

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

INTERIM FINANCIAL STATEMENTS  
FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2018

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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 2018

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.09.2018 RM'000	Preceding year corresponding quarter 30.09.2017 RM'000	Current year to date 30.09.2018 RM'000	Preceding year corresponding year to date 30.09.2017 RM'000
Revenue	97,407	97,056	194,553	187,401
Cost of sales	(85,563)	(85,027)	(170,257)	(163,994)
<b>Gross profit</b>	11,844	12,029	24,296	23,407
Other income	1,339	1,535	2,897	3,025
Selling and distribution expenses	(2,495)	(2,467)	(4,990)	(4,904)
Administrative expenses	(8,014)	(7,518)	(15,829)	(14,892)
Other operating expenses	(579)	(162)	(1,069)	(597)
Finance costs	(314)	(290)	(699)	(429)
Share of results in an associate	87	103	397	247
<b>Profit before taxation</b>	1,868	3,230	5,003	5,857
Income tax expense	(617)	(732)	(1,373)	(1,303)
<b>Profit after taxation</b>	1,251	2,498	3,630	4,554
Other comprehensive income				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Cash flow hedge	103	13	120	(75)
Foreign currency translation	436	(18)	501	(371)
Share of foreign currency translation differences of an associate	1	1	(48)	-
<b>Total other comprehensive income</b>	540	(4)	573	(446)
<b>Total comprehensive income for the period</b>	1,791	2,494	4,203	4,108
<b>Profit after taxation attributable to owners of the Company</b>	1,251	2,498	3,630	4,554
<b>Total comprehensive income attributable to owners of the Company</b>	1,791	2,494	4,203	4,108
<b>Weighted average number of shares in issue ('000)</b>	308,000	280,000	308,000	280,000
<b>Earnings per ordinary share (sen):-</b>				
-Basic	0.41	0.89	1.18	1.63
-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 2018 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 2018

	<b>30.09.2018</b>	<b>31.03.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in an associate	13,480	13,132
Property, plant and equipment	5,534	4,506
Investment properties	8,582	7,426
Intangible assets	272	271
Deferred tax assets	1,043	582
Goodwill	54	54
	<hr/>	<hr/>
	28,965	25,971
	<hr/>	<hr/>
<b>Current assets</b>		
Inventories	44,002	34,081
Trade and other receivables	164,099	163,629
Derivative assets	218	110
Current tax assets	2,859	2,886
Deposits, cash and bank balances	29,821	50,558
	<hr/>	<hr/>
	240,999	251,264
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>269,964</b>	<b>277,235</b>
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# PANSAR BERHAD (Company No. 18904-M)

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D) AT 30 SEPTEMBER 2018

	30.09.2018	31.03.2018
	RM'000	RM'000
	(Unaudited)	(Audited)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	151,956	151,956
Treasury shares	(2,313)	-
Reserves	29,901	30,314
<b>Total equity attributable to owners of the Company</b>	<b>179,544</b>	<b>182,270</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	4	17
	4	17
<b>Current liabilities</b>		
Trade and other payables	58,887	60,442
Derivative liabilities	-	13
Bank borrowings:-		
- bank overdrafts	18,876	20,569
- other borrowings	9,300	12,000
Provision for employee benefits	2,785	1,600
Current tax liabilities	568	324
	90,416	94,948
<b>Total liabilities</b>	<b>90,420</b>	<b>94,965</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>269,964</b>	<b>277,235</b>
<b>Net assets per ordinary share (RM)</b>	<b>0.58</b>	<b>0.59</b>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 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 2018

	< ----- Non-distributable ----- >				<-Distributable->		
	Share Capital RM'000	Treasury Shares 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
<b>6-month period ended 30.09.2018</b>							
Balance at 1.4.2018	151,956	-	(116,732)	4,179	14	142,853	182,270
Treasury shares	-	(2,313)	-	-	-	-	(2,313)
Profit after taxation for the period	-	-	-	-	-	3,630	3,630
Other comprehensive income for the period, net of tax:-							
- Foreign currency translation	-	-	-	501	-	-	501
- Cash flow hedge	-	-	-	-	120	-	120
- Share of foreign currency translation differences of an associate	-	-	-	(48)	-	-	(48)
Total comprehensive income for the period	-	(2,313)	-	453	120	3,630	1,890
Contributions by and distributions to owners of the Company:-							
- Dividends	-	-	-	-	-	(4,616)	(4,616)
Balance at 30.09.2018	151,956	(2,313)	(116,732)	4,632	134	141,867	179,544

	< ----- Non-distributable ----- >				<-Distributable->		
	Share Capital RM'000	Treasury Shares 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
<b>6-month period ended 30.09.2017</b>							
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

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 2018 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 2018

	<b>Current year to date 30.09.2018 RM'000</b>	<b>Preceding year corresponding period 30.09.2017 RM'000</b>
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Profit before taxation	5,003	5,857
<b>Adjustments for:-</b>		
Allowance for impairment losses on receivables	1,002	597
Allowance for impairment losses on receivables no longer required	(1,523)	(1,433)
Allowance for slow-moving inventories	66	-
Allowance for slow-moving inventories no longer required	(60)	-
Amortisation of intangible assets	4	5
Bad debts written off	1	-
Depreciation of property, plant and equipment	797	762
Depreciation of investment properties	74	68
Fair value loss on derivatives	45	59
Gain on disposal of property, plant and equipment	(85)	(71)
Interest expense	699	429
Interest income	(532)	(518)
Provision for employee benefits	1,183	1,083
Share of results in an associate	(397)	(247)
Unrealised loss on foreign exchange	45	33
Operating profit before working capital changes	6,322	6,624
(Increase)/decrease in inventories	(9,878)	4,303
Decrease/(increase) in trade and other receivables	908	(31,181)
(Decrease)/increase in trade and other payables	(1,923)	8,655
<b>CASH FOR OPERATIONS</b>	<b>(4,571)</b>	<b>(11,599)</b>
Interest paid	(699)	(429)
Interest received	326	388
Income tax paid	(1,985)	(1,989)
Income tax refunded	371	-
<b>NET CASH FOR OPERATING ACTIVITIES / BALANCE CARRIED FORWARD</b>	<b>(6,558)</b>	<b>(13,629)</b>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 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 2018

	<b>Current year to date 30.09.2018 RM'000</b>	<b>Preceding year Corresponding Period 30.09.2017 RM'000</b>
NET CASH FOR OPERATING ACTIVITIES / BALANCE CARRIED FORWARD	(6,558)	(13,629)
<b>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	184	76
Purchase of property, plant and equipment	(1,919)	(634)
Purchase of investment properties	(1,230)	-
Uplift/(placement) of fixed deposits with licensed banks	20,895	(359)
NET CASH FROM/(FOR) INVESTING ACTIVITIES	17,930	(917)
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Dividend paid	(4,616)	(2,800)
Proceeds from bankers' acceptance	5,400	5,000
Purchase of treasury shares	(2,313)	-
Repayment of bankers' acceptance	(8,100)	(7,900)
NET CASH FOR FINANCING ACTIVITIES	(9,629)	(5,700)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,743	(20,246)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	109	(150)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	(12,400)	10,550
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	(10,548)	(9,846)
<b>CASH AND CASH EQUIVALENTS COMPRISE:-</b>		
Cash and bank balances	8,328	6,395
Bank overdrafts	(18,876)	(16,241)
	(10,548)	(9,846)

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 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 2018

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### 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 2018. 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 2018.

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 2018, except as follows:

On 1 April 2018, 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 2018:-

- *MFRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014)*
  - *MFRS 15: Revenue from Contracts with Customers*
  - *IC Interpretation 22 Foreign Currency Transactions and Advance Consideration*
  - *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 15: Effective Date of MFRS 15*
  - *Amendments to MFRS 15: Clarification to MFRS 15 Revenue from Contracts with Customers*
  - *Amendments to MFRS 140: Transfers of Investment Property*
- Annual Improvements to MFRS Standards 2014-2016 Cycles:-
- *Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value*

#### 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. when ‘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 about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The application of MFRS 15 does not have a material effect on the Group’s financial statements.

#### MFRS 9 Financial Instruments

The Group adopted MFRS 9: Financial Instruments on 1 April 2018. MFRS 9 replaces the guidance in MFRS 139 on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. The new standard contains 3 principal classification categories for financial assets (measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income) and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available-for-sale financial assets.

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

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2018

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

#### **A1 Basis of preparation (cont'd)**

##### **MFRS 9 Financial Instruments (cont'd)**

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' ("ECL") model. The new impairment model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. It involves a 3-stage approach under which financial assets move through the stages as their credit quality changes. This new impairment model applies to financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets, lease receivables, loan commitments and certain financial guarantee contracts.

Under MFRS 9, the requirements for general hedge accounting have been simplified for hedge effectiveness testing and may result in more designations of hedged items for accounting purposes.

The application of MFRS 9 does not have a material effect on the Group's financial statements.

#### **A2 Comments about seasonality or cyclical nature 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**

As at 14 November 2018, there were no issuances, repurchases and repayments of debt and equity securities, except as disclosed below:

On 3 September 2018 and 4 September 2018, the Company has repurchased a total of 2,400,000 ordinary shares from the open market at an average price of RM0.86 per share.

As at 14 November 2018, the number of treasury shares stood at 2,682,100.

#### **A6 Dividend paid**

During the current quarter under review, a first and final single tier dividend of 1.5 sen per ordinary share for financial year ended 31 March 2018 totalling RM4,615,768 was paid on 26 September 2018.

# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 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 30.09.2018 RM'000
<b>Revenue</b>							
External revenue	36,071	77,121	16,565	14,614	9,980	40,202	194,553
Inter-segment revenue	57	192	-	414	11,859	-	12,522
	36,128	77,313	16,565	15,028	21,839	40,202	207,075
Adjustments and eliminations							(12,522)
Consolidated revenue							194,553
<b>Results</b>							
Segment results	5,339	5,346	1,445	716	1,670	1,839	16,355
Adjustments and eliminations	-	-	-	-	-	1,159	1,159
	5,339	5,346	1,445	716	1,670	2,998	17,514
Share of results in an associate							397
Unallocated income							585
Unallocated expenses							(13,493)
Consolidated profit before taxation							5,003
<b>Assets</b>							
Segment assets	49,676	60,109	22,668	16,644	10,733	58,873	218,703
Investment in an associate							13,480
Goodwill							54
Unallocated assets							36,684
Deferred tax assets							1,043
Consolidated total assets							269,964

# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2018

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

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

##### (a) Business segments (cont'd)

	<b>Marine &amp; Industrial RM'000</b>	<b>Building Products RM'000</b>	<b>Agro Engineering RM'000</b>	<b>Electrical &amp; Office Automation RM'000</b>	<b>Mechanical &amp; Electrical RM'000</b>	<b>Year to date 30.09.2017 RM'000</b>
<b>Revenue</b>						
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>
<b>Results</b>						
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>
<b>Assets</b>						
Segment assets	63,219	49,205	24,620	12,441	65,863	215,348
Investment in an associate						12,479
Unallocated assets						26,901
Deferred tax assets						615
Consolidated total assets						<u>255,343</u>

##### (b) Geographical segments

	<b>Year to date</b>	
	<b>30.09.2018 RM'000</b>	<b>30.09.2017 RM'000</b>
Total revenue from external customers		
- Malaysia	189,212	181,278
- Singapore	5,341	6,123
	<u>194,553</u>	<u>187,401</u>

# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2018

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

#### A9 **Subsequent events**

There were no material subsequent events as at 14 November 2018.

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

There were no changes in the composition of the Group for the period ended 30 September 2018.

#### 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.

IRBM vide its letter dated 25 May 2018 notifying the Company that Form Q has been forwarded to the Special Commissioners of Income Tax, Putrajaya.

On 27 July 2018, the Company received a letter from Special Commissioners of Income Tax informing that the tax case has been scheduled to be mentioned at Mahkamah Kuching on 5 September 2018.

#### 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 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2018

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

### A13 Significant related party transactions

	Quarterly ended		Year to date	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
Transactions with holding company	598	592	1,196	1,186
Transactions with other related parties	17,727	12,824	38,464	22,089

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# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2018

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### **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 2018, the Group posted an overall revenue of RM194.6 million, an increase of RM7.2 million over the same corresponding period of last year. The higher revenue was mainly driven by the Group's Building Products, Heavy Equipment as well as Electrical & Office Automation divisions, partially offset by the lacklustre sales performance from Marine & Industrial division.

The Group saw its net profit fall 20.3% to RM3.6 million in IHFY19 from RM4.6 million in 1HFY18, despite improved revenue, as higher administrative expenses, finance costs and impairment loss on receivables weighed on profits.

#### Marine & Industrial Segment

##### Quarterly results

Marine & Industrial segment's PBT for its 2QFY19 fell 42.4% to RM2.3 million from RM4.0 million in 2QFY18, weighed down by higher impairment loss on trade receivables and lower quarterly revenue which decreased 29.4% vis-à-vis previous corresponding quarter.

##### Financial year-to-date

The segment saw its PBT for the six months ended 30 September 2018 fall 26.9% to RM5.3 million from RM7.3 million a year ago due largely to higher impairment loss and weaker sales largely from marine engines.

#### Building products Segment

##### Quarterly results

For 2QFY19, Building Products segment saw its PBT flat at RM2.6 million, even though its revenue grew 11.3% to RM38.9 million from RM34.9 million in 2QFY18.

Despite achieving higher revenue, the segment's PBT was impacted by squeezed margins as a result of competitive pricing especially from building structural products.

##### Financial year-to-date

For YTD 2QFY19, Building Products segment registered a 17.8% revenue rise year on year driven by higher sales volume largely from roofing products and building structural products.

Stiff pricing competition eroded margins for building products. Despite registering a much higher revenue, PBT for the cumulative six months ended 30 September 2018 rose marginally to RM5.3 million, from RM5.2 million recorded in the same period last year.

#### Agro Engineering Segment

##### Quarterly results

For 2QFY19, Agro Engineering segment's revenue fell RM0.8 million on the back of lower sales volume mainly from fertilizers, sanding belts and strapping products.

Despite registering a lower revenue in the current quarter, its PBT was flat at RM0.8 million attributed mainly to a favourable sales mix.

##### Financial year-to-date

On a y-o-y comparison, Agro Engineering segment's revenue decreased by 14.0% to RM16.6 million in YTD 2QFY19, with PBT down by 21.0% to RM1.4 million. The lower PBT was mainly attributed to lower sales coupled with increased operating expenses and lower write back of impairment loss on receivables 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 2018

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

#### B1 Review of performance (Cont'd)

##### Electrical & Office Automation Segment

###### Quarterly results

Electrical & Office Automation segment posted a revenue growth of 64.4% to RM7.9 million in 2QFY19 from RM4.8 million in 2QFY18 bolstered by higher sales from air conditioners, lighting, M & E ancillary and consumer electronic products.

PBT for the quarter however decreased marginally due largely to margin compression resulting from stiff market competition.

###### Financial year-to-date

For the current financial period, the segment recorded a 60.0% revenue rise to RM14.6 million on higher sales largely from consumer electronic products, lighting and M & E ancillary products.

Although better sales had been reported for YTD 2QFY19 compared to YTD 2QFY18, gross margin moderated as a result of intense market competition and pricing pressure. PBT for the current financial period was 26.5% lower to RM0.7 million versus RM1.0 million in YTD 2QFY18.

##### Heavy Equipment Segment

###### Quarterly results

There are no comparative figures available for the previous corresponding quarter as this new business segment only came in during the 4<sup>th</sup> quarter of previous financial year.

For the quarter under review, the segment posted a PBT of RM0.6 million on the back of revenue of RM3.7 million.

###### Financial year-to-date

For the six months ended 30 September 2018, the segment posted a PBT of RM1.7 million on revenue of RM10.0 million.

##### Mechanical & Electrical Segment

###### Quarterly results

Compared with the same quarter last year, PBT for 2QFY19 came in 12.5% higher at RM1.7 million on the back of revenue that declined 9.5% to RM20.2 million. The higher PBT arose from better contract margins from few on-going projects.

###### Financial year-to-date

Mechanical & Electrical segment's revenue increased by 5.2% to RM40.2 million in YTD 2QFY19 from RM38.2 million in YTD 2QFY18.

PBT grew 31.2% to RM3.0 million from RM2.3 million a year earlier on the back of higher level of work recognition and project margin as opposed to last year's.

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

For the current quarter under review, the Group achieved profit before tax (PBT) of RM1.9 million on the back of revenue of RM97.4 million as compared to PBT of RM3.1 million and revenue of RM97.1 million in the immediate preceding quarter. Against the immediate preceding quarter, the lower PBT in the current quarter was largely attributed to lower share of profits from associate, higher operating expenses and lower gross profit as a result of lower gross profit margins that were directly impacted by the range of product mix.

# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2018

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

#### B3 Commentary on prospects

Global trade tensions, the declining value of the Ringgit, and the recent significant decline in crude oil and palm oil prices are expected to have an impact on our customers, which will in turn affect our performance. However, we hope that the Sarawak state government's thrust of infrastructure development would impact the economy positively. We expect this will help our business although the impact will likely come only in the second half of next year. Overall we expect stable results for the upcoming quarter.

#### B4 Profit forecast and profit guarantee

Not applicable as no profit forecast was announced.

#### B5 Income tax expense

	Quarter ended		Year to date	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
Income tax:-				
- Malaysian tax	845	809	1,887	1,591
- Foreign tax	3	8	5	10
	848	817	1,892	1,601
Over provision in the previous financial year:-				
- Foreign tax	(1)	-	(7)	-
	847	817	1,885	1,601
Deferred tax:-				
- Origination and reversal of temporary differences	(230)	(85)	(512)	(298)
	(230)	(85)	(512)	(298)
	617	732	1,373	1,303

# PANSAR BERHAD (Company No. 18904-M)

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

As at 14 November 2018, the status of the utilisation of the proceeds raised from the Private Placement are as follows:-

<b>Purposes</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Estimated time frame for utilisation</b>
Potential expansion and capital expenditure	5,576	901	Within 18 months
Working capital for the business operation expenditures of the Group	6,278	6,278	
Defraying expenses relating to the Proposed Private Placement	102	102	Within 6 months
<b>Total</b>	<b>11,956</b>	<b>7,281</b>	

### B7 Short-term borrowings

The Group's borrowings as at 30 September 2018 were as follows:-

	<b>RM'000</b>
Bank overdrafts, secured	3,152
Bank overdrafts, unsecured	15,724
Bankers' acceptance, unsecured	2,300
Revolving credit, secured	6,000
Revolving credit, unsecured	1,000
	<hr/>
	28,176
	<hr/>

# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 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 30 September 2018 were as follows:-

	<b>Contract / notional amount RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<u>Derivative not designated as hedging instruments:-</u>			
Forward foreign currency contracts			
- Less than 1 year	1,510	34	-
<u>Derivative designated as hedging instruments:-</u>			
Forward foreign currency contracts			
- Less than 1 year	9,860	184	-
	11,370	218	-

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

	<b>Current quarter gain RM'000</b>	<b>Year to date gain RM'000</b>
Foreign currency forward contracts	4	13

# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 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 30 September 2018 into realised and unrealised profits are presented as follows:-

	RM'000
Total retained profits of the Company and its subsidiaries:-	
- Realised	135,890
- Unrealised	983
	<hr/> 136,873
Total share of retained profits of associate:-	
- Realised	1,506
- Unrealised	(6)
	<hr/> 1,500
Add: Consolidation adjustments	3,494
	<hr/> 141,867
At 30 September 2018	<hr/> <hr/>

#### B11 Changes in material litigation

As at 14 November 2018, there was no material litigation against the Group.

#### B12 Dividend payable

No interim dividend has been declared for the financial period ended 30 September 2018.

#### B13 Earnings per share

##### (a) Basic earnings per share

	Quarter ended		Year to date	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to the owners of the Company (RM'000)	1,251	2,498	3,630	4,554
Weight average number of ordinary shares in issue ('000)	308,000	280,000	308,000	280,000
Basic earnings per share based on weighted average number of shares in issue (sen)	0.41	0.89	1.18	1.63

##### (b) Diluted earnings per share

Not applicable as at 30 September 2018.

# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 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 2018 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	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
Allowance for slow-moving inventories	11	-	66	-
Allowance for slow-moving inventories no longer required	(9)	-	(60)	-
Bad debts written off	1	-	1	-
Collective impairment losses on receivables	490	(141)	919	294
Collective impairment losses on receivables no longer required	(85)	(177)	(356)	(245)
Depreciation and amortisation	450	420	875	835
Individual impairment losses on receivables	83	303	83	303
Individual impairment losses on receivables no longer required	(645)	(766)	(1,167)	(1,188)
Interest expense	314	290	699	429
Interest income	(237)	(284)	(532)	(518)
Loss on forward foreign currency contracts	2	2	8	69
Gain on disposal of property, plant and equipment	(76)	(55)	(85)	(71)
Realised loss/(gain) on foreign exchange	117	(483)	(49)	(748)
Realised loss on derivatives	-	-	79	53
Unrealised (gain)/loss on foreign exchange	(38)	63	45	33
Unrealised loss/(gain) on derivatives	25	39	(34)	6

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 2018.