

PANSAR BERHAD (Company No. 18904-M)

INTERIM FINANCIAL STATEMENTS
FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2019

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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 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.03.2019 RM'000	Preceding year corresponding quarter 31.03.2018 RM'000	Current year to date 31.03.2019 RM'000	Preceding year corresponding year to date 31.03.2018 RM'000
Revenue	84,817	106,017	367,983	386,528
Cost of sales	(74,162)	(92,108)	(321,487)	(336,463)
Gross profit	10,655	13,909	46,496	50,065
Other income	6,552	2,210	10,689	6,446
Selling and distribution expenses	(2,628)	(2,517)	(10,141)	(9,857)
Administrative expenses	(8,632)	(8,224)	(32,603)	(30,726)
Other operating expenses	(1,538)	(3,076)	(3,245)	(4,172)
Finance costs	(261)	(362)	(1,352)	(1,027)
Share of results in an associate	160	529	697	854
Profit before taxation	4,308	2,469	10,541	11,583
Income tax expense	(778)	(636)	(2,483)	(2,839)
Profit after taxation	3,530	1,833	8,058	8,744
Other comprehensive income				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Cash flow hedge	(243)	62	79	(47)
Foreign currency translation	(164)	(546)	366	(1,340)
Share of foreign currency translation differences of an associate	-	46	(49)	46
Total other comprehensive income	(407)	(438)	396	(1,341)
Total comprehensive income for the period	3,123	1,395	8,454	7,403
Profit after taxation attributable to owners of the Company	3,530	1,833	8,058	8,744
Total comprehensive income attributable to owners of the Company	3,123	1,395	8,454	7,403
Weighted average number of shares in issue ('000)	305,318	294,933	306,441	283,682
Earnings per ordinary share (sen):-				
-Basic	1.16	0.62	2.63	3.08
-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 31 MARCH 2019

	31.03.2019	31.03.2018
	RM'000	RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Investment in an associate	14,779	13,132
Property, plant and equipment	5,759	4,506
Investment properties	9,045	7,426
Intangible assets	269	271
Deferred tax assets	3,023	582
Goodwill	54	54
	<hr/>	<hr/>
	32,929	25,971
	<hr/>	<hr/>
Current assets		
Inventories	50,517	34,081
Trade and other receivables	124,979	163,629
Derivative assets	251	110
Current tax assets	4,260	2,886
Deposits, cash and bank balances	42,705	50,558
	<hr/>	<hr/>
	222,712	251,264
	<hr/>	<hr/>
TOTAL ASSETS	255,641	277,235
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PANSAR BERHAD (Company No. 18904-M)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D) AT 31 MARCH 2019

	31.03.2019	31.03.2018
	RM'000	RM'000
	(Unaudited)	(Audited)
EQUITY AND LIABILITIES		
Equity		
Share capital	151,956	151,956
Treasury shares	(2,313)	-
Reserves	25,218	30,314
Total equity attributable to owners of the Company	174,861	182,270
Non-current liabilities		
Deferred tax liabilities	-	17
	-	17
Current liabilities		
Trade and other payables	54,323	60,442
Derivative liabilities	14	13
Bank borrowings:-		
- bank overdrafts	14,065	20,569
- other borrowings	10,000	12,000
Provision for employee benefits	2,366	1,600
Current tax liabilities	12	324
	80,780	94,948
Total liabilities	80,780	94,965
TOTAL EQUITY AND LIABILITIES	255,641	277,235
Net assets per ordinary share (RM)	0.57	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 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 31 MARCH 2019

12-month period ended 31.03.2019	< ----- 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
Balance at 1.4.2018	151,956	-	(116,732)	4,179	14	142,853	182,270
Changes in accounting policy	-	-	-	-	-	(8,934)	(8,934)
	151,956	-	(116,732)	4,179	14	133,919	173,336
Treasury shares	-	(2,313)	-	-	-	-	(2,313)
Profit after taxation for the period	-	-	-	-	-	8,058	8,058
Other comprehensive income for the period, net of tax:-							
- Foreign currency translation	-	-	-	366	-	-	366
- Cash flow hedge	-	-	-	-	79	-	79
- Share of foreign currency translation differences of an associate	-	-	-	(49)	-	-	(49)
Total comprehensive income for the period	-	(2,313)	-	317	79	8,058	6,141
Contributions by and distributions to owners of the Company:-							
- Dividends	-	-	-	-	-	(4,616)	(4,616)
Balance at 31.03.2019	151,956	(2,313)	(116,732)	4,496	93	137,361	174,861

12-month period ended 31.03.2018	< ----- 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
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

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 31 MARCH 2019

	Current year to date 31.03.2019 RM'000	Preceding year corresponding period 31.03.2018 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	10,541	11,583
Adjustments for:-		
Allowance for impairment losses on receivables	3,001	3,474
Allowance for impairment losses on receivables no longer required	(6,434)	(2,372)
Allowance for slow-moving inventories	194	683
Allowance for slow-moving inventories no longer required	(145)	(116)
Amortisation of intangible assets	6	9
Bad debts written off	50	15
Depreciation of property, plant and equipment	1,647	1,508
Depreciation of investment properties	154	135
Fair value loss/(gain) on derivatives	30	(26)
Gain on disposal of property, plant and equipment	(126)	(246)
Impairment loss on investment in associate no longer required	(1,000)	-
Interest expense	1,351	1,027
Interest income	(1,185)	(1,126)
Provision for employee benefits	2,186	1,135
Share of results in an associate	(697)	(854)
Unrealised gain on foreign exchange	(5)	(138)
Operating profit before working capital changes	9,568	14,691
(Increase)/decrease in inventories	(16,453)	7,227
Decrease/(increase) in trade and other receivables	26,279	(31,136)
(Decrease)/increase in trade and other payables	(1,794)	2,849
Employee benefits paid	(1,421)	(602)
CASH FROM/(FOR) OPERATIONS	16,179	(6,971)
Interest paid	(1,351)	(1,027)
Interest received	1,146	1,041
Income tax paid	(4,318)	(4,579)
Income tax refunded	371	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES / BALANCE CARRIED FORWARD	12,027	(11,536)

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 31 MARCH 2019

	Current year to date 31.03.2019 RM'000	Preceding year Corresponding Period 31.03.2018 RM'000
NET CASH FROM/(FOR) OPERATING ACTIVITIES / BALANCE CARRIED FORWARD	12,027	(11,536)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Acquisition of a subsidiary	-	(5)
Proceeds from disposal of property, plant and equipment	304	455
Purchase of property, plant and equipment	(3,078)	(1,806)
Purchase of investment properties	(1,768)	-
Uplift/(placement) of fixed deposits with licensed banks	14,100	(15,916)
NET CASH FROM/(FOR) INVESTING ACTIVITIES	9,558	(17,272)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Dividend paid	(4,616)	(2,800)
Proceeds from bankers' acceptance	16,900	12,000
Proceeds from issuance of ordinary shares	-	11,956
Proceeds from revolving credit	26,000	-
Purchase of treasury shares	(2,313)	-
Repayment of bankers' acceptance	(16,900)	(14,900)
Repayment of revolving credit	(28,000)	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(8,929)	6,256
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	12,656	(22,552)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	96	(398)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	(12,400)	10,550
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	352	(12,400)
CASH AND CASH EQUIVALENTS COMPRISE:-		
Cash and bank balances	14,417	8,169
Bank overdrafts	(14,065)	(20,569)
	352	(12,400)

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 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2019

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 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2019

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 cyclicity of operations

The business of the Group is not subject to seasonal or cyclical fluctuations.

A3 Unusual items due to their nature, size and incidence

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows due to their nature, size or incidence during the current quarter under review.

A4 Changes in estimates

There were no changes in the estimates that have had a material effect in the current quarter under review.

A5 Debt and equity securities

There were no issuances, repurchases and repayments of debt and equity securities during the current quarter.

A6 Dividend paid

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

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2019

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 31.03.2019 RM'000
Revenue							
External revenue	81,540	145,512	29,993	25,325	16,338	69,275	367,983
Inter-segment revenue	74	199	-	706	21,444	4	22,427
	81,614	145,711	29,993	26,031	37,782	69,279	390,410
Adjustments and eliminations							(22,427)
Consolidated revenue							367,983
Results							
Segment results	13,772	8,934	2,235	656	2,326	4,677	32,600
Adjustments and eliminations	-	-	-	-	-	2,388	2,388
	13,772	8,934	2,235	656	2,326	7,065	34,988
Share of results in an associate							697
Unallocated income							2,376
Unallocated expenses							(27,520)
Consolidated profit before taxation							10,541
Assets							
Segment assets	43,169	50,755	18,755	11,065	13,140	60,632	197,516
Investment in an associate							14,779
Goodwill							54
Unallocated assets							40,269
Deferred tax assets							3,023
Consolidated total assets							255,641

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2019

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	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

(b) Geographical segments

	Year to date	
	31.03.2019 RM'000	31.03.2018 RM'000
Total revenue from external customers		
- Malaysia	356,026	375,193
- Singapore	11,957	11,335
	367,983	386,528

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2019

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 2019, the Group did not have any revalued assets.

A9 **Subsequent events**

There were no material subsequent events as at 17 May 2019.

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

There were no changes in the composition of the Group for the period ended 31 March 2019.

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.

During the mention on 5 September 2018, the Court has fixed 6 March 2019 for the next mention which was subsequently rescheduled to 5 March 2019 by the Special Commissioners of Income Tax. During the mention on 5 March 2019, the Court has fixed the next mention date on 8 July 2019. The next hearing of the case was fixed on 12-13 September 2019 at the Court.

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 2019

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

A13 Significant related party transactions

	Quarterly ended		Year to date	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
Transactions with holding company	621	633	2,519	1,819
Transactions with other related parties	10,945	11,927	55,129	34,016

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2019

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 2019, the Group registered total business turnover of RM368.0 million, a decrease of 4.8% or RM18.5 million compared to RM386.5 million reported in the previous year. The large revenue decrease was seen in the Mechanical & Electrical division and Marine & Industrial division. This decrease was partially mitigated by higher revenue recognised from Heavy Equipment, Building Products and Electrical & Office Automation divisions.

Despite registering significantly lower gross profit, we ended FY19 with a net profit of RM8.1 million compared with RM8.7 million in FY18, aided largely by the net write back of allowance for impairment losses on receivables of RM3.4 million and reversal of impairment of investment in associate of RM1.0 million.

Marine & Industrial Segment

Quarterly results

On a q-o-q comparison, Marine & Industrial segment's revenue increased by 30.3% to RM25.2 million in 4QFY19, with PBT up by 87.5% to RM5.1 million aided largely by higher net write back of impairment losses on trade receivables.

Financial year-to-date

Revenue for FY19 came in lower at RM81.6 million, down RM15.3 million or 15.8% as compared to a year ago. This segment remained the second largest contributor to the Group's revenue, accounting for 22.2% in FY19.

Despite a 15.8% dip in revenue due to weaker sales largely from marine engines, the segment posted a flat PBT of RM13.8 million in FY19. This was mainly attributed to higher net write back of impairment losses on trade receivables.

Building products Segment

Quarterly results

Building Products division has remained our top revenue generator. Despite registering a 11.6% decline in revenue to RM32.1 million in 4QFY19, Building Products segment's PBT on q-o-q was up 158.3% to RM1.7 million.

The higher PBT was aided largely by better gross profit margin coupled with lower impairment losses on trade receivables in the current quarter.

Financial year-to-date

Building Products segment achieved revenue and PBT for FY19 of RM145.5 million and RM8.9 million respectively. This represents a 5.2% increase in revenue and a 4.5% increase in PBT over the previous year. Gross profit margin in the current financial year was slightly lower than last year due to the competitive environment and continued pricing pressure on building structural product sales. The higher PBT in the current financial year was largely attributed to the decrease in impairment losses on trade receivables.

Agro Engineering Segment

Quarterly results

Agro Engineering segment's PBT for its 4QFY19 fell 58.4% to RM0.2 million from RM0.4 million in 4QFY18, weighed down by lower revenue which decreased by 17.2% to RM6.0 million from RM7.2 million in the previous corresponding quarter.

Financial year-to-date

On a year-on-year comparison, Agro Engineering segment's revenue decreased by 17.3% to RM30.0 million in FY19, with PBT also down by 28.5% to RM2.2 million.

The lower PBT was mainly attributed to lower gross profit coupled with higher operating expenses in the current financial year.

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2019

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 losses of RM0.4 million in 4QFY19, impacted mainly by higher doubtful debt provision.

Revenue, however, rose 11.4% to RM5.4 million from RM4.8 million registered previously, boosted largely by higher sales from its consumer electronic products.

Financial year-to-date

For the current financial year, the segment recorded a 35.4% revenue rise to RM25.3 million on higher sales largely from consumer electronic products and lighting products.

The segment posted a lower PBT against previous year by 45.9% to RM0.7 million, dragged mainly by higher impairment losses on trade receivables as well as the margin compression resulting from competitive operating environment.

Heavy Equipment Segment

Quarterly results

Heavy Equipment segment saw its PBT for 4QFY19 decreased by RM0.9 million to RM0.09 million from RM1.0 million in the previous corresponding quarter, while revenue dropped by 53.8% to RM2.2 million from RM4.8 million a year earlier.

The lower q-o-q PBT was mainly attributed to lower sales and higher administrative expenses as a result of increased personnel related costs and depreciation expenses.

Financial year-to-date

Compared with last year, Heavy Equipment segment's revenue increased more than two-fold in FY19, reaching RM16.3 million compared to RM4.8 million in FY18. Basically for FY18, the segment reflected 3-month revenue contribution from heavy equipment products as this new business segment only came in during the 4th quarter of previous financial year. The revenue in current financial year was largely driven by higher sales from backhoe loaders, excavators and the associated spare parts.

In tandem with the higher revenue in FY19, PBT climbed to RM2.3 million as compared to RM0.9 million in FY18.

Mechanical & Electrical Segment

Quarterly results

Compared with the same quarter last year, Mechanical & Electrical segment's PBT for 4QFY19 came in 8.4% lower at RM3.1 million on the back of revenue that declined 58.6% to RM13.9 million.

The decline in revenue and profit was attributable to lower work progress from the group's various on-going projects. New projects currently undertaken by the Group are at their preliminary stages and hence there was no material revenue contribution in 4QFY19.

Financial year-to-date

Compared to previous year, Mechanical & Electrical segment's revenue decreased by RM22.3 million on account of lower work performed from the on-going projects.

Despite registering significantly lower revenue vis-à-vis previous year, its PBT maintained flat at RM7.1 million attributed mainly to higher write back of impairment losses on receivables.

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2019

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

For the current quarter under review, the Group achieved profit before tax (PBT) of RM4.3 million on the back of revenue of RM84.8 million as compared to PBT of RM1.2 million and revenue of RM88.6 million in the immediate preceding quarter.

Against the immediate preceding quarter, the higher net profit in the current quarter was largely attributed to higher net write back of allowance for impairment on trade receivables of RM3.1 million as well as the reversal of impairment of investment in associate of RM1.0 million.

B3 Commentary on prospects

The Malaysian economy growth moderated to 4.5% in the first quarter of 2019. Global trade tensions, a drop in private investments, and the declining value of the Ringgit, are expected to have an impact on our customers, which would in turn affect our performance. However, we hope that stable global oil prices and the Sarawak state government's thrust of infrastructure development would have a positive impact. Overall we expect stable results for the upcoming quarter.

(Source: *Bank Negara Malaysia quarterly bulletin*)

B4 Profit forecast and profit guarantee

Not applicable as no profit forecast was announced.

B5 Income tax expense

	Quarter ended		Year to date	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
Income tax:-				
- Malaysian tax	(150)	397	2,273	3,122
- Foreign tax	(1)	(6)	8	8
	(151)	391	2,281	3,130
Over provision in the previous financial year:-				
- Malaysian tax	-	-	(13)	(33)
- Foreign tax	-	-	(7)	(7)
	(151)	391	2,261	3,090
Deferred tax:-				
- Origination and reversal of temporary differences	1,123	243	416	(254)
- Over provision in the previous financial year	(194)	2	(194)	3
	929	245	222	(251)
	778	636	2,483	2,839

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2019

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 17 May 2019, 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	1,025	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
Total	11,956	7,405	

Bonus Issue

On 20 February 2019, Kenanga Investment Bank Berhad (“Kenanga IB”), on behalf of Board of Directors of Pansar (“Board”), announced that the Company is proposing to undertake a Proposed Bonus Issue of Shares up to 231,000,000 new Pansar Shares on the basis of 1 Bonus Share for every 2 existing Pansar Shares held on entitlement date to be determined and announced later.

On 11 March 2019, the listing application in relation to the Proposed Bonus Issue of Shares has been submitted to Bursa Securities.

On 18 March 2019, Bursa Securities had vide its letter dated 18 March 2019, approved the following:

- Up to 231,000,000 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares;
- Up to 77,000,000 additional warrants 2018/2023 (“Warrants”) to be issued pursuant to the adjustment to the number of outstanding Warrants pursuant to the Proposed Bonus Issue of Shares (“Adjustment Warrants”); and
- Up to 77,000,000 new Pansar Shares arising from the exercise of Adjustment Warrants.

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

The above corporate proposal was approved by shareholders at the Extraordinary General Meeting on 22 April 2019.

The Proposed Bonus Issue of Shares had been completed on 8 May 2019, following the listing and quotation on the Main Market of Bursa Securities of:

- 154,000,000 Bonus Shares (including 1,341,050 treasury shares) issued pursuant to the Bonus Issue of Shares; and
- 77,000,000 Adjustment Warrants issued arising from the adjustments as a result of the Bonus Issue of Shares.

Except as disclosed, there is no corporate proposal announced but not completed as at 17 May 2019.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2019

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

B7 Short-term borrowings

The Group's borrowings as at 31 March 2019 were as follows:-

	RM'000
Bank overdrafts, secured	3,097
Bank overdrafts, unsecured	10,968
Bankers' acceptance, unsecured	5,000
Revolving credit, secured	4,000
Revolving credit, unsecured	1,000
	<hr/>
	24,065
	<hr/>

B8 Derivative financial instruments

The outstanding foreign currency forward contracts as at 31 March 2019 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	4,747	49	-
<u>Derivative designated as hedging instruments:-</u>			
Forward foreign currency contracts			
- Less than 1 year	16,070	202	(14)
	<hr/>	<hr/>	<hr/>
	20,817	251	(14)
	<hr/>	<hr/>	<hr/>

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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2019

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

B9 Gain / (loss) arising from fair value changes in financial liabilities

	Current quarter loss RM'000	Year to date loss RM'000
Foreign currency forward contracts	14	1

B10 Breakdown of realised and unrealised profits

The breakdown of retained profits of the Group as at 31 March 2019 into realised and unrealised profits are presented as follows:-

	RM'000
Total retained profits of the Company and its subsidiaries:-	
- Realised	129,036
- Unrealised	3,032
	<hr/> 132,068
Total share of retained profits of associate:-	
- Realised	1,801
- Unrealised	(2)
	<hr/> 1,799
Add: Consolidation adjustments	3,494
	<hr/> 137,361
At 31 March 2019	<hr/> <hr/> 137,361

B11 Changes in material litigation

As at 17 May 2019, there was no material litigation against the Group.

B12 Dividend payable

No interim dividend has been declared for the financial period ended 31 March 2019.

B13 Earnings per share

(a) Basic earnings per share

	Quarter ended		Year to date	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to the owners of the Company (RM'000)	3,530	1,833	8,058	8,744
Weight average number of ordinary shares in issue ('000)	305,318	294,933	306,441	283,682
Basic earnings per share based on weighted average number of shares in issue (sen)	1.16	0.62	2.63	3.08

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2019

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

B13 Earnings per share (Cont'd)

(b) Diluted earnings per share

Not applicable as at 31 March 2019.

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	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
Allowance for slow-moving inventories	75	683	194	683
Allowance for slow-moving inventories no longer required	10	(116)	(145)	(116)
Bad debts recovered	-	171	-	171
Bad debts written off	50	-	50	15
Collective impairment losses on receivables	(1,049)	71	66	849
Collective impairment losses on receivables no longer required	401	(198)	-	(505)
Depreciation and amortisation	468	413	1,807	1,652
Impairment loss on investment in associate no longer required	(1,000)	-	(1,000)	-
Individual impairment losses on receivables	2,463	2,322	2,935	2,625
Individual impairment losses on receivables no longer required	(4,950)	(233)	(6,434)	(1,867)
Interest expense	261	362	1,351	1,027
Interest income	(361)	(337)	(1,185)	(1,126)
Loss on forward foreign currency contracts	2	40	10	122
Gain on disposal of property, plant and equipment	(68)	(38)	(126)	(246)
Provision for employee benefits no longer required	(179)	(467)	(179)	(467)
Realised gain on foreign exchange	(429)	(231)	(602)	(1,188)
Realised loss on derivatives	-	-	79	53
Unrealised gain on foreign exchange	(76)	(127)	(5)	(138)
Unrealised gain on derivatives	(10)	(94)	(49)	(79)

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 2019.