

PANSAR BERHAD (Company No. 18904-M)

INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2017

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PANSAR BERHAD (Company No. 18904-M)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.09.2017 RM'000	Preceding year corresponding quarter 30.09.2016 RM'000	Current year to date 30.09.2017 RM'000	Preceding year corresponding year to date 30.09.2016 RM'000
Revenue	97,056	84,793	187,401	183,454
Cost of sales	(85,027)	(73,311)	(163,994)	(159,511)
Gross profit	12,029	11,482	23,407	23,943
Other income	1,535	974	3,025	2,245
Selling and distribution expenses	(2,467)	(2,366)	(4,904)	(4,662)
Administrative expenses	(7,518)	(7,779)	(14,892)	(15,505)
Other operating expenses	(162)	(599)	(597)	(938)
Finance costs	(290)	(164)	(429)	(329)
Share of results in an associate	103	(224)	247	(361)
Profit before taxation	3,230	1,324	5,857	4,393
Income tax expense	(732)	(457)	(1,303)	(1,320)
Profit after taxation	2,498	867	4,554	3,073
Other comprehensive income				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Cash flow hedge	13	28	(75)	85
Foreign currency translation	(18)	324	(371)	743
Share of foreign currency translation differences of an associate	1	17	-	50
Total other comprehensive income	(4)	369	(446)	878
Total comprehensive income for the period	2,494	1,236	4,108	3,951
Profit after taxation attributable to owners of the Company	2,498	867	4,554	3,073
Total comprehensive income attributable to owners of the Company	2,494	1,236	4,108	3,951
Weighted average number of shares in issue ('000)	280,000	280,000	280,000	280,000
Earnings per ordinary share (sen):-				
-Basic	0.89	0.31	1.63	1.10
-Diluted	N/A	N/A	N/A	N/A

The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017 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 2017

	30.09.2017	31.03.2017
	RM'000	RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Investment in an associate	12,479	12,232
Property, plant and equipment	4,290	4,425
Investment properties	7,493	7,561
Intangible assets	285	294
Deferred tax assets	615	301
	<hr/> 25,162	<hr/> 24,813
Current assets		
Inventories	37,646	41,975
Trade and other receivables	157,585	130,305
Derivative assets	45	145
Current tax assets	1,679	1,244
Deposits, cash and bank balances	33,226	39,310
	<hr/> 230,181	<hr/> 212,979
TOTAL ASSETS	<hr/> 255,343	<hr/> 237,792

PANSAR BERHAD (Company No. 18904-M)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)
AT 30 SEPTEMBER 2017

	30.09.2017	31.03.2017
	RM'000	RM'000
	(Unaudited)	(Audited)
EQUITY AND LIABILITIES		
Equity		
Share capital	140,000	140,000
Reserves	27,019	25,711
Total equity attributable to owners of the Company	167,019	165,711
Current liabilities		
Trade and other payables	57,676	53,638
Derivative liabilities	34	11
Bank borrowings:-		
- bank overdrafts	16,241	2,288
- other borrowings	12,000	14,900
Provision for employee benefits	2,153	1,071
Current tax liabilities	220	173
Total liabilities	88,324	72,081
TOTAL EQUITY AND LIABILITIES	255,343	237,792
Net assets per ordinary share (RM)	0.60	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 2017 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 2017

	< ----- 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
6-month period ended 30.09.2017						
Balance at 1.4.2017	140,000	(116,732)	5,473	61	136,909	165,711
Profit after taxation for the period	-	-	-	-	4,554	4,554
Other comprehensive income for the period, net of tax:-						
- Foreign currency translation	-	-	(371)	-	-	(371)
- Cash flow hedge	-	-	-	(75)	-	(75)
- Share of foreign currency translation differences of an associate	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(371)	(75)	4,554	4,108
Contributions by and distributions to owners of the Company:-						
- Dividends	-	-	-	-	(2,800)	(2,800)
Balance at 30.09.2017	140,000	(116,732)	5,102	(14)	138,663	167,019

	< ----- 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
6-month period ended 30.09.2016						
Balance at 1.4.2016	140,000	(116,732)	3,989	(71)	137,630	164,816
Profit after taxation for the period	-	-	-	-	3,073	3,073
Other comprehensive income for the period, net of tax:-						
- Foreign currency translation	-	-	743	-	-	743
- Cash flow hedge	-	-	-	85	-	85
- Share of foreign currency translation differences of an associate	-	-	50	-	-	50
Total comprehensive income for the period	-	-	793	85	3,073	3,951
Contributions by and distributions to owners of the Company:-						
- Dividends	-	-	-	-	(5,600)	(5,600)
Balance at 30.09.2016	140,000	(116,732)	4,782	14	135,103	163,167

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 2017 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 2017

	Current year to date 30.09.2017 RM'000	Preceding year corresponding period 30.09.2016 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit before taxation	5,857	4,393
Adjustments for:-		
Allowance for impairment losses on receivables	597	935
Allowance for impairment losses on receivables no longer required	(1,433)	(691)
Allowance for slow-moving inventories no longer required	-	(3)
Amortisation of intangible assets	5	6
Bad debts written off	-	3
Depreciation of property, plant and equipment	762	790
Depreciation of investment properties	68	58
Fair value loss/(gain) on derivatives	59	(221)
Gain on disposal of property, plant and equipment	(71)	(1)
Interest expense	429	329
Interest income	(518)	(515)
Provision for employee benefits	1,083	1,359
Share of results in an associate	(247)	361
Unrealised loss on foreign exchange	33	130
Operating profit before working capital changes	6,624	6,933
Decrease in inventories	4,303	1,335
(Increase)/Decrease in trade and other receivables	(31,181)	1,831
Increase/(Decrease) in trade and other payables	8,655	(3,467)
CASH (FOR)/FROM OPERATIONS	(11,599)	6,632
Interest paid	(429)	(329)
Interest received	388	323
Income tax paid	(1,989)	(1,505)
Income tax refunded	-	17
NET CASH (FOR)/FROM OPERATING ACTIVITIES / BALANCE CARRIED FORWARD	(13,629)	5,138

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017 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 30 SEPTEMBER 2017

	Current year to date 30.09.2017 RM'000	Preceding year Corresponding Period 30.09.2016 RM'000
NET CASH (FOR)/FROM OPERATING ACTIVITIES / BALANCE CARRIED FORWARD	(13,629)	5,138
CASH FLOWS FOR INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	76	11
Proceeds from disposal of non-current assets held for sales	-	140
Placement of fixed deposits with licensed banks	(359)	(3,323)
Purchase of property, plant and equipment	(634)	(328)
NET CASH FOR INVESTING ACTIVITIES	(917)	(3,500)
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividend paid	(2,800)	(5,600)
Proceeds from bankers' acceptance	5,000	4,000
Repayment of bankers' acceptance	(7,900)	(3,000)
NET CASH FOR FINANCING ACTIVITIES	(5,700)	(4,600)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(20,246)	(2,962)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	(150)	217
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	10,550	5,894
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	(9,846)	3,149
CASH AND CASH EQUIVALENTS COMPRISE:-		
Cash and bank balances	6,395	12,921
Bank overdrafts	(16,241)	(9,772)
	(9,846)	3,149

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017 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 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2017

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 2017. 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 2017.

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 2017, except as follows:

On 1 April 2017, 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 2017:-

- Amendments to *MFRS 107: Disclosure Initiative*
 - Amendments to *MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses*
- Annual Improvements to MFRS Standards 2014-2016 Cycles:-
- Amendments to *MFRS 12: Clarification of the Scope of Standard*

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**

During the current quarter under review, a first and final single tier dividend of one (1.0) sen per ordinary share for financial year ended 31 March 2017 totalling RM2,800,000 was paid on 20 September 2017.

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2017

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	Agro Engineering RM'000	Electrical & Office Automation RM'000	Mechanical & Electrical RM'000	Year to date 30.09.2017 RM'000
Revenue						
External revenue	55,328	65,445	19,268	9,134	38,226	187,401
Inter-segment revenue	86	3	-	155	-	244
	<u>55,414</u>	<u>65,448</u>	<u>19,268</u>	<u>9,289</u>	<u>38,226</u>	<u>187,645</u>
Adjustments and eliminations						(244)
Consolidated revenue						<u>187,401</u>
Results						
Segment results	7,301	5,197	1,828	976	1,221	16,523
Adjustments and eliminations	-	-	-	-	1,062	1,062
	<u>7,301</u>	<u>5,197</u>	<u>1,828</u>	<u>976</u>	<u>2,283</u>	<u>17,585</u>
Share of results in an associate						247
Unallocated income						572
Unallocated expenses						(12,547)
Consolidated profit before taxation						<u>5,857</u>
Assets						
Segment assets	<u>63,219</u>	<u>49,205</u>	<u>24,620</u>	<u>12,441</u>	<u>65,863</u>	<u>215,348</u>
Investment in an associate						12,479
Unallocated assets						26,901
Deferred tax assets						615
Consolidated total assets						<u>255,343</u>

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2017

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

A7 Segmental information (cont'd)

(a) Business segments (cont'd)

	Marine & Industrial RM'000	Building Products RM'000	Agro Engineering RM'000	Electrical & Office Automation RM'000	Mechanical & Electrical RM'000	Year to date 30.09.2016 RM'000
Revenue						
External revenue	50,480	70,330	20,340	12,029	30,275	183,454
Inter-segment revenue	16	-	-	109	-	125
	<u>50,496</u>	<u>70,330</u>	<u>20,340</u>	<u>12,138</u>	<u>30,275</u>	<u>183,579</u>
Adjustments and eliminations						(125)
Consolidated revenue						<u><u>183,454</u></u>
Results						
Segment results	6,735	5,092	2,076	1,063	1,771	16,737
Adjustments and eliminations	-	-	-	-	811	811
	<u>6,735</u>	<u>5,092</u>	<u>2,076</u>	<u>1,063</u>	<u>2,582</u>	<u>17,548</u>
Share of results in an associate						(361)
Unallocated income						247
Unallocated expenses						(13,041)
Consolidated profit before taxation						<u><u>4,393</u></u>
Assets						
Segment assets	50,375	47,175	21,035	15,551	54,219	188,355
Investment in an associate						13,544
Unallocated assets						30,136
Deferred tax assets						717
Consolidated total assets						<u><u>232,752</u></u>

(b) Geographical segments

	Year to date	
	30.09.2017 RM'000	30.09.2016 RM'000
Total revenue from external customers		
- Malaysia	181,278	177,060
- Singapore	6,123	6,394
	<u>187,401</u>	<u>183,454</u>

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2017

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

A8 Property, plant and equipment

(a) Acquisition and disposal of property, plant and equipment

There was no material acquisition or disposal of property, plant and equipment since the end of last financial year.

(b) Impairment losses

Neither loss from impairment of property, plant and equipment nor reversal of such impairment losses was recognised since the end of last financial year.

(c) Valuation

As at 30 September 2017, the Group did not have any revalued assets.

A9 Subsequent events

There were no material subsequent events as at 17 November 2017.

A10 Changes in the composition of the Group

There were no changes in the composition of the Group for the period ended 30 September 2017.

A11 Contingent liabilities

On 30 May 2017, the Company was served with a Notice of Additional Assessment from the Inland Revenue Board of Malaysia (“IRBM”) for additional tax (inclusive of penalty of 45%) of RM2,529,655.14 in respect of the year of assessment (“YA”) 2011.

The said notice of assessment was raised principally pursuant to the Profit Guarantee Amount of RM6,978,359 received from Pan Sarawak Holdings Sdn Bhd in YA 2011 as part of the restructuring exercise. The Profit Guarantee Amount was recorded as “miscellaneous income” in the books of account and was treated by the Company as a capital transaction which was not assessable to tax in YA 2011.

However, the IRBM has taken the view that the Profit Guarantee Amount received by the Company in YA 2011 is of revenue nature which is subject to income tax.

The Company together with the tax consultant do not agree with the IRBM. No provision for income tax and tax penalty have been made by the Company in respect of the above amount as the Company is of the view that there is a good ground of appeal.

The Company had on 28 June 2017 filed Form Q for official appeal against the additional assessment. As at to date, it is still pending before the Dispute Resolution Department of the IRBM.

A12 Capital commitment

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

A13 Significant related party transactions

	Quarterly ended		Year to date	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Transactions with holding company	592	589	1,186	1,183
Transactions with other related parties	12,824	15,499	22,089	34,450

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2017

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

B1 Review of performance

For the six months ended 30 September 2017, the Group posted an overall revenue of RM187.4 million, an increase of RM3.9 million or 2.2% over the same corresponding period of last year. The higher revenue was driven by the increases in both the Group's Mechanical & Electrical and Marine & Industrial businesses.

The Group saw its net profit rise 48.2% to RM4.6 million in 1HFY18 from RM3.1 million a year ago, mainly attributed to better share of results of an associate, higher write back of impairment losses on receivables as well as a significant decline in foreign exchange translation losses and net impairment losses on receivables.

Marine & Industrial Segment

Quarterly results

For 2QFY18, Marine & Industrial segment registered a 15.7% improvement in revenue of RM25.5 million, backed largely by the stronger sales volume from marine engines.

PBT for the quarter of RM4.0 million was up 34.9% q-o-q. The higher PBT was broadly a result of higher gross profit achieved as well as higher other operating income arising from the write back of impairment losses on receivables in the current quarter.

Financial year-to-date

Marine & Industrial segment posted a higher PBT of RM7.3 million for YTD 2QFY18, up from RM6.7 million a year ago. The better performance was attributed to 9.6% higher revenue vis-à-vis previous corresponding period.

Building Products Segment

Quarterly results

Building Products segment achieved revenue and PBT for the current quarter of RM34.9 million and RM2.6 million respectively. This represents a 14.3% and a 19.1% increase in revenue and PBT respectively over the previous corresponding quarter.

Financial year-to-date

For YTD 2QFY18, Building Products segment registered a 7.0% decrease in revenue year on year attributed mainly to lower sales volume from roofing products and building structural products.

PBT however was up by RM0.1 million over the previous corresponding period, mainly due to higher gross profit margin realized in the current financial period.

Agro Engineering Segment

Quarterly results

Agro Engineering segment recorded a lower revenue for the current quarter of RM9.6 million on the back of lower sales volume mainly from steel wire rope, sanding belts and strapping products.

In tandem with the decrease in revenue, PBT for the quarter was down by RM0.2 million.

Financial year-to-date

On a y-o-y comparison, Agro Engineering segment's revenue decreased by 5.3% to RM19.3 million in YTD 2QFY18, with PBT down by 12.0% to RM1.8 million as a result of lower gross profit achieved in the current financial period.

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2017

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

Electrical & Office Automation segment's revenue on q-o-q basis decreased by RM0.8 million.

PBT for the quarter was also down by RM0.1 million as compared to 2QFY17.

Financial year-to-date

Electrical & Office Automation segment's revenue eased 24.1% to RM9.1 million in the current financial period from RM12.0 million recorded in YTD 2QFY17.

Despite the decrease in revenue, the segment maintained a PBT of RM1.0 million, mainly attributed to higher write back of impairment losses on trade receivables.

Mechanical & Electrical Segment

Quarterly results

Compared to previous corresponding quarter, the segment's 2QFY18 revenue increased by RM5.6 million on account of higher work performed from the new and on-going projects.

PBT however maintained flat at RM1.5 million in the current quarter, mainly attributed to lower margins from a few major projects.

Financial year-to-date

PBT for YTD 2QFY18 was 11.5% lower at RM2.3 million compared with the same period last year, on the back of revenue that rose 26.3% to RM38.2 million.

PBT was impacted by lower project margins and lower write back of impairment losses on trade receivables vis-à-vis previous year.

B2 Material changes in profit before tax for the quarter

For the current quarter under review, the Group achieved profit before tax (PBT) of RM3.2 million on the back of revenue of RM97.1 million. This represents an increase in revenue and PBT of RM6.7 million and RM0.6 million respectively when compared to the immediate preceding quarter. The better performance was principally due to higher achievement of gross profit in the current financial quarter.

B3 Commentary on prospects

The general Malaysian economy has grown 6.2% in the last quarter and is robust. The recently announced 2018 budget bodes well for consumer spending. For our business divisions, the marine and industrial segment appears to have bottomed especially the oil and gas sector given the increase in world oil prices. As for the building and construction sector, government-linked projects give impetus to this sector and it bodes well for our building products and M & E divisions although private sector projects remain tepid. With the introduction of a new range of products we also expect improvement in electrical and office automation division. Meanwhile, the agro engineering segment is expected to remain solid especially with oil palm prices remaining strong.

Key management focus remains on getting efficiency gains, understanding customer requirements better, and maintaining our focus on key product lines. We are cautiously optimistic for the coming quarter.

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2017

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	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Income tax:-				
- Malaysian tax	809	610	1,591	1,591
- Foreign tax	8	(29)	10	(10)
	817	581	1,601	1,581
Deferred tax:-				
- Origination and reversal of temporary differences	(85)	(124)	(298)	(261)
	(85)	(124)	(298)	(261)
	732	457	1,303	1,320

B6 Corporate proposals

As at 17 November 2017, there were no corporate proposals announced.

B7 Short-term borrowings

The Group's borrowings as at 30 September 2017 were as follows:-

	RM'000
Bank overdrafts, secured	1,936
Bank overdrafts, unsecured	14,305
Bankers' acceptance, unsecured	5,000
Revolving credit, secured	6,000
Revolving credit, unsecured	1,000
	28,241

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2017

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 September 2017 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	3,429	16	(22)
<u>Derivative designated as hedging instruments:-</u>			
Forward foreign currency contracts			
- Less than 1 year	4,014	29	(12)
	7,443	45	(34)

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 gain RM'000	Year to date loss RM'000
Foreign currency forward contracts	14	(23)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2017

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 30 September 2017 into realised and unrealised profits are presented as follows:-

	RM'000
Total retained profits of the Company and its subsidiaries:-	
- Realised	134,096
- Unrealised	578
	134,674
Total share of retained profits of associate:-	
- Realised	501
- Unrealised	(6)
	495
Add: Consolidation adjustments	3,494
	138,663

B11 Changes in material litigation

As at 17 November 2017, there was no material litigation against the Group.

B12 Dividend payable

No interim dividend has been declared for the financial period ended 30 September 2017.

B13 Earnings per share

(a) Basic earnings per share

	Quarter ended		Year to date	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to the owners of the Company (RM'000)	2,498	867	4,554	3,073
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)	0.89	0.31	1.63	1.10

(b) Diluted earnings per share

Not applicable as at 30 September 2017.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2017

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 2017 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	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Allowance for slow-moving inventories no longer required	-	(3)	-	(3)
Bad debts written off	-	-	-	3
Collective impairment losses on receivables	(141)	41	294	258
Collective impairment losses on receivables no longer required	(177)	(165)	(245)	(529)
Depreciation and amortisation	420	422	835	854
Individual impairment losses on receivables	303	558	303	677
Individual impairment losses on receivables no longer required	(766)	(49)	(1,188)	(162)
Interest expense	290	164	429	329
Interest income	(284)	(250)	(518)	(515)
Loss/(Gain) on forward foreign currency contracts	2	(33)	69	(75)
(Gain)/Loss on disposal of property, plant and equipment	(55)	1	(71)	(1)
Realised (gain)/loss on foreign exchange	(483)	395	(748)	525
Realised loss/(gain) on derivatives	-	-	53	(72)
Unrealised loss/(gain) on foreign exchange	63	(19)	33	130
Unrealised loss/(gain) on derivatives	39	(108)	6	(149)

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 2017.