

PANSAR BERHAD (Company No. 18904-M)

INTERIM FINANCIAL STATEMENTS
FOR THE 3RD QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2016

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PANSAR BERHAD (Company No. 18904-M)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 3RD QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.12.2016 RM'000	Preceding year corresponding quarter 31.12.2015 RM'000	Current year to date 31.12.2016 RM'000	Preceding year corresponding year to date 31.12.2015 RM'000
Revenue	85,889	93,437	269,343	265,869
Cost of sales	(74,047)	(81,942)	(233,558)	(232,617)
Gross profit	11,842	11,495	35,785	33,252
Other income	1,197	722	3,441	3,826
Selling and distribution expenses	(2,429)	(2,317)	(7,091)	(7,193)
Administrative expenses	(7,544)	(6,541)	(23,049)	(22,647)
Other operating expenses	(270)	(170)	(1,207)	(943)
Finance costs	(196)	(51)	(525)	(429)
Share of results in an associate	(279)	93	(640)	140
Profit before taxation	2,321	3,231	6,714	6,006
Income tax expense	(903)	(811)	(2,223)	(1,616)
Profit after taxation	1,418	2,420	4,491	4,390
Other comprehensive income				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Cash flow hedge	(14)	(19)	71	359
Foreign currency translation	117	(368)	860	1,922
Share of foreign currency translation differences of an associate	19	(34)	69	202
Total other comprehensive income	122	(421)	1,000	2,483
Total comprehensive income for the period	1,540	1,999	5,491	6,873
Profit after taxation attributable to owners of the Company	1,418	2,420	4,491	4,390
Total comprehensive income attributable to owners of the Company	1,540	1,999	5,491	6,873
Weighted average number of shares in issue ('000)	280,000	280,000	280,000	280,000
Earnings per ordinary share (sen):-				
-Basic	0.51	0.86	1.60	1.57
-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 2016 and the accompanying explanatory notes attached to the interim financial statements.

PANSAR BERHAD (Company No. 18904-M)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2016

	31.12.2016	31.3.2016
	RM'000	RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Investment in an associate	13,284	13,855
Property, plant and equipment	5,709	6,532
Investment properties	6,642	6,729
Intangible assets	227	230
Deferred tax assets	626	479
	<hr/> 26,488	<hr/> 27,825
Current assets		
Inventories	43,838	33,545
Trade and other receivables	150,545	135,016
Derivative assets	33	29
Current tax assets	1,098	1,170
Deposits, cash and bank balances	32,195	33,876
	<hr/> 227,709	<hr/> 203,636
Non-current assets held for sale	-	180
	<hr/> 227,709	<hr/> 203,816
TOTAL ASSETS	<hr/> 254,197	<hr/> 231,641

PANSAR BERHAD (Company No. 18904-M)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)
AT 31 DECEMBER 2016

	31.12.2016	31.3.2016
	RM'000	RM'000
	(Unaudited)	(Audited)
EQUITY AND LIABILITIES		
Equity		
Share capital	140,000	140,000
Reserves	24,707	24,816
Total equity attributable to owners of the Company	164,707	164,816
Current liabilities		
Trade and other payables	56,308	52,430
Derivative liabilities	126	186
Bank borrowings:-		
- bank overdrafts	20,387	5,445
- other borrowings	10,500	7,000
Provision for employee benefits	2,135	1,516
Current tax liabilities	34	248
Total liabilities	89,490	66,825
TOTAL EQUITY AND LIABILITIES	254,197	231,641
Net assets per ordinary share (RM)	0.59	0.59

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 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 31 DECEMBER 2016

	< ----- Non-distributable ----- >				<- Distributable- >	
	Share Capital RM'000	Reverse acquisition reserve RM'000	Foreign exchange translation reserve RM'000	Cash flow hedge reserve RM'000	Retained profits RM'000	Total equity RM'000
9-month period ended 31.12.2016						
Balance at 1.4.2016	140,000	(116,732)	3,989	(71)	137,630	164,816
Profit after taxation for the period	-	-	-	-	4,491	4,491
Other comprehensive income for the period, net of tax:-						
- Foreign currency translation	-	-	860	-	-	860
- Cash flow hedge	-	-	-	71	-	71
- Share of foreign currency translation differences of an associate	-	-	69	-	-	69
Total comprehensive income for the period	-	-	929	71	4,491	5,491
Contributions by and distributions to owners of the Company:-						
- Dividends	-	-	-	-	(5,600)	(5,600)
Balance at 31.12.2016	140,000	(116,732)	4,918	-	136,521	164,707

	< ----- Non-distributable ----- >				<- Distributable- >	
	Share Capital RM'000	Reverse acquisition reserve RM'000	Foreign exchange translation reserve RM'000	Cash flow hedge reserve RM'000	Retained profits RM'000	Total equity RM'000
9-month period ended 31.12.2015						
Balance at 1.4.2015	140,000	(116,732)	2,612	13	136,051	161,944
Profit after taxation for the period	-	-	-	-	4,390	4,390
Other comprehensive income for the period, net of tax:-						
- Foreign currency translation	-	-	1,922	-	-	1,922
- Cash flow hedge	-	-	-	359	-	359
- Share of foreign currency translation differences of an associate	-	-	202	-	-	202
Total comprehensive income for the period	-	-	2,124	359	4,390	6,873
Contributions by and distributions to owners of the Company:-						
- Dividends	-	-	-	-	(6,300)	(6,300)
Balance at 31.12.2015	140,000	(116,732)	4,736	372	134,141	162,517

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 2016 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 31 DECEMBER 2016

	Current year to date 31.12.2016 RM'000	Preceding year corresponding period 31.12.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,714	6,006
Adjustments for:-		
Allowance for impairment losses on receivables	1,205	939
Allowance for impairment losses on receivables no longer required	(861)	(1,496)
Allowance for slow-moving inventories no longer required	(3)	-
Amortisation of intangible assets	10	11
Bad debts written off	3	3
Depreciation of property, plant and equipment	1,180	1,268
Depreciation of investment properties	87	-
Fair value loss / (gain) on derivatives	21	(58)
Gain on disposal of property, plant and equipment	(1)	(20)
Loss on disposal of non-current assets held for resale	10	-
Interest expense	525	429
Interest income	(813)	(521)
Provision for employee benefits	1,847	1,498
Share of results in an associate	640	(140)
Unrealised (gain) / loss on foreign exchange	(59)	122
Operating profit before working capital changes	10,505	8,041
(Increase) / decrease in inventories	(10,222)	2,859
(Increase) / decrease in trade and other receivables	(14,633)	39,989
Increase / (decrease) in trade and other payables	3,541	(10,541)
Employee benefit paid	(1,233)	-
CASH (FOR) / FROM OPERATIONS	(12,042)	40,348
Interest paid	(525)	(429)
Interest received	545	362
Income tax paid	(2,551)	(3,666)
Income tax refunded	17	395
NET CASH (FOR) / FROM OPERATING ACTIVITIES / BALANCE CARRIED FORWARD	(14,556)	37,010

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.

PANSAR BERHAD (Company No. 18904-M)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D) FOR THE YEAR TO DATE ENDED 31 DECEMBER 2016

	Current year to date 31.12.2016 RM'000	Preceding year Corresponding Period 31.12.2015 RM'000
NET CASH (FOR) / FROM OPERATING ACTIVITIES / BALANCE CARRIED FORWARD	(14,556)	37,010
CASH FLOWS FOR INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	10	82
Proceeds from disposal of non-current assets held for resale	170	-
Placement of fixed deposits with licensed banks	(3,612)	(18,056)
Purchase of property, plant and equipment	(359)	(1,544)
NET CASH FOR INVESTING ACTIVITIES	(3,791)	(19,518)
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividend paid	(5,600)	(6,300)
Proceeds from bankers' acceptance	8,500	5,800
Proceeds from revolving credit	-	2,000
Repayment of bankers' acceptance	(5,000)	(15,700)
NET CASH FOR FINANCING ACTIVITIES	(2,100)	(14,200)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(20,447)	3,292
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	212	572
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	5,894	(467)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	(14,341)	3,397
CASH AND CASH EQUIVALENTS COMPRISE:-		
Cash and bank balances	6,046	16,712
Bank overdrafts	(20,387)	(13,315)
	(14,341)	3,397

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 3RD QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2016

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 2016. 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 2016.

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 2016, except as follows:

On 1 April 2016, 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 2016:-

- Amendments to *MFRSs* classified as “*Annual Improvements to MFRSs 2012 – 2014 Cycle*”
- Amendments to *MFRS 11: Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to *MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities - Applying the Consolidation Exception*
- Amendments to *MFRS 101: Presentation of Financial Statements - Disclosure Initiative*
- Amendments to *MFRS 116 and MFRS 138: Clarification of Acceptable Method of Depreciation and Amortisation*
- Amendments to *MFRS 116 and MFRS 141: Agriculture - Bearer Plants*
- Amendments to *MFRS 127 (2011): Equity Method in Separate Financial Statements*
- *MFRS 14 : Regulatory Deferral Accounts*

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 during the current quarter.

A6 Dividend paid

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

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 3RD QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2016

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 Products RM'000	Wood Engineering & Supplies RM'000	Electrical & Office Automation RM'000	Mechanical & Electrical RM'000	Year to date 31.12.2016 RM'000
Revenue						
External revenue	66,630	114,058	28,869	17,599	42,187	269,343
Inter-segment revenue	18	204	-	392	-	614
	<u>66,648</u>	<u>114,262</u>	<u>28,869</u>	<u>17,991</u>	<u>42,187</u>	<u>269,957</u>
Adjustments and eliminations						(614)
Consolidated revenue						<u>269,343</u>
Results						
Segment results	9,087	8,674	2,903	1,642	2,763	25,069
Adjustments and eliminations	-	-	-	-	1,144	1,144
	<u>9,087</u>	<u>8,674</u>	<u>2,903</u>	<u>1,642</u>	<u>3,907</u>	<u>26,213</u>
Share of results in an associate						(640)
Unallocated income						612
Unallocated expenses						(19,471)
Consolidated profit before taxation						<u>6,714</u>
Assets						
Segment assets	58,814	61,525	20,398	19,234	56,014	215,985
Investment in an associate						13,284
Unallocated assets						24,302
Deferred tax assets						626
Consolidated total assets						<u>254,197</u>

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 3RD QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2016

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	Wood Engineering & Supplies RM'000	Electrical & Office Automation RM'000	Mechanical & Electrical RM'000	Year to date 31.12.2015 RM'000
Revenue						
External revenue	51,634	117,294	27,849	18,901	50,191	265,869
Inter-segment revenue	52	41	1	445	3,918	4,457
	51,686	117,335	27,850	19,346	54,109	270,326
Adjustments and eliminations						(4,457)
Consolidated revenue						265,869
Results						
Segment results	7,269	7,620	2,709	1,943	3,724	23,265
Adjustments and eliminations	-	-	-	-	1,475	1,475
	7,269	7,620	2,709	1,943	5,199	24,740
Share of results in an associate						140
Unallocated income						327
Unallocated expenses						(19,201)
Consolidated profit before taxation						6,006
Assets						
Segment assets	42,839	57,342	20,882	21,374	49,115	191,552
Investment in an associate						13,875
Unallocated assets						42,412
Deferred tax assets						674
Consolidated total assets						248,513

(b) Geographical segments

	Year to date	
	31.12.2016 RM'000	31.12.2015 RM'000
Total revenue from external customers		
- Malaysia	258,420	257,374
- Singapore	10,923	8,495
	269,343	265,869

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 3RD QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2016

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 31 December 2016, the Group did not have any revalued assets.

A9 Subsequent events

The Company has acquired 100% shares of a Company, Pansar Singapore Pte Ltd on 3 January 2017.

Pansar Singapore Pte Ltd is a Company incorporated in Singapore with an issued and fully paid up share capital of 1 ordinary share of S\$1.00. The nature of business of the Company is in the sale and distribution of various building materials, marine and industrial products, wood-engineering equipment and supplies, electrical products and office automation supplies.

A10 Changes in the composition of the Group

There were no changes in the composition of the Group for the period ended 31 December 2016.

A11 Contingent liabilities or contingent assets

As at 16 February 2017, 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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Transactions with holding company	589	589	1,772	1,772
Transactions with other related parties	21,164	19,134	55,614	41,385

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 3RD QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2016

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 31 December 2016, the Group registered an increase of 1.3% in revenue to RM269.3 million which was RM3.4 million higher than the previous year's corresponding period of RM265.9 million.

Compared to last year's profit after taxation (PAT) of RM4.4 million, PAT of RM4.5 million for YTD 3QFY17 was up by RM0.1 million.

Marine & Industrial Segment

Quarterly results

Compared to previous corresponding quarter, Marine & Industrial segment's revenue for 3QFY17 maintained flat at RM16.1 million. PBT for the current quarter however was slightly up by 1.4% as a result of better margins realised in the current quarter.

Financial year-to-date

The segment saw its PBT for YTD 3QFY17 improve 25.0% to RM9.1 million from RM7.3 million a year ago due to higher revenue which increased by RM15.0 million vis-à-vis previous corresponding period.

Building Products Segment

Quarterly results

Against the corresponding quarter of previous year, Building Products segment saw its net profit for 3QFY17 increase 24.5% to RM3.6 million. Revenue for the quarter came in 3.0% higher to RM43.7 million driven largely by higher sales from building structural products.

Financial year-to-date

For YTD 3QFY17, Building Products segment registered a 2.8% decrease in revenue year on year attributed mainly to lower sales from building structural products.

PBT however for the current financial period improved RM1.1 million over the previous corresponding period, mainly resulting from higher gross profit margin realised from building structural products.

Wood Engineering and Supplies Segment

Quarterly results

Wood Engineering & Supplies segment's revenue on q-o-q comparison came in 19.8% lower to RM8.5 million. PBT for the quarter was also down 22.8% to RM0.8 million from RM1.1 million in 3QFY16.

Financial year-to-date

Wood Engineering and Supplies segment achieved a PBT of RM2.9 million for YTD 3QFY17, which was an improvement of 7.2% over the previous corresponding period's RM2.7 million. The better performance was attributed to the achievement of higher sales in the current financial period.

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 3RD QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2016

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

The segment saw its PBT for 3QFY17 decrease 34.0% to RM0.6 million from RM0.9 million in the same quarter last year, attributed to lower revenue which eased 39.0% to RM5.6 million from RM9.1 million previously.

Financial year-to-date

Revenue for the quarter on y-o-y basis eased 6.9% at RM17.6 million on the back of lower sales mainly from lighting system products, domestic appliances and personal care products.

PBT for YTD 3QFY17 was down 15.5% or RM0.3 million compared to YTD 3QFY16.

Mechanical & Electrical Segment

Quarterly results

For 3QFY17, Mechanical & Electrical segment posted a PBT of RM1.3 million on the back of revenue of RM11.9 million. This represents 7.7% and 21.7% decrease in PBT and revenue respectively compared to previous corresponding quarter.

Financial year-to-date

The segment registered a PBT of RM3.9 million for YTD 3QFY17, down 24.9% from RM5.2 million a year ago due to lower work performed from the on-going projects.

B2 Material changes in profit before tax for the quarter

For the current quarter under review, the Group achieved profit before taxation (PBT) of RM2.3 million on revenue of RM85.9 million. Against the immediate preceding quarter, PBT and revenue for the current quarter increased by RM1.0 million and RM1.1 million respectively. The increase in PBT was mainly attributed to higher recognition of gross profit and other operating income coupled with the decrease in Group's overall operating expenses largely because of the lower individual impairment loss on receivables in the current financial quarter.

B3 Commentary on prospects

The Malaysian economy remains challenging in 2017 going forward as is the weak ringgit. We expect our revenue to come mainly from the infrastructure development sector, while non-project based income streams, which tend to be more stable, provide a floor to our revenue.

Given the uncertain economic environment, we will focus on cost, stock and credit control to maximize profits and cashflow generation. Given our net cash position, we believe we are well-positioned to ride out the uncertainties and potentially explore new areas of business expansion.

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)

B4 Profit forecast and profit guarantee

Not applicable as no profit forecast was announced.

B5 Income tax expense

	Quarter ended		Year to date	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Income tax:-				
- Malaysian tax	612	652	2,203	1,816
- Foreign tax	43	8	33	32
	655	660	2,236	1,848
Under provision in the previous financial year:-				
- Malaysian tax	154	194	154	199
	809	854	2,390	2,047
Deferred tax:-				
- Origination and reversal of temporary differences	99	(54)	(162)	(441)
- Over provision in the previous financial year	(5)	11	(5)	10
	94	(43)	(167)	(431)
	903	811	2,223	1,616

B6 Corporate proposals

As at 16 February 2017, there were no corporate proposals announced.

B7 Short-term borrowings

The Group's borrowings as at 31 December 2016 were as follows:-

	RM'000
Bank overdrafts, secured	527
Bank overdrafts, unsecured	19,860
Bankers' acceptance, unsecured	4,500
Revolving credit, secured	6,000
	30,887

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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)

B8 Derivative financial instruments

The outstanding foreign currency forward contracts as at 31 December 2016 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	5,886	33	(126)
<u>Derivative designated as hedging instruments:-</u>			
Forward foreign currency contracts			
- Less than 1 year	-	-	-
	5,886	33	(126)

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

	Current quarter loss RM'000	Year to date gain RM'000
Foreign currency forward contracts	(125)	60

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 3RD QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2016

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

B10 Breakdown of realised and unrealised profits

The breakdown of retained profits of the Group as at 31 December 2016 into realised and unrealised profits are presented as follows:-

	RM'000
Total retained profits of the Company and its subsidiaries:-	
- Realised	132,071
- Unrealised	685
	<hr/> 132,756
Total share of retained profits of associate:-	
- Realised	229
- Unrealised	42
	<hr/> 271
Add: Consolidation adjustments	3,494
	<hr/> 136,521
At 31 December 2016	<hr/> <hr/>

B11 Changes in material litigation

As at 16 February 2017, there was no material litigation against the Group.

B12 Dividend payable

No interim dividend has been declared for the financial period ended 31 December 2016.

B13 Earnings per share

(a) Basic earnings per share

	Quarter ended		Year to date	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to the owners of the Company (RM'000)	1,418	2,420	4,491	4,390
Weight 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 weighted average number of shares in issue (sen)	0.51	0.86	1.60	1.57

(b) Diluted earnings per share

Not applicable as at 31 December 2016.

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 3RD QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2016

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

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 2016 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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Allowance for slow-moving inventories no longer required	-	-	(3)	-
Bad debts written off	-	-	3	3
Collective impairment losses on receivables	280	39	538	668
Collective impairment losses on receivables no longer required	(147)	(131)	(676)	(487)
Depreciation and amortisation	422	433	1,276	1,279
Individual impairment losses on receivables	(10)	131	667	271
Individual impairment losses on receivables no longer required	(23)	(122)	(185)	(1,009)
Interest expense	196	51	525	429
Interest income	(298)	(210)	(813)	(521)
(Gain)/ loss on forward foreign currency contracts	(9)	1	(84)	(215)
Gain on disposal of property, plant and equipment	-	(2)	(1)	(20)
Realised (gain)/ loss on foreign exchange	(422)	(251)	103	1,331
Realised (gain)/ loss on derivatives	-	-	(72)	112
Unrealised (gain) / loss on foreign exchange	(189)	(83)	(59)	122
Unrealised (gain)/ loss on derivatives	242	(39)	93	(184)

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 31 December 2016.