

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

INTERIM FINANCIAL STATEMENTS  
FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2019

---

## **CONTENTS**

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ....	1
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION .....	2
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY .....	4
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS .....	5
EXPLANATORY NOTES	
PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 .....	7
PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD .....	12

# PANSAR BERHAD (Company No. 18904-M)

## CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.06.2019 RM'000	Preceding year corresponding quarter 30.06.2018 RM'000	Current year to date 30.06.2019 RM'000	Preceding year corresponding year to date 30.06.2018 RM'000
Revenue	81,566	97,145	81,566	97,145
Cost of sales	(70,208)	(84,693)	(70,208)	(84,693)
<b>Gross profit</b>	11,358	12,452	11,358	12,452
Other income	2,017	1,557	2,017	1,557
Selling and distribution expenses	(2,428)	(2,494)	(2,428)	(2,494)
Administrative expenses	(7,989)	(7,815)	(7,989)	(7,815)
Other operating expenses	(883)	(491)	(883)	(491)
Finance costs	(300)	(385)	(300)	(385)
Share of results in an associate	240	311	240	311
<b>Profit before taxation</b>	2,015	3,135	2,015	3,135
Income tax expense	(575)	(756)	(575)	(756)
<b>Profit after taxation</b>	1,440	2,379	1,440	2,379
Other comprehensive income				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Cash flow hedge	149	17	149	17
Foreign currency translation	278	65	278	65
Share of foreign currency translation differences of an associate	-	(49)	-	(49)
<b>Total other comprehensive income</b>	427	33	427	33
<b>Total comprehensive income for the period</b>	1,867	2,412	1,867	2,412
<b>Profit after taxation attributable to owners of the Company</b>	1,440	2,379	1,440	2,379
<b>Total comprehensive income attributable to owners of the Company</b>	1,867	2,412	1,867	2,412
<b>Weighted average number of shares in issue ('000)</b>	457,977	462,000	457,977	462,000
<b>Earnings per ordinary share (sen):-</b>				
-Basic	0.31	0.51	0.31	0.51
-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 2019 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 JUNE 2019

	<b>30.06.2019</b>	<b>31.03.2019</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	15,019	14,779
Property, plant and equipment	5,721	5,759
Investment properties	8,883	8,859
Intangible assets	299	269
Deferred tax assets	3,207	3,080
Goodwill	54	54
	<hr/>	<hr/>
	33,183	32,800
	<hr/>	<hr/>
<b>Current assets</b>		
Inventories	51,788	50,517
Trade and other receivables	125,537	124,978
Derivative assets	228	251
Current tax assets	4,407	4,260
Deposits, cash and bank balances	47,881	42,705
	<hr/>	<hr/>
	229,841	222,711
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>263,024</b>	<b>255,511</b>
	<hr/> <hr/>	<hr/> <hr/>

# PANSAR BERHAD (Company No. 18904-M)

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D) AT 30 JUNE 2019

	30.06.2019	31.03.2019
	RM'000	RM'000
	(Unaudited)	(Audited)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	151,956	151,956
Treasury shares	(2,313)	(2,313)
Reserves	26,955	25,089
<b>Total equity attributable to owners of the Company</b>	<b>176,598</b>	<b>174,732</b>
<b>Current liabilities</b>		
Trade and other payables	55,393	54,322
Derivative liabilities	-	14
Bank borrowings:-		
- bank overdrafts	16,080	14,065
- other borrowings	12,000	10,000
Provision for employee benefits	2,944	2,366
Current tax liabilities	9	12
<b>Total liabilities</b>	<b>86,426</b>	<b>80,779</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>263,024</b>	<b>255,511</b>
<b>Net assets per ordinary share (RM)</b>	<b>0.39</b>	<b>0.57</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 2019 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 JUNE 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
<b>3-month period ended</b>							
<b>30.06.2019</b>							
Balance at 01.04.2019	151,956	(2,313)	(116,732)	4,496	93	137,231	174,731
Profit after taxation for the period	-	-	-	-	-	1,440	1,440
Other comprehensive income for the period, net of tax:-							
- Foreign currency translation	-	-	-	278	-	-	278
- Cash flow hedge	-	-	-	-	149	-	149
- Share of foreign currency translation differences of an associate	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	278	149	1,440	1,867
Contributions by and distributions to owners of the Company:-							
- Dividends	-	-	-	-	-	-	-
Balance at 30.06.2019	151,956	(2,313)	(116,732)	4,774	242	138,671	176,598

	< ----- 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>3-month period ended</b>							
<b>30.06.2018</b>							
Balance at 01.04.2018	151,956	-	(116,732)	4,179	14	142,853	182,270
Profit after taxation for the period	-	-	-	-	-	2,379	2,379
Other comprehensive income for the period, net of tax:-							
- Foreign currency translation	-	-	-	65	-	-	65
- Cash flow hedge	-	-	-	-	17	-	17
- Share of foreign currency translation differences of an associate	-	-	-	(49)	-	-	(49)
Total comprehensive income for the period	-	-	-	16	17	2,379	2,412
Contributions by and distributions to owners of the Company:-							
- Dividends	-	-	-	-	-	-	-
Balance at 30.06.2018	151,956	-	(116,732)	4,195	31	145,232	184,682

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 2019 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 JUNE 2019

	<b>Current year to date 30.06.2019 RM'000</b>	<b>Preceding year corresponding period 30.06.2018 RM'000</b>
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>		
Profit before taxation	2,015	3,135
<b>Adjustments for:-</b>		
Allowance for impairment losses on receivables	882	429
Allowance for impairment losses on receivables no longer required	(1,177)	(793)
Allowance for slow-moving inventories	-	55
Allowance for slow-moving inventories no longer required	(166)	(51)
Amortisation of intangible assets	2	2
Depreciation of property, plant and equipment	457	389
Depreciation of investment properties	40	34
Fair value loss on derivatives	48	20
Gain on disposal of property, plant and equipment	-	(9)
Interest expense	300	385
Interest income	(390)	(295)
Provision for employee benefits	576	591
Share of results in an associate	(240)	(311)
Unrealised loss on foreign exchange	106	83
Operating profit before working capital changes	2,453	3,664
Increase in inventories	(1,084)	(7,565)
Increase in trade and other receivables	(669)	(21,199)
Increase in trade and other payables	1,914	7,585
CASH FROM/(FOR) OPERATIONS	2,614	(17,515)
Interest paid	(300)	(385)
Interest received	136	406
Income tax paid	(858)	(1,065)
Income tax refunded	-	370
NET CASH FROM/(FOR) OPERATING ACTIVITIES / BALANCE CARRIED FORWARD	1,592	(18,189)

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 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 JUNE 2019

	<b>Current year to date 30.06.2019 RM'000</b>	<b>Preceding year Corresponding Period 30.06.2018 RM'000</b>
NET CASH FROM/(FOR) OPERATING ACTIVITIES / BALANCE CARRIED FORWARD	1,592	(18,189)
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	-	10
Purchase of property, plant and equipment	(415)	(584)
Purchase of intangible assets	(29)	-
Purchase of investment properties	(63)	-
Uplift of fixed deposits with licensed banks	-	11,725
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(507)	11,151
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net of drawdown/(repayment) of bankers' acceptance	2,000	100
NET CASH FROM FINANCING ACTIVITIES	2,000	100
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,085	(6,938)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	75	1
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	6,381	(12,400)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	9,541	(19,337)
<b>CASH AND CASH EQUIVALENTS COMPRISE:-</b>		
Cash and bank balances	13,537	7,257
Fixed deposits with licensed banks	34,344	30,663
Bank overdrafts	(16,080)	(26,594)
	31,801	11,326
Less: Fixed deposits with tenure more than 3 months	(22,260)	(30,663)
	9,541	(19,337)

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 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 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 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 2019. 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 2019.

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 2019, except as follows:

On 1 April 2019, 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 2019:-

- *MFRS 16: Leases*
- *IC Interpretation 23 Uncertainty Over Income Tax Treatments*
- *Amendments to MFRS 9: Prepayment Features with Negative Compensation*
- *Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement*
- *Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures*
- *Annual Improvements to MFRS Standards 2015 – 2017 Cycles*

The adoption of the abovementioned MFRSs, Amendments to MFRSs and IC Interpretations (including the consequential amendments) did not have any material impact on the financial statements of the Group.

#### A2 Comments about seasonality or cyclicity of operations

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

#### A3 Unusual items due to their nature, size and incidence

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

#### A4 Changes in estimates

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

#### A5 Debt and equity securities

There were no issuances, repurchases and repayments of debt and equity securities for the current quarter under review, except as disclosed below:

##### Share Capital

On 7 May 2019, the number of ordinary shares of the Company increased from 308,000,000 (including 2,682,100 treasury shares) to 462,000,000 (including 4,023,150 treasury shares) by way of issuance of 154,000,000 (including 1,341,050 treasury shares) new bonus shares, on the basis of one bonus share for every two existing Pansar shares. The bonus shares were listed and quoted on the Main Market of Bursa Securities on 8 May 2019.

##### Warrants

In conjunction with the bonus issue, a total of 77,000,000 additional warrants 2018/2023 arising from the adjustments made in relation to the bonus issue have been issued and the exercise price of the outstanding warrants 2018/2023 has been revised from RM0.95 to RM0.63. The additional warrants were listed and quoted on the Main Market of Bursa Securities on 8 May 2019. The total number of outstanding warrants is 231,000,000.



# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2019

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

#### A6 Dividend paid

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

#### 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 30.06.2019 RM'000
<b>Revenue</b>							
External revenue	26,247	29,919	7,313	5,147	2,143	10,797	81,566
Inter-segment revenue	2	23	-	87	1,657	1	1,770
	26,249	29,942	7,313	5,234	3,800	10,798	83,336
Adjustments and eliminations							(1,770)
Consolidated revenue							81,566
<b>Results</b>							
Segment results	4,064	2,269	531	502	194	363	7,923
Adjustments and eliminations	-	-	-	-	-	309	309
	4,064	2,269	531	502	194	672	8,232
Share of results in an associate							240
Unallocated income							205
Unallocated expenses							(6,662)
Consolidated profit before taxation							2,015
<b>Assets</b>							
Segment assets	47,719	50,255	20,759	10,710	13,129	62,926	205,498
Investment in an associate							15,019
Goodwill							54
Unallocated assets							39,246
Deferred tax assets							3,207
Consolidated total assets							263,024

# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 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 30.06.2018 RM'000
<b>Revenue</b>							
External revenue	18,053	38,264	7,746	6,761	6,279	20,042	97,145
Inter-segment revenue	50	15	-	188	7,608	-	7,861
	18,103	38,279	7,746	6,949	13,887	20,042	105,006
Adjustments and eliminations							(7,861)
Consolidated revenue							97,145
<b>Results</b>							
Segment results	3,030	2,716	615	386	1,106	710	8,563
Adjustments and eliminations	-	-	-	-	-	582	582
	3,030	2,716	615	386	1,106	1,292	9,145
Share of results in an associate							311
Unallocated income							264
Unallocated expenses							(6,585)
Consolidated profit before taxation							3,135
<b>Assets</b>							
Segment assets	53,026	57,526	21,297	15,126	10,453	82,753	240,181
Investment in an associate							13,393
Goodwill							54
Unallocated assets							38,752
Deferred tax assets							852
Consolidated total assets							293,232

##### (b) Geographical segments

	Year to date	
	30.06.2019 RM'000	30.06.2018 RM'000
Total revenue from external customers		
- Malaysia	79,011	94,541
- Singapore	2,555	2,604
	81,566	97,145

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

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 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 30 June 2019, the Group did not have any revalued assets.

#### **A9 Subsequent events**

There were no material subsequent events as at 13 August 2019.

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

There were no changes in the composition of the Group for the period ended 30 June 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 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2019

---

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

### A13 Significant related party transactions

	Quarterly ended		Year to date	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Transactions with holding company	577	598	577	598
Transactions with other related parties	9,853	20,737	9,853	20,737

---

# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2019

---

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

#### B1 Review of performance

The Group's net profit fell 39.5% to RM1.4 million for the first quarter ended 30 June 2019 compared to RM2.4 million a year ago, weighed down by lower revenue which decreased by 16.0% to RM81.6 million from RM97.1 million in the previous corresponding period.

The lower revenue in the current financial period was mainly attributed to the Group's lacklustre sales performance from Building Products, Heavy Equipment as well as Mechanical & Electrical divisions. This decrease was partially mitigated by higher revenue from Marine & Industrial division.

#### Marine & Industrial Segment

Amidst a challenging economic and business conditions affecting the marine, oil & gas industries, Marine & Industrial segment recorded revenue growth of RM8.2 million to RM26.2 million in 1QFY20. This increase was backed largely by the stronger sales volume from marine engines.

With the increase in revenue, PBT for the quarter was up 34.1% q-o-q to RM4.1 million.

#### Building products Segment

For the quarter under review, Building Products segment remained our largest revenue driver, constituting 36.7% of our Group's revenue. Against the previous corresponding quarter, Building products segment saw a decrease in revenue from RM38.3 million in 1QFY19 to RM29.9 million in 1QFY20. The decrease in revenue corresponded with the lower demand for building structural products.

On the back of lower revenue, PBT was down by 16.5% to RM2.3 million from RM2.7 million in the previous corresponding quarter.

#### Agro Engineering Segment

Agro Engineering segment's revenue on q-o-q basis came in 5.6% lower to RM7.3 million on the back of lower sales volume mainly from steel wire ropes and steel strapping products.

With the decrease in revenue, PBT for the quarter decreased 13.7% to RM0.5 million.

#### Electrical & Office Automation Segment

For the current quarter, Electrical & Office Automation segment registered a 23.9% decrease in revenue q-o-q attributed mainly to lower sales volume from air conditioning products and lighting products.

PBT however for the quarter was up by RM0.1 million to RM0.5 million when compared to previous corresponding quarter, supported largely by purchase incentive from supplier.

#### Heavy Equipment Segment

Heavy Equipment segment achieved revenue and PBT for the current quarter of RM2.1 million and RM0.2 million respectively. This represents a 65.9% decrease in revenue and 82.5% decrease in PBT over the previous corresponding quarter.

#### Mechanical & Electrical Segment

Mechanical & Electrical segment saw a 46.1% revenue dip from RM20.0 million in 1QFY19 to RM10.8 million in 1QFY20 due to lower work progress of on-going projects. With the lower revenue, PBT was down by 48.0% to RM0.7 million from RM1.3 million in the previous corresponding quarter.

# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 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 a profit before taxation (PBT) of RM2.0 million on the back of revenue of RM81.6 million as compared to PBT of RM4.1 million and revenue of RM84.8 million in the immediate preceding quarter. Compared to the immediate preceding quarter, the PBT was achieved against markedly lower other operating income, which decreased by RM4.5 million due largely to lower write back of impairment loss on receivables. This decrease was partially cushioned by lower other operating expenses and higher gross profit from operations in the current financial quarter.

#### B3 Commentary on prospects

The Malaysian economy grew by 4.9% in the 2<sup>nd</sup> quarter of 2019. Global trade tensions and weak private investment sentiment have impacted our customers, which would in turn affect our overall performance. However, stable global oil prices is expected to support growth in our marine business.

#### B4 Profit forecast and profit guarantee

Not applicable as no profit forecast was announced.

#### B5 Income tax expense

	Quarter ended		Year to date	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Income tax:-				
- Malaysian tax	707	1,042	707	1,042
- Foreign tax	1	2	1	2
	708	1,044	708	1,044
Over provision in the previous financial year:-				
- Foreign tax	-	(6)	-	(6)
	708	1,038	708	1,038
Deferred tax:-				
- Origination and reversal of temporary differences	(135)	(282)	(135)	(282)
- Under provision in the previous financial year	2	-	2	-
	(133)	(282)	(133)	(282)
	575	756	575	756

# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 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 13 August 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	1,036	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	7,416	

##### Acquisition of Property

On 9 August 2019, the Company had entered into a Sale and Purchase Agreement with Pan Sarawak Holdings Sdn. Bhd. (Company No. 13327-A), to acquire a parcel of land situate at Pending Industrial Estate, Kuching and described as Lot 2501 Section 66 Kuching Town Land District containing approximately 4,518 square metres together with the buildings thereon with attached warehouse area (the said land and buildings with attached warehouse area shall hereinafter be referred to as "Property"), for a total cash consideration of RM6,000,000.00. As at 13 August 2019, the terms and conditions have yet to be fulfilled and the balance purchase consideration has yet to be paid. As such, the acquisition of Property is pending completion. Please refer to announcement dated 9 August 2019 for further details.

Except as disclosed, there is no corporate proposal announced but not completed as at 13 August 2019, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

#### B7 Short-term borrowings

The Group's borrowings as at 30 June 2019 were as follows:-

	<b>RM'000</b>
Bank overdrafts, secured	247
Bank overdrafts, unsecured	15,833
Bankers' acceptance, unsecured	7,000
Revolving credit, secured	4,000
Revolving credit, unsecured	1,000
	<hr/>
	28,080
	<hr/> <hr/>

# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2019

### 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 June 2019 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	58	1	-
<u>Derivative designated as hedging instruments:-</u>			
Forward foreign currency contracts			
- Less than 1 year	7,145	227	-
	7,203	228	-

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	14	14

#### B10 Changes in material litigation

As at 13 August 2019, there was no material litigation against the Group.

#### B11 Dividend payable

No interim dividend has been declared for the financial period ended 30 June 2019.



# PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2019

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

### B12 Earnings per share

#### (a) Basic earnings per share

	Quarter ended		Year to date	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to the owners of the Company (RM'000)	1,440	2,379	1,440	2,379
Weight average number of ordinary shares in issue ('000) *	457,977	462,000	457,977	462,000
Basic earnings per share based on weighted average number of shares in issue (sen)	0.31	0.51	0.31	0.51

\* Comparative figures for the weighted average number of ordinary shares in issue for basic earnings per ordinary share computation have been restated to reflect the adjustments arising from the bonus issues, which was completed on 8 May 2019.

#### (b) Diluted earnings per share

Not applicable as at 30 June 2019.

### B13 Net assets per share attributable to owners of the Company

Net assets per share ("NAPS") as at 30 June 2019 stood at RM0.39, a decrease of 31.6% compared to NAPS of RM0.57 as at 31 March 2019 resulting from the dilutive effect from the issuance of new ordinary shares pursuant to the bonus issue as disclosed in Note A5.

### 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 2019 was not subject to any qualification.

# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE 1ST QUARTER AND YEAR TO DATE ENDED 30 JUNE 2019

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

#### B15 Profit for the year

Profit before taxation is arrived at after charging / (crediting):-

	Quarter ended		Year to date	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Allowance for slow-moving inventories	-	55	-	55
Allowance for slow-moving inventories no longer required	(166)	(51)	(166)	(51)
Collective impairment losses on receivables	50	429	50	429
Collective impairment losses on receivables no longer required	-	(271)	-	(271)
Depreciation and amortisation	499	425	499	425
Individual impairment losses on receivables	832	-	832	-
Individual impairment losses on receivables no longer required	(1,177)	(522)	(1,177)	(522)
Interest expense	300	385	300	385
Interest income	(390)	(295)	(390)	(295)
(Gain)/loss on forward foreign currency contracts	(1)	6	(1)	6
Gain on disposal of property, plant and equipment	-	(9)	-	(9)
Realised gain on foreign exchange	(56)	(166)	(56)	(166)
Realised loss on derivatives	49	79	49	79
Unrealised loss on foreign exchange	106	83	106	83
Unrealised gain on derivatives	(1)	(59)	(1)	(59)