

PANSAR BERHAD (Company No. 18904-M)

INTERIM FINANCIAL STATEMENTS
FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2018

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PANSAR BERHAD (Company No. 18904-M)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2018

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--|--|--|---|
| | Current year quarter 31.03.2018 RM'000 | Preceding year corresponding quarter 31.03.2017 RM'000 | Current year to date 31.03.2018 RM'000 | Preceding year corresponding year to date 31.03.2017 RM'000 |
| Revenue | 106,017 | 89,552 | 386,528 | 358,896 |
| Cost of sales | (92,108) | (76,125) | (336,463) | (309,684) |
| Gross profit | 13,909 | 13,427 | 50,065 | 49,212 |
| Other income | 2,210 | 1,411 | 6,446 | 4,852 |
| Selling and distribution expenses | (2,517) | (2,363) | (9,857) | (9,454) |
| Administrative expenses | (8,224) | (7,312) | (30,726) | (30,360) |
| Other operating expenses | (3,076) | (3,629) | (4,172) | (4,836) |
| Finance costs | (362) | (307) | (1,027) | (833) |
| Share of results in an associate | 529 | (23) | 854 | (663) |
| Profit before taxation | 2,469 | 1,204 | 11,583 | 7,918 |
| Income tax expense | (636) | (816) | (2,839) | (3,039) |
| Profit after taxation | 1,833 | 388 | 8,744 | 4,879 |
| Other comprehensive income | | | | |
| <u>Items that may be reclassified subsequently to profit or loss</u> | | | | |
| Cash flow hedge | 62 | 61 | (47) | 132 |
| Foreign currency translation | (546) | 584 | (1,340) | 1,444 |
| Share of foreign currency translation differences of an associate | 46 | (30) | 46 | 40 |
| Total other comprehensive income | (438) | 615 | (1,341) | 1,616 |
| Total comprehensive income for the period | 1,395 | 1,003 | 7,403 | 6,495 |
| Profit after taxation attributable to owners of the Company | 1,833 | 388 | 8,744 | 4,879 |
| Total comprehensive income attributable to owners of the Company | 1,395 | 1,003 | 7,403 | 6,495 |
| Weighted average number of shares in issue ('000) | 294,933 | 280,000 | 283,682 | 280,000 |
| Earnings per ordinary share (sen):- | | | | |
| -Basic | 0.62 | 0.14 | 3.08 | 1.74 |
| -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 31 MARCH 2018

| | 31.03.2018 | 31.03.2017 |
|----------------------------------|----------------------|----------------------|
| | RM'000 | RM'000 |
| | (Unaudited) | (Audited) |
| ASSETS | | |
| Non-current assets | | |
| Investment in an associate | 13,132 | 12,232 |
| Property, plant and equipment | 4,506 | 4,425 |
| Investment properties | 7,426 | 7,561 |
| Intangible assets | 271 | 294 |
| Deferred tax assets | 582 | 301 |
| Goodwill | 54 | - |
| | <hr/> 25,971 | <hr/> 24,813 |
| Current assets | | |
| Inventories | 34,081 | 41,975 |
| Trade and other receivables | 163,629 | 130,305 |
| Derivative assets | 110 | 145 |
| Current tax assets | 2,886 | 1,244 |
| Deposits, cash and bank balances | 50,558 | 39,310 |
| | <hr/> 251,264 | <hr/> 212,979 |
| TOTAL ASSETS | <hr/> 277,235 | <hr/> 237,792 |

PANSAR BERHAD (Company No. 18904-M)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D) AT 31 MARCH 2018

| | 31.03.2018 | 31.03.2017 |
|---|----------------|----------------|
| | RM'000 | RM'000 |
| | (Unaudited) | (Audited) |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 151,956 | 140,000 |
| Reserves | 30,314 | 25,711 |
| Total equity attributable to owners of the Company | 182,270 | 165,711 |
| Non-current liabilities | | |
| Deferred tax liabilities | 17 | - |
| | 17 | - |
| Current liabilities | | |
| Trade and other payables | 60,442 | 53,638 |
| Derivative liabilities | 13 | 11 |
| Bank borrowings:- | | |
| - bank overdrafts | 20,569 | 2,288 |
| - other borrowings | 12,000 | 14,900 |
| Provision for employee benefits | 1,600 | 1,071 |
| Current tax liabilities | 324 | 173 |
| | 94,948 | 72,081 |
| Total liabilities | 94,965 | 72,081 |
| TOTAL EQUITY AND LIABILITIES | 277,235 | 237,792 |
| 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 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 31 MARCH 2018

| | < ----- 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 |
| 12-month period ended 31.03.2018 | | | | | | |
| Balance at 1.4.2017 | 140,000 | (116,732) | 5,473 | 61 | 136,909 | 165,711 |
| Issuance of shares | 11,956 | - | - | - | - | 11,956 |
| Profit after taxation for the period | - | - | - | - | 8,744 | 8,744 |
| Other comprehensive income for the period, net of tax:- | | | | | | |
| - Foreign currency translation | - | - | (1,340) | - | - | (1,340) |
| - Cash flow hedge | - | - | - | (47) | - | (47) |
| - Share of foreign currency translation differences of an associate | - | - | 46 | - | - | 46 |
| Total comprehensive income for the period | 11,956 | - | (1,294) | (47) | 8,744 | 19,359 |
| Contributions by and distributions to owners of the Company:- | | | | | | |
| - Dividends | - | - | - | - | (2,800) | (2,800) |
| Balance at 31.03.2018 | 151,956 | (116,732) | 4,179 | 14 | 142,853 | 182,270 |

| | < ----- 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 |
| 12-month period ended 31.03.2017 | | | | | | |
| Balance at 1.4.2016 | 140,000 | (116,732) | 3,989 | (71) | 137,630 | 164,816 |
| Profit after taxation for the period | - | - | - | - | 4,879 | 4,879 |
| Other comprehensive income for the period, net of tax:- | | | | | | |
| - Foreign currency translation | - | - | 1,444 | - | - | 1,444 |
| - Cash flow hedge | - | - | - | 132 | - | 132 |
| - Share of foreign currency translation differences of an associate | - | - | 40 | - | - | 40 |
| Total comprehensive income for the period | - | - | 1,484 | 132 | 4,879 | 6,495 |
| Contributions by and distributions to owners of the Company:- | | | | | | |
| - Dividends | - | - | - | - | (5,600) | (5,600) |
| Balance at 31.03.2017 | 140,000 | (116,732) | 5,473 | 61 | 136,909 | 165,711 |

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 31 MARCH 2018

| | Current year to date 31.03.2018 RM'000 | Preceding year corresponding period 31.03.2017 RM'000 |
|---|---|--|
| CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 11,583 | 7,918 |
| Adjustments for:- | | |
| Allowance for impairment losses on receivables | 3,474 | 3,547 |
| Allowance for impairment losses on receivables no longer required | (2,372) | (1,710) |
| Allowance for slow-moving inventories | 683 | 256 |
| Allowance for slow-moving inventories no longer required | (116) | (32) |
| Allowance for impairment losses on investment in an associate | - | 1,000 |
| Amortisation of intangible assets | 9 | 12 |
| Bad debts written off | 15 | 33 |
| Depreciation of property, plant and equipment | 1,508 | 1,571 |
| Depreciation of investment properties | 135 | 118 |
| Fair value gain on derivatives | (26) | (126) |
| Gain on disposal of property, plant and equipment | (246) | (1) |
| Loss on disposal of non-current assets classified as held for sale | - | 10 |
| Interest expense | 1,027 | 832 |
| Interest income | (1,126) | (1,056) |
| Provision for employee benefits | 1,135 | 720 |
| Share of results in an associate | (854) | 663 |
| Unrealised (gain)/loss on foreign exchange | (138) | 94 |
| Operating profit before working capital changes | 14,691 | 13,849 |
| Decrease/(increase) in inventories | 7,227 | (8,558) |
| (Increase)/decrease in trade and other receivables | (31,136) | 7,055 |
| Increase/(decrease) in trade and other payables | 2,849 | (2,091) |
| Employee benefits paid | (602) | (1,171) |
| CASH (FOR)/FROM OPERATIONS | (6,971) | 9,084 |
| Interest paid | (1,027) | (832) |
| Interest received | 1,041 | 975 |
| Income tax paid | (4,579) | (3,069) |
| Income tax refunded | - | 18 |
| NET CASH (FOR)/FROM OPERATING ACTIVITIES / BALANCE CARRIED FORWARD | (11,536) | 6,176 |

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 31 MARCH 2018

| | Current year to date 31.03.2018 RM'000 | Preceding year Corresponding Period 31.03.2017 RM'000 |
|--|---|--|
| NET CASH (FOR)/FROM OPERATING ACTIVITIES / BALANCE CARRIED FORWARD | (11,536) | 6,176 |
| CASH FLOWS FOR INVESTING ACTIVITIES | | |
| Acquisition of a subsidiary, net of cash and cash equivalents acquired | (5) | - |
| Proceeds from disposal of property, plant and equipment | 455 | 10 |
| Proceeds from disposal of non-current assets classified as held for sale | - | 170 |
| Placement of fixed deposits with licensed banks | (15,916) | (3,936) |
| Purchase of investment properties | - | (23) |
| Purchase of intangible assets | - | (63) |
| Purchase of property, plant and equipment | (1,806) | (387) |
| NET CASH FOR INVESTING ACTIVITIES | (17,272) | (4,229) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid | (2,800) | (5,600) |
| Proceeds from issuance of ordinary shares | 11,956 | - |
| Proceeds from revolving credit | - | 1,000 |
| Proceeds from bankers' acceptance | 12,000 | 16,400 |
| Repayment of bankers' acceptance | (14,900) | (9,500) |
| NET CASH FROM FINANCING ACTIVITIES | 6,256 | 2,300 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (22,552) | 4,247 |
| EFFECTS OF FOREIGN EXCHANGE TRANSLATION | (398) | 409 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD | 10,550 | 5,894 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD | (12,400) | 10,550 |
| CASH AND CASH EQUIVALENTS COMPRISE:- | | |
| Cash and bank balances | 8,169 | 12,838 |
| Bank overdrafts | (20,569) | (2,288) |
| | (12,400) | 10,550 |

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 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2018

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.

As at date of authorization of these interim financial statements, the followings Standards Amendments and IC Interpretations were issued but not yet effective and have not been applied by the Group:

- *MFRS 9: Financial Instruments (IFRS 9 as issued by IASB in July 2014)*
 - *MFRS 15: Revenue from Contracts with Customers*
 - *MFRS 16: Leases*
 - *IC Interpretation 22 Foreign Currency Transactions and Advance Consideration*
 - *IC Interpretation 23 Uncertainty Over Income Tax Treatments*
 - Amendments to *MFRS 2: Classification and Measurement of Share-based Payment Transactions*
 - Amendments to *MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
 - Amendments to *MFRS 9: Prepayment Features with Negative Compensation*
 - Amendments to *MFRS 10 and MFRS 128: Sale or Contribution of Assets between and Investor and its Associate or Joint Venture*
 - Amendments to *MFRS 15: Effective Date of MFRS 15*
 - Amendments to *MFRS 15: Clarifications to MFRS 15 “Revenue from Contracts with Customers”*
 - Amendments to *MFRS 140: Transfer of Investment Property*
 - *Annual Improvements to MFRS Standard 2015-2017 Cycles*
- Annual Improvements to MFRS Standards 2014-2016 Cycles:-
- Amendments to *MFRS 1: Deletion of Short-term Exemptions for First-time Adopters*
 - Amendments to *MFRS 128: Measuring an Associate or Joint Venture at Fair Value*

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2018

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

A1 Basis of preparation (cont'd)

The adoption of these Standards Amendments and IC Interpretation above will have no material impact on the financial statements in the year of initial adoption, except as discuss below:-

MFRS 15 Revenue from Contract with Customers

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective.

Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. “control” of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of “distinct” for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15.

The Group anticipates that the application of MFRS 15 in the future may have an impact on the amounts reported and disclosures made in the financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

MFRS 9 Financial Instruments

MFRS 9 replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking “expected loss” impairment model for calculating impairment on financial assets, and a new approach to hedge accounting.

Under MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group’s investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.

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 except for the issuance of 28,000,000 ordinary shares pursuant to a private placement at an issue price per share of RM0.427 for a total cash consideration of RM11,956,000.00.

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 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2018

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 | Heavy Equipment RM'000 | Mechanical Electrical RM'000 | Year to 31.03.2018 RM'000 |
|-------------------------------------|----------------------------------|--------------------------------|-------------------------------|--|------------------------------|------------------------------------|---------------------------------|
| Revenue | | | | | | | |
| External revenue | 96,821 | 138,357 | 36,266 | 18,699 | 4,810 | 91,575 | 386,528 |
| Inter-segment revenue | 341 | 13 | - | 708 | 2,396 | 9 | 3,467 |
| | 97,162 | 138,370 | 36,266 | 19,407 | 7,206 | 91,584 | 389,995 |
| Adjustments and eliminations | | | | | | | (3,467) |
| Consolidated revenue | | | | | | | 386,528 |
| Results | | | | | | | |
| Segment results | 13,795 | 8,552 | 3,127 | 1,213 | 953 | 4,497 | 32,137 |
| Adjustments and eliminations | - | - | - | - | - | 2,602 | 2,602 |
| | 13,795 | 8,552 | 3,127 | 1,213 | 953 | 7,099 | 34,739 |
| Share of results in an associate | | | | | | | 854 |
| Unallocated income | | | | | | | 1,844 |
| Unallocated expenses | | | | | | | (25,854) |
| Consolidated profit before taxation | | | | | | | 11,583 |
| Assets | | | | | | | |
| Segment assets | 47,428 | 53,223 | 21,913 | 12,781 | 4,908 | 84,081 | 224,334 |
| Investment in an associate | | | | | | | 13,132 |
| Goodwill | | | | | | | 54 |
| Unallocated assets | | | | | | | 39,133 |
| Deferred tax assets | | | | | | | 582 |
| Consolidated total assets | | | | | | | 277,235 |

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2018

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 31.03.2017 RM'000 |
|-------------------------------------|---|---|--|--|---|---|
| Revenue | | | | | | |
| External revenue | 94,327 | 146,093 | 37,114 | 23,922 | 57,440 | 358,896 |
| Inter-segment revenue | 345 | 204 | - | 482 | - | 1,031 |
| | <u>94,672</u> | <u>146,297</u> | <u>37,114</u> | <u>24,404</u> | <u>57,440</u> | <u>359,927</u> |
| Adjustments and eliminations | | | | | | (1,031) |
| Consolidated revenue | | | | | | <u><u>358,896</u></u> |
| Results | | | | | | |
| Segment results | 11,540 | 10,741 | 3,641 | 1,309 | 5,632 | 32,863 |
| Adjustments and eliminations | - | - | - | - | 1,532 | 1,532 |
| | <u>11,540</u> | <u>10,741</u> | <u>3,641</u> | <u>1,309</u> | <u>7,164</u> | <u>34,395</u> |
| Share of results in an associate | | | | | | (663) |
| Unallocated income | | | | | | 880 |
| Unallocated expenses | | | | | | (26,694) |
| Consolidated profit before taxation | | | | | | <u><u>7,918</u></u> |
| Assets | | | | | | |
| Segment assets | 36,506 | 64,779 | 16,418 | 14,825 | 58,948 | 191,476 |
| Investment in an associate | | | | | | 12,232 |
| Unallocated assets | | | | | | 33,783 |
| Deferred tax assets | | | | | | 301 |
| Consolidated total assets | | | | | | <u><u>237,792</u></u> |

(b) Geographical segments

| | Year to date | |
|---------------------------------------|------------------------------|------------------------------|
| | 31.03.2018 RM'000 | 31.03.2017 RM'000 |
| Total revenue from external customers | | |
| - Malaysia | 375,193 | 344,532 |
| - Singapore | 11,335 | 14,364 |
| | <u>386,528</u> | <u>358,896</u> |

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2018

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 March 2018, the Group did not have any revalued assets.

A9 Subsequent events

There were no material subsequent events as at 21 May 2018.

A10 Changes in the composition of the Group

On 8 January 2018, the Company has acquired 100% equity interest in Pansar Heavy Equipment Sdn Bhd (“PHE”) from Pan Sarawak Holdings Sdn Bhd, the holding company of Pansar Berhad for a purchase cash consideration of RM25,000.00.

PHE is a company incorporated in Malaysia under the name of Shorepack Freight Services (M) Sdn Bhd as a private limited company on 3 November 1988 and assumed its present name since 17 October 2017. The issued and paid-up ordinary share capital of PHE comprises of 25,000 ordinary shares at RM1.00 each. PHE is involved in the business of selling and distribution of construction equipment which includes backhoe loaders, heavy excavators, compact excavator and telehandlers.

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.

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2018

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

A13 Significant related party transactions

| | Quarterly ended | | Year to date | |
|---|-----------------|------------|--------------|------------|
| | 31.03.2018 | 31.03.2017 | 31.03.2018 | 31.03.2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Transactions with holding company | 602 | 590 | 2,421 | 2,362 |
| Transactions with other related parties | 8,759 | 12,094 | 42,775 | 67,708 |

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2018

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

B1 Review of performance

For financial year ended 31 March 2018, our Group achieved a commendable year-on-year growth in revenue. Revenue for the year ended 31 March 2018 increased by 7.7% or RM27.6 million to RM386.5 million from RM358.9 million a year ago. This was mainly due to the recognition of higher revenue from M & E division which saw an improvement of revenue by RM34.1 million.

As part of our diversification strategy, the Group has entered into a new distributorship during the financial year for the sale and distribution of construction equipment which includes backhoe loaders, heavy excavators, compact excavator, telehandlers and the associated spare parts. Our financial results reflect a 3-month revenue contribution from these heavy equipment products for financial year ended 31 March 2018.

Net profit for the year ended 31 March 2018 experienced a higher growth of 79.2% or RM3.9 million from the preceding year. The improved performance for the current financial year was mainly attributed to higher achievement of gross profit, better share of results from associated company, higher foreign exchange translation gain as well as higher write back of impairment on receivables.

Marine & Industrial Segment

Quarterly results

Compared to previous corresponding quarter, Marine & Industrial segment recorded a lower revenue of RM8.3 million to RM19.4 million in 4QFY18, mainly attributed to lower sales volume from OEM gensets.

Despite the lower revenue in the current financial quarter, improved margin lifted PBT to RM2.7 million, up 11.4% from RM2.5 million a year ago.

Financial year-to-date

Revenue increased by RM2.5 million y-o-y as a result of higher demand largely for marine engines. This segment recorded a commendable 19.6% growth in PBT to RM13.8 million over the previous year. The vast improvement in PBT was mainly a result of higher gross profit margins generated from sales of marine engines.

Building Products Segment

Quarterly results

Against the previous corresponding quarter, Building Products segment saw its revenue for 4QFY18 increase 13.4%. PBT on q-o-q however fell by 67.3%, mainly attributed to higher impairment loss on trade receivables.

Financial year-to-date

Corresponding to the slowdown in construction industry, Building Products segment saw a decrease in revenue from RM146.1 million in FY17 to RM138.4 million in FY18. The decrease in revenue corresponded with the lower demand for roofing products and building structural products.

In view of the decrease in revenue and higher impairment loss on receivables, PBT was down by RM2.2 million over the previous year.

Agro Engineering Segment

Quarterly results

Agro Engineering segment's revenue on q-o-q comparison came in 12.3% lower to RM7.2 million on the back of lower sales volume largely from steel products and wood bandsaw products.

In tandem with the decrease in revenue and contracted gross margin, PBT for the quarter declined 43.1% to RM0.4 million from RM0.7 million in 4QFY17.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2018

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)

Agro Engineering Segment

Financial year-to-date

Agro Engineering segment continued to face downward price pressure from competition within the industry. On a y-o-y comparison, the segment's revenue in FY18 decreased by 2.3% to RM36.3 million and PBT also down by 14.1% to RM3.1 million as a result of lower achievement in gross profit.

Electrical & Office Automation Segment

Quarterly results

For 4QFY18, Electrical & Office Automation segment saw a decrease in revenue of RM1.5 million to RM4.8 million, versus RM6.3 million in 4QFY17. This decrease was largely due to the lower sales from air conditioners products.

For the quarter under review, the segment reported a loss of RM0.2 million versus a loss of RM0.3 million in the previous corresponding quarter.

Financial year-to-date

Electrical & Office Automation segment's revenue eased 21.8% to RM18.7 million in FY18 from RM23.9 million recorded in FY17. This decrease was largely due to the lower sales from air conditioners products as a result of stiff competition and weak market demand.

Mitigated by the higher write back of impairment losses on trade receivables, the segment reported a PBT of RM1.2 million in FY18 as compared to RM1.3 million a year ago.

Heavy Equipment Segment

Quarterly results and Financial year-to-date

Heavy Equipment segment is engaged in the business of sale and distribution of construction equipment which includes backhoe loaders, heavy excavators, compact excavator, telehandlers and the associated spare parts.

This new business segment which came in during the 4th quarter had generated revenue and PBT of RM4.8 million and RM1.0 million respectively for the financial year then ended.

Mechanical & Electrical Segment

Quarterly results

Mechanical & Electrical segment's revenue for 4QFY18 increased to RM33.4 million from RM15.3 million a year earlier, on higher percentage of completion from on-going projects.

On q-o-q comparison, PBT however only increased slightly by RM0.1 million to RM3.4 million, mainly attributed to lower gross margins realised from few major on-going projects.

Financial year-to-date

While revenue increased 59.4% year-on-year to RM91.6 million in FY18, PBT however decreased slightly by 1.0% to RM7.1 million, impacted by lower gross margins from few major on-going projects.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2018

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

B2 Material changes in profit before tax for the quarter

Compared to the immediate preceding quarter, the Group's profit before tax for the current quarter decreased by RM0.8 million while revenue increased by RM12.9 million. The lower PBT for the quarter ended 31 March 2018 was mainly affected by higher provision for doubtful debts and slow moving inventories.

B3 Commentary on prospects

The Malaysian economy has slowed down, growing 5.4% on a year-on-year basis in Q1. Given the recent change of government, we expect policy uncertainty, changes to fiscal policy, and structural changes. However, the zero-rating of GST is expected to improve buying sentiment at least until a new tax structure is put in place. Thus far, marine segment has improved in tandem with rising global demand for shipping, which in turn is driven by rising commodity prices. The same would apply to agricultural products, which are largely influenced by palm oil prices. Separately, infrastructure projects are lifting demand for our building products, industrial gensets, and pumps. We do not expect significant impact on project implementation and progress in the short term. The continuous push by the government into developing rural areas is likely to continue, which is beneficial. Overall, we expect a solid but muted quarter ahead.

B4 Profit forecast and profit guarantee

Not applicable as no profit forecast was announced.

B5 Income tax expense

| | Quarter ended | | Year to date | |
|---|---------------|------------|--------------|------------|
| | 31.03.2018 | 31.03.2017 | 31.03.2018 | 31.03.2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income tax:- | | | | |
| - Malaysian tax | 397 | 512 | 3,122 | 2,715 |
| - Foreign tax | (6) | (2) | 8 | 32 |
| | 391 | 510 | 3,130 | 2,747 |
| Under/(over) provision in the previous financial year:- | | | | |
| - Malaysian tax | - | - | (33) | 186 |
| - Foreign tax | - | (1) | (7) | (33) |
| | 391 | 509 | 3,090 | 2,900 |
| Deferred tax:- | | | | |
| - Origination and reversal of temporary differences | 243 | 310 | (254) | 147 |
| - Over provision in the previous financial year | 2 | (3) | 3 | (8) |
| | 245 | 307 | (251) | 139 |
| | 636 | 816 | 2,839 | 3,039 |

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2018

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

B6 Corporate proposals

Private Placement

On 26 January 2018, the Company has proposed to undertake a private placement of 28,000,000 new ordinary shares in Pansar, representing up to 10% of the Company's total number of issued shares. Bursa Securities had vide its letter dated 7 February 2018, approved the listing and quotation of up to 28,000,000 new Pansar Shares to be issued pursuant to the Proposed Private Placement.

The Private Placement will be implemented in accordance with the general mandate pursuant to Section 75 of the Companies Act, 2016 which was obtained from the shareholders of the Company at its Annual General Meeting ("AGM") on 28 July 2017, whereby the Board had been authorised to allot and issue new Pansar Shares of up to 10% of the Company's issued share capital. The Private Placement is expected to be implemented in multiple tranches within 6 months from the date of the approval of Bursa Securities.

The Board of Directors has decided to pursue the Private Placement to raise funds expeditiously and cost effectively in addition to savings on finance cost. The proposed Private Placement to be implemented will also serve to improve the liquidity and financial flexibility of the Group by strengthening its financial position.

The Private Placement is not expected to have any material effect on the earnings of Pansar Group for the financial year ending 31 March 2018. However, the Placement Shares may result in a corresponding dilution in the Group's EPS due to the increase in the number of Shares in issue. Nevertheless, barring unforeseen circumstances, the utilisation of the proceeds to be raised from the Proposed Private Placement is expected to contribute positively to the future earnings of the Group when the benefits of utilisation of proceeds are realised.

The Private Placement had been completed on 14 February 2018, following the listing of and quotation for 28,000,000 shares, being the first and only tranche of the Private Placement on the said date on the Main Market of Bursa Securities at an issue price per share of RM0.427 equivalent to RM11,956,000.00.

As at 21 May 2018, the status of the utilisation of the proceeds raised from the Private Placement are as follows:-

| Purposes | Proposed utilisation RM'000 | Actual utilisation RM'000 | Estimated time frame for utilisation |
|--|--|--------------------------------------|---|
| Potential expansion and capital expenditure | 5,576 | 336 | Within 18 months |
| Working capital for the business operation expenditures of the Group | 6,278 | 1,691 | |
| Defraying expenses relating to the Propose Private Placement | 102 | 102 | Within 6 months |
| Total | 11,956 | 2,129 | |

The actual funds raised from the Private Placement of approximately RM11.956 million is more than the illustrative proceeds of approximately RM11.760 million envisaged in our earlier announcement of 26 January 2018. As such, the additional funds were allocated to all purposes stated above.

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2018

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

B6 Corporate proposals (cont'd)

Proposed Free Warrant Issue

On 28 March 2018, the Board of Directors of Pansar Berhad announced that the Company proposed to undertake the proposed issue of 154,000,000 free warrants in Pansar (“Warrants”) on the basis of one (1) warrant for every two (2) existing ordinary shares in Pansar (“Pansar Shares”) held on an entitlement date to be determined and announced later (“Proposed Free Warrants Issue”).

On 18 April 2018, the application in relation to the Proposed Free Warrants Issue has been submitted to Bursa Securities.

On 30 April 2018, Bursa Securities had, vide its letter dated 27 April 2018, approved the following:

- (a) Admission to the Official List and listing and quotation of 154,000,000 Warrants to be issued pursuant to the Proposed Free Warrants Issue; and
- (b) Listing and quotation of up to 154,000,000 new Pansar Shares to be issued arising from the exercise of Warrants.

The approval of Bursa Securities for the Proposed Free Warrants Issue is subject to conditions set out in its letter.

Subsequently, a Notice of Extraordinary General Meeting and the Circular in relation to the Proposed Free Warrants Issue were issued on 3 May 2018 and 4 May 2018 respectively.

The above corporate proposal was approved by shareholders at the Extraordinary General Meeting on 21 May 2018.

On 21 May 2018, the Company has resolved to fix the exercise price of the Warrants at RM0.95 each, represents a premium of RM0.0216 or 2.33% to the 5-day VWAMP up to and including 18 May 2018 (being the last trading date immediately preceding the price fixing date) of RM0.9284.

Except as disclosed, there is no corporate proposal announced but not completed as at 21 May 2018.

B7 Short-term borrowings

The Group’s borrowings as at 31 March 2018 were as follows:-

| | RM’000 |
|--------------------------------|---------------|
| Bank overdrafts, secured | 686 |
| Bank overdrafts, unsecured | 19,883 |
| Bankers’ acceptance, unsecured | 5,000 |
| Revolving credit, secured | 6,000 |
| Revolving credit, unsecured | 1,000 |
| | <hr/> |
| | 32,569 |
| | <hr/> <hr/> |

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2018

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 March 2018 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 | 13,073 | 92 | (13) |
| <u>Derivative designated as hedging instruments:-</u> | | | |
| Forward foreign currency contracts | | | |
| - Less than 1 year | 1,848 | 18 | - |
| | 14,921 | 110 | (13) |

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 | 30 | (2) |

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2018

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 March 2018 into realised and unrealised profits are presented as follows:-

| | RM'000 |
|--|---------|
| Total retained profits of the Company and its subsidiaries:- | |
| - Realised | 137,479 |
| - Unrealised | 778 |
| | 138,257 |
| Total share of retained profits of associate:- | |
| - Realised | 1,108 |
| - Unrealised | (6) |
| | 1,102 |
| Add: Consolidation adjustments | 3,494 |
| | 142,853 |

B11 Changes in material litigation

As at 21 May 2018, there was no material litigation against the Group.

B12 Dividend payable

No interim dividend has been declared for the financial period ended 31 March 2018.

B13 Earnings per share

(a) Basic earnings per share

| | Quarter ended | | Year to date | |
|--|---------------|------------|--------------|------------|
| | 31.03.2018 | 31.03.2017 | 31.03.2018 | 31.03.2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the period attributable to the owners of the Company (RM'000) | 1,833 | 388 | 8,744 | 4,879 |
| Weight average number of ordinary shares in issue ('000) | 294,933 | 280,000 | 283,682 | 280,000 |
| Basic earnings per share based on weighted average number of shares in issue (sen) | 0.62 | 0.14 | 3.08 | 1.74 |

(b) Diluted earnings per share

Not applicable as at 31 March 2018.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2018

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 | |
|--|---------------|------------|--------------|------------|
| | 31.03.2018 | 31.03.2017 | 31.03.2018 | 31.03.2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Allowance for slow-moving inventories | 683 | 256 | 683 | 256 |
| Allowance for slow-moving inventories no longer required | (116) | (29) | (116) | (32) |
| Impairment loss on investment in associate | - | 1,000 | - | 1,000 |
| Bad debts recovered | 171 | - | 171 | - |
| Bad debts written off | - | 30 | 15 | 33 |
| Collective impairment losses on receivables | 71 | (188) | 849 | 349 |
| Collective impairment losses on receivables no longer required | (198) | (251) | (505) | (928) |
| Depreciation and amortisation | 413 | 425 | 1,652 | 1,701 |
| Individual impairment losses on receivables | 2,322 | 2,531 | 2,625 | 3,198 |
| Individual impairment losses on receivables no longer required | (233) | (597) | (1,867) | (782) |
| Provision for employee benefits no longer required | (467) | (93) | (467) | (349) |
| Interest expense | 362 | 307 | 1,027 | 832 |
| Interest income | (337) | (243) | (1,126) | (1,056) |
| Loss/(gain) on forward foreign currency contracts | 40 | 72 | 122 | (12) |
| Gain on disposal of property, plant and equipment | (38) | - | (246) | (1) |
| Realised (gain)/loss on foreign exchange | (231) | (67) | (1,188) | 36 |
| Realised loss/(gain) on derivatives | - | - | 53 | (72) |
| Unrealised (gain)/loss on foreign exchange | (127) | 153 | (138) | 94 |
| Unrealised gain on derivatives | (94) | (146) | (79) | (53) |

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 March 2018.