT however decreased by 33.9% from RM4.6 million to RM3.1 million for YTD 2QFY14. As most projects completed in the same period last year were at a higher margin, gross profit on a y-o-y comparison for YTD 2QFY14 was much lower than that of YTD 2QFY13.

**B2 Material changes in profit before tax for the quarter**

For the current quarter under review, the Group's higher profit before tax (PBT) of RM5.9 million was achieved against lower overall operating expenses which decreased by almost RM0.6 million as compared to PBT of RM5.0 million in the immediate preceding quarter.

**B3 Commentary on prospects**

Overall sentiments on the Malaysian Budget 2014 announcement on 25 October 2013 is that the government is steering towards strengthening economic activity, fiscal management and human capital in Malaysia. Though some of these bold fiscal reforms may not augur well with some industry players, moving forward, we expect our Building Products segment to continue with its current sales momentum and strong book orders.

The Malaysian market remains stable with strong domestic demand and we anticipate our Wood Engineering & Supplies as well as Electrical & Office Automation segments to ride through the next quarter with sustainable results. We see vast opportunities still to be tapped in the oil and gas for our Marine & Industrial segment.

**B4 Profit forecast and profit guarantee**

Not applicable as no profit forecast was announced.

**B5 Income tax expense**

|   | Quarter ended       |                     | Year to date        |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 30.9.2013<br>RM'000 | 30.9.2012<br>RM'000 | 30.9.2013<br>RM'000 | 30.9.2012<br>RM'000 |
| Income tax:-  |                     |                     |                     |                     |
| - Malaysian tax                                     | 1,620               | 2,170               | 3,045               | 4,045               |
| - Foreign tax                                       | 8                   | 26                  | 14                  | 49                  |
|   | <u>1,628</u>        | <u>2,196</u>        | <u>3,059</u>        | <u>4,094</u>        |
| Over provision in the previous financial year:-     |                     |                     |                     |                     |
| - Malaysian tax                                     | (12)                | (571)               | (12)                | (571)               |
|   | <u>1,616</u>        | <u>1,625</u>        | <u>3,047</u>        | <u>3,523</u>        |
| Deferred tax:-                                      |                     |                     |                     |                     |
| - Origination and reversal of temporary differences | (111)               | (72)                | (263)               | (200)               |
| - Under provision in the previous financial year    | 8                   | 327                 | 8                   | 327                 |
|   | <u>(103)</u>        | <u>255</u>          | <u>(255)</u>        | <u>127</u>          |
|   | <u>1,513</u>        | <u>1,880</u>        | <u>2,792</u>        | <u>3,650</u>        |

**B6 Corporate proposals**

As at 14 November 2013, there were no corporate proposals announced.

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

**B7 Short-term borrowings**

The Group's borrowings as at 30 September 2013 were as follows:-

|                            |               |
|----------------------------|---------------|
|                            | <b>RM'000</b> |
| Bank overdrafts, secured   | 267           |
| Bank overdrafts, unsecured | 8,033         |
| Revolving credit, secured  | 4,000         |
|                            | <u>12,300</u> |

**B8 Derivative financial instruments**

The outstanding foreign currency forward contracts as at 30 September 2013 were as follows:-

|  | <b>Contract/notional<br/>amount<br/>RM'000</b> | <b>Assets<br/>RM'000</b> |
|--|--|--------------------------|
| <u>Derivatives not designated as hedging instruments:-</u> |  |                          |
| Forward foreign currency contracts                         | 9,008  | 331                      |
| - Less than 1 year   |  |                          |
| <u>Derivatives designated as hedging instruments:-</u>     |  |                          |
| Forward foreign currency contracts                         |  |                          |
| - Less than 1 year   | 8,025  | 223                      |
|  |  | <u>554</u>               |

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 Gains/(losses) arising from fair value changes of financial liabilities**

|                                    | <b>Current<br/>quarter<br/>gain<br/>RM'000</b> | <b>Year to<br/>date gain<br/>RM'000</b> |
|------------------------------------|--|---|
| Foreign currency forward contracts | <u>11</u>                                      | <u>119</u>                              |

**B10 Breakdown of realised and unrealised profits**

The breakdown of retained profits of the Group as at 30 September 2013 into realised and unrealised profits are presented as follows:-

|                                |                |
|--------------------------------|----------------|
|                                | <b>RM'000</b>  |
| Total retained profits:-       |                |
| - Realised                     | 117,046        |
| - Unrealised                   | 826            |
|                                | <u>117,872</u> |
| Add: Consolidation adjustments | 3,494          |
| At 30 September 2013           | <u>121,366</u> |

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

**B11 Changes in material litigation**

As at 14 November 2013, there was no material litigation against the Group.

**B12 Dividend payable**

At the Annual General Meeting held on 28 August 2013, a first and final single tier dividend of 2.0 sen per ordinary share amounting to RM5,600,000 in respect of the financial year ended 31 March 2013 which was proposed by the Board of Directors on 8 July 2013 has been approved by shareholders and will be paid on 28 October 2013.

A depositor shall qualify for entitlement only in respect of :-

- (a) Shares transferred into the Depositor's Securities Account before 4.00 pm on 27 September 2013 in respect of ordinary transfers;
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad

**B13 Earnings per share**

**a) Basic earnings per share**

|  | Quarter ended |           | Year to date |           |
|--|---------------|-----------|--------------|-----------|
|  | 30.9.2013     | 30.9.2012 | 30.9.2013    | 30.9.2012 |
| Profit for the period attributable to owners of the Company (RM'000)                   | 4,341         | 5,280     | 8,095        | 10,511    |
| Weighted average number of ordinary shares of RM0.50 each in issue ('000)              | 280,000       | 280,000   | 280,000      | 280,000   |
| Basic earnings per share based on the weighted average number of shares in issue (sen) | 1.55          | 1.89      | 2.89         | 3.75      |

**b) Diluted earnings per share**

Not applicable as at 30 September 2013.

**B14 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 2013 was not subject to any qualification.

**B15 Profit for the year**

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

|  | Quarter ended |           | Year to date |           |
|--|---------------|-----------|--------------|-----------|
|  | 30.9.2013     | 30.9.2012 | 30.9.2013    | 30.9.2012 |
|  | RM'000        | RM'000    | RM'000       | RM'000    |
| Interest income  | (143)         | (76)      | (226)        | (163)     |
| Interest expense   | 96            | 137       | 183          | 392       |
| Depreciation and amortisation                                  | 328           | 320       | 686          | 626       |
| Bad debts written off  | 8             | 12        | 12           | 12        |
| Collective impairment losses on receivables                    | (5)           | (8)       | 143          | 138       |
| Collective impairment losses on receivables no longer required | (16)          | (73)      | (54)         | (143)     |
| Individual impairment losses on receivables                    | 118           | 146       | 118          | 146       |
| Individual impairment losses on receivables no longer required | (17)          | (190)     | (29)         | (1,104)   |
| Inventories written off  | -             | -         | -            | 96        |
| Gain on disposal of property, plant and equipment              | (5)           | (39)      | (12)         | (39)      |
| Gain on disposal of property held for resale                   | -             | -         | (10)         | -         |

# PANSAR BERHAD (Company No. 18904-M)

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

### B15 Profit for the year (Cont'd)

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

|  | Quarter ended |           | Year to date |           |
|--|---------------|-----------|--------------|-----------|
|  | 30.9.2013     | 30.9.2012 | 30.9.2013    | 30.9.2012 |
|  | RM'000        | RM'000    | RM'000       | RM'000    |
| Realised foreign exchange loss/(gain)            | 268           | (345)     | 452          | (227)     |
| Unrealised foreign exchange (gain)/loss          | (122)         | (66)      | 88           | 27        |
| Realised fair value (gain)/loss on derivatives   | (52)          | 42        | (94)         | (171)     |
| Unrealised fair value (gain)/loss on derivatives | (151)         | 226       | (330)        | (23)      |

Other than the above, there were no gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets, and exceptional items for the current quarter and financial period ended 30 September 2013.