

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

INTERIM FINANCIAL STATEMENTS  
FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2019

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## **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  |
| <br>  |    |
| 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<br>MALAYSIA SECURITIES BERHAD ..... | 12 |

# 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 2019

|   | INDIVIDUAL QUARTER                           |  | CUMULATIVE QUARTER                           |   |
|---|--|--|--|---|
|   | Current year quarter<br>30.09.2019<br>RM'000 | Preceding year corresponding quarter<br>30.09.2018<br>RM'000 | Current year to date<br>30.09.2019<br>RM'000 | Preceding year corresponding year to date<br>30.09.2018<br>RM'000 |
| Revenue   | 88,148                                       | 97,407   | 169,714                                      | 194,553   |
| Cost of sales   | (74,019)                                     | (85,563)   | (144,227)                                    | (170,257)   |
| <b>Gross profit</b>   | 14,129                                       | 11,844   | 25,487                                       | 24,296  |
| Other income  | 2,789  | 1,339  | 4,806  | 2,897   |
| Selling and distribution expenses                                       | (2,460)                                      | (2,495)  | (4,887)                                      | (4,990)   |
| Administrative expenses   | (8,053)                                      | (8,014)  | (16,043)                                     | (15,829)  |
| Other operating expenses  | (2,513)                                      | (579)  | (3,395)                                      | (1,069)   |
| Finance costs   | (191)  | (314)  | (492)  | (699)   |
| Share of results in an associate  | 938  | 87   | 1,178  | 397   |
| <b>Profit before taxation</b>   | 4,639  | 1,868  | 6,654  | 5,003   |
| Income tax expense  | (1,038)                                      | (617)  | (1,614)                                      | (1,373)   |
| <b>Profit after taxation</b>  | 3,601  | 1,251  | 5,040  | 3,630   |
| Other comprehensive income  |  |  |  |   |
| <u>Items that may be reclassified subsequently to profit or loss</u>    |  |  |  |   |
| Cash flow hedge   | (196)  | 103  | (47)   | 120   |
| Foreign currency translation  | (157)  | 436  | 121  | 501   |
| Share of foreign currency translation differences of an associate       | -  | 1  | -  | (48)  |
| <b>Total other comprehensive income</b>                                 | (353)  | 540  | 74   | 573   |
| <b>Total comprehensive income for the period</b>                        | 3,248  | 1,791  | 5,114  | 4,203   |
| <b>Profit after taxation attributable to owners of the Company</b>      | 3,601  | 1,251  | 5,040  | 3,630   |
| <b>Total comprehensive income attributable to owners of the Company</b> | 3,248  | 1,791  | 5,114  | 4,203   |
| <b>Weighted average number of shares in issue ('000)</b>                | 457,977                                      | 460,679  | 457,977                                      | 461,336   |
| <b>Earnings per ordinary share (sen):-</b>                              |  |  |  |   |
| -Basic  | 0.79   | 0.27   | 1.10   | 0.79  |
| -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 SEPTEMBER 2019

|                                  | 30.09.2019           | 31.03.2019           |
|----------------------------------|----------------------|----------------------|
|                                  | RM'000               | RM'000               |
|                                  | (Unaudited)          | (Audited)            |
| <b>ASSETS</b>                    |                      |                      |
| <b>Non-current assets</b>        |                      |                      |
| Investment in an associate       | 15,957               | 14,779               |
| Property, plant and equipment    | 5,416                | 5,759                |
| Investment properties            | 8,906                | 8,859                |
| Intangible assets                | 295                  | 269                  |
| Deferred tax assets              | 3,530                | 3,080                |
| Goodwill                         | 54                   | 54                   |
|                                  | <hr/> 34,158         | <hr/> 32,800         |
| <b>Current assets</b>            |                      |                      |
| Inventories                      | 41,915               | 50,517               |
| Trade and other receivables      | 131,944              | 124,978              |
| Derivative assets                | 62                   | 251                  |
| Current tax assets               | 3,472                | 4,260                |
| Deposits, cash and bank balances | 45,079               | 42,705               |
|                                  | <hr/> 222,472        | <hr/> 222,711        |
| <b>TOTAL ASSETS</b>              | <hr/> <b>256,630</b> | <hr/> <b>255,511</b> |

# PANSAR BERHAD (Company No. 18904-M)

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

|   | 30.09.2019     | 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  | 25,622         | 25,089         |
| <b>Total equity attributable to owners of the Company</b> | <b>175,265</b> | <b>174,732</b> |
| <b>Current liabilities</b>                                |                |                |
| Trade and other payables                                  | 53,972         | 54,322         |
| Derivative liabilities                                    | 3              | 14             |
| Bank borrowings:-   |                |                |
| - bank overdrafts   | 15,116         | 14,065         |
| - other borrowings  | 8,000          | 10,000         |
| Provision for employee benefits                           | 3,519          | 2,366          |
| Current tax liabilities                                   | 755            | 12             |
| <b>Total liabilities</b>                                  | <b>81,365</b>  | <b>80,779</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                       | <b>256,630</b> | <b>255,511</b> |
| <b>Net assets per ordinary share (RM)</b>                 | <b>0.38</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 SEPTEMBER 2019

|   | < ----- Non-distributable ----- > |                              |   |   |   | <-Distributable->             |                           |
|---|-----------------------------------|------------------------------|---|---|---|-------------------------------|---------------------------|
|   | Share<br>Capital<br>RM'000        | Treasury<br>Shares<br>RM'000 | Reverse<br>acquisition<br>reserve<br>RM'000 | Foreign<br>exchange<br>translation<br>reserve<br>RM'000 | Cash flow<br>hedge<br>reserve<br>RM'000 | Retained<br>profits<br>RM'000 | Total<br>equity<br>RM'000 |
| <b>6-month period ended</b>   |                                   |                              |   |   |   |                               |                           |
| <b>30.09.2019</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                                | -                                 | -                            | -   | -   | -                                       | 5,040                         | 5,040                     |
| Other comprehensive income for the period, net of tax:-             |                                   |                              |   |   |   |                               |                           |
| - Foreign currency translation                                      | -                                 | -                            | -   | 121   | -                                       | -                             | 121                       |
| - Cash flow hedge   | -                                 | -                            | -   | -   | (47)                                    | -                             | (47)                      |
| - Share of foreign currency translation differences of an associate | -                                 | -                            | -   | -   | -                                       | -                             | -                         |
| Total comprehensive income for the period                           | -                                 | -                            | -   | 121   | (47)                                    | 5,040                         | 5,114                     |
| Contributions by and distributions to owners of the Company:-       |                                   |                              |   |   |   |                               |                           |
| - Dividends   | -                                 | -                            | -   | -   | -                                       | (4,580)                       | (4,580)                   |
| Balance at 30.09.2019   | 151,956                           | (2,313)                      | (116,732)                                   | 4,617   | 46                                      | 137,691                       | 175,265                   |

|   | < ----- Non-distributable ----- > |                              |   |   |   | <-Distributable->             |                           |
|---|-----------------------------------|------------------------------|---|---|---|-------------------------------|---------------------------|
|   | Share<br>Capital<br>RM'000        | Treasury<br>Shares<br>RM'000 | Reverse<br>acquisition<br>reserve<br>RM'000 | Foreign<br>exchange<br>translation<br>reserve<br>RM'000 | Cash flow<br>hedge<br>reserve<br>RM'000 | Retained<br>profits<br>RM'000 | Total<br>equity<br>RM'000 |
| <b>6-month period ended</b>   |                                   |                              |   |   |   |                               |                           |
| <b>30.09.2018</b>   |                                   |                              |   |   |   |                               |                           |
| Balance at 01.04.2018   | 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                   |

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 SEPTEMBER 2019

|   | <b>Current<br/>year<br/>to date<br/>30.09.2019<br/>RM'000</b> | <b>Preceding year<br/>corresponding<br/>period<br/>30.09.2018<br/>RM'000</b> |
|---|---|--|
| <b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>                             |   |  |
| Profit before taxation  | 6,654   | 5,003  |
| <b>Adjustments for:-</b>  |   |  |
| Allowance for impairment losses on receivables                                | 3,340   | 1,002  |
| Allowance for impairment losses on receivables no longer required             | (3,314)   | (1,523)  |
| Allowance for slow-moving inventories   | 43  | 66   |
| Allowance for slow-moving inventories no longer required                      | (204)   | (60)   |
| Amortisation of intangible assets   | 3   | 4  |
| Bad debts written off   | 12  | 1  |
| Depreciation of property, plant and equipment                                 | 896   | 797  |
| Depreciation of investment properties   | 80  | 74   |
| Fair value loss on derivatives  | 38  | 45   |
| Loss/(Gain) on disposal of property, plant and equipment                      | 2   | (85)   |
| Interest expense  | 492   | 699  |
| Interest income   | (627)   | (532)  |
| Provision for employee benefits   | 1,151   | 1,183  |
| Share of results in an associate  | (1,178)   | (397)  |
| Unrealised loss on foreign exchange   | 35  | 45   |
| Operating profit before working capital changes                               | 7,423   | 6,322  |
| Decrease/(Increase) in inventories  | 8,774   | (9,878)  |
| (Increase)/Decrease in trade and other receivables                            | (7,430)   | 908  |
| Increase/(Decrease) in trade and other payables                               | 394   | (1,923)  |
| <b>CASH FROM/(FOR) OPERATIONS</b>   | 9,161   | (4,571)  |
| Interest paid   | (492)   | (699)  |
| Interest received   | 417   | 326  |
| Income tax paid   | (1,559)   | (1,985)  |
| Income tax refunded   | 1,062   | 371  |
| <b>NET CASH FROM/(FOR) OPERATING ACTIVITIES /<br/>BALANCE CARRIED FORWARD</b> | 8,589   | (6,558)  |

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 SEPTEMBER 2019

|   | <b>Current<br/>year<br/>to date<br/>30.09.2019<br/>RM'000</b> | <b>Preceding year<br/>Corresponding<br/>Period<br/>30.09.2018<br/>RM'000</b> |
|---|---|--|
| NET CASH FROM/(FOR) OPERATING ACTIVITIES /<br>BALANCE CARRIED FORWARD | 8,589   | (6,558)  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                           |   |  |
| Proceeds from disposal of property, plant and equipment               | -   | 184  |
| Purchase of property, plant and equipment                             | (553)   | (1,919)  |
| Purchase of intangible assets   | (29)  | -  |
| Purchase of investment properties                                     | (126)   | (1,230)  |
| Uplift of fixed deposits with licensed banks                          | 6,185   | 20,895   |
| NET CASH FROM INVESTING ACTIVITIES                                    | 5,477   | 17,930   |
| <b>CASH FLOWS FOR FINANCING ACTIVITIES</b>                            |   |  |
| Dividend paid   | (4,580)   | (4,616)  |
| Net of (repayment)/drawdown of bankers' acceptance                    | (3,000)   | 5,400  |
| Net of drawdown/(repayment) of revolving credit                       | 1,000   | (8,100)  |
| Purchase of treasury shares   | -   | (2,313)  |
| NET CASH FOR FINANCING ACTIVITIES                                     | (6,580)   | (9,629)  |
| NET INCREASE IN CASH AND CASH EQUIVALENTS                             | 7,486   | 1,743  |
| EFFECTS OF FOREIGN EXCHANGE TRANSLATION                               | 21  | 109  |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE<br>FINANCIAL PERIOD     | 6,381   | (12,400)   |
| CASH AND CASH EQUIVALENTS AT END OF THE<br>FINANCIAL PERIOD           | 13,888  | (10,548)   |
| <b>CASH AND CASH EQUIVALENTS COMPRISE:-</b>                           |   |  |
| Cash and bank balances  | 25,921  | 8,328  |
| Fixed deposits with licensed banks                                    | 19,158  | 21,493   |
| Bank overdrafts   | (15,116)  | (18,876)   |
|   | 29,963  | 10,945   |
| Less: Fixed deposits with tenure more than 3 months                   | (16,075)  | (21,493)   |
|   | 13,888  | (10,548)   |

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 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2019

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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 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.

#### A6 Dividend paid

During the current quarter under review, a first and final single tier dividend of 1.0 sen per ordinary share for financial year ended 31 March 2019 totalling RM4,579,769 was paid on 26 September 2019.



# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 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 &<br>Industrial<br>RM'000 | Building<br>Products<br>RM'000 | Agro<br>Engineering<br>RM'000 | Electrical &<br>Office<br>Automation<br>RM'000 | Heavy<br>Equipment<br>RM'000 | Mechanical &<br>Electrical<br>RM'000 | Year to<br>30.09.2019<br>RM'000 |
|--|----------------------------------|--------------------------------|-------------------------------|--|------------------------------|--------------------------------------|---------------------------------|
| <b>Revenue</b>                         |                                  |                                |                               |  |                              |                                      |                                 |
| External revenue                       | 52,127                           | 60,437                         | 14,082                        | 10,720   | 5,243                        | 27,105                               | 169,714                         |
| Inter-segment revenue                  | 26                               | 171                            | -                             | 115  | 1,961                        | 1                                    | 2,274                           |
|  | 52,153                           | 60,608                         | 14,082                        | 10,835   | 7,204                        | 27,106                               | 171,988                         |
| Adjustments and<br>eliminations        |                                  |                                |                               |  |                              |                                      | (2,274)                         |
| Consolidated revenue                   |                                  |                                |                               |  |                              |                                      | 169,714                         |
| <b>Results</b>                         |                                  |                                |                               |  |                              |                                      |                                 |
| Segment results                        | 10,710                           | 3,338                          | 905                           | 400  | 581                          | 1,615                                | 17,549                          |
| Adjustments and<br>eliminations        | -                                | -                              | -                             | -  | 129                          | 707                                  | 836                             |
|  | 10,710                           | 3,338                          | 905                           | 400  | 710                          | 2,322                                | 18,385                          |
| Share of results in an<br>associate    |                                  |                                |                               |  |                              |                                      | 1,178                           |
| Unallocated income                     |                                  |                                |                               |  |                              |                                      | 290                             |
| Unallocated expenses                   |                                  |                                |                               |  |                              |                                      | (13,199)                        |
| Consolidated profit before<br>taxation |                                  |                                |                               |  |                              |                                      | 6,654                           |
| <b>Assets</b>                          |                                  |                                |                               |  |                              |                                      |                                 |
| Segment assets                         | 46,112                           | 46,311                         | 19,277                        | 11,656   | 12,123                       | 59,345                               | 194,824                         |
| Investment in an associate             |                                  |                                |                               |  |                              |                                      | 15,957                          |
| Goodwill                               |                                  |                                |                               |  |                              |                                      | 54                              |
| Unallocated assets                     |                                  |                                |                               |  |                              |                                      | 42,265                          |
| Deferred tax assets                    |                                  |                                |                               |  |                              |                                      | 3,530                           |
| Consolidated total assets              |                                  |                                |                               |  |                              |                                      | 256,630                         |

# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2019

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

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

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

|  | Marine &<br>Industrial<br>RM'000 | Building<br>Products<br>RM'000 | Agro<br>Engineering<br>RM'000 | Electrical &<br>Office<br>Automation<br>RM'000 | Heavy<br>Equipment<br>RM'000 | Mechanical &<br>Electrical<br>RM'000 | Year to<br>30.09.2018<br>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<br>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<br>eliminations        | -                                | -                              | -                             | -  | -                            | 1,159                                | 1,159                           |
|  | 5,339                            | 5,346                          | 1,445                         | 716  | 1,670                        | 2,998                                | 17,514                          |
| Share of results in an<br>associate    |                                  |                                |                               |  |                              |                                      | 397                             |
| Unallocated income                     |                                  |                                |                               |  |                              |                                      | 585                             |
| Unallocated expenses                   |                                  |                                |                               |  |                              |                                      | (13,493)                        |
| Consolidated profit before<br>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                         |

##### (b) Geographical segments

|                                       | Year to date         |                      |
|---------------------------------------|----------------------|----------------------|
|                                       | 30.09.2019<br>RM'000 | 30.09.2018<br>RM'000 |
| Total revenue from external customers |                      |                      |
| - Malaysia                            | 162,341              | 189,212              |
| - Singapore                           | 7,373                | 5,341                |
|                                       | 169,714              | 194,553              |

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

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2019

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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 2019, the Group did not have any revalued assets.

#### **A9 Subsequent events**

There were no material subsequent events as at 14 November 2019.

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

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

Subsequently, the Company had engaged a tax consultant to advise on the matter.

# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2019

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

#### A11 Contingent liabilities (cont'd)

On 5 November 2019, the Company had entered into a Settlement Agreement with Inland Revenue Board of Malaysia. Pursuant to the Settlement Agreement, the amount of RM6,978,359.00 received by the Company as “shortfall in profit guarantee” shall be treated as business income and subject to tax under Section 4(a) of the ITA 1967 for year of assessment 2000 in respect of the basis period ending in the year 1999 (preceding year of assessment). This business income is exempted from income tax (tax waiver year) pursuant to Section 8 of the Income Tax (Amended) Act 1999.

Consequently, IRB agrees that the Notice of Additional Assessment dated 30 May 2017 for the Year of Assessment 2011 for the amount of RM2,529,655.14 and the tax for the Year of Assessment 2000 in respect of the basis period ending in the year 1999 (preceding year basis) shall be amended accordingly. IRB also further agrees to abate the proceedings in relation to the Appeal which was fixed on 12-13 September 2019.

#### A12 Capital commitment

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

#### A13 Significant related party transactions

|   | Quarterly ended |            | Year to date |            |
|---|-----------------|------------|--------------|------------|
|   | 30.09.2019      | 30.09.2018 | 30.09.2019   | 30.09.2018 |
|   | RM'000          | RM'000     | RM'000       | RM'000     |
| Transactions with holding company       | 577             | 598        | 1,154        | 1,196      |
| Transactions with other related parties | 7,039           | 17,727     | 16,892       | 38,464     |

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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 2019

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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 2019, the Group registered an overall revenue of RM169.7 million, a decrease of 12.8% or RM24.8 million compared to RM194.6 million reported in the corresponding period.

Despite registering significantly lower total revenue, we ended 1HFY20 with a net profit attributable to the owners of the Company of RM5.0 million compared to RM3.6 million a year ago. The higher net profit was mainly attributed to higher achievement of gross profit as a result of better margins as well as higher share of results from associate in the current financial period under review.

#### Marine & Industrial Segment

##### Quarterly results

Marine & Industrial segment saw a 43.6% increase in revenue to RM25.9 million over the previous corresponding quarter, led largely by higher sales from marine engines.

Operating profit in the division also came in higher at RM6.7 million compared with RM2.3 million the same period last year. The resilient performance was achieved on the back of revenue growth, higher purchase incentive as well as higher write back of allowance for impairment losses on trade receivables in the current quarter.

##### Financial year-to-date

The segment continued to achieve revenue and earnings growth since beginning of the financial year. Its revenue rose by 44.5% to RM52.1 million from RM36.1 million the same period last year, while its operating profit of RM10.7 million in YTD 2QFY20 registered a growth rate of 100.6% compared to RM5.3 million in YTD 2QFY19.

Marine engine sales remained the key driver to the revenue growth. Apart from higher achievement of gross profit, the higher write back of impairment losses on trade receivables had also contributed to the division's bottom-line in the current period under review.

#### Building products Segment

##### Quarterly results

Building Products segment's revenue dropped 21.5% to RM30.5 million from RM38.9 million in 2QFY19, attributed mainly to lower sales volume from building structural products.

With the decrease in revenue and higher impairment losses on trade receivables, operating profit was down 59.4% to RM1.1 million.

##### Financial year-to-date

The segment saw its operating profit for the six months ended 30 September 2019 fall 37.6% to RM3.3 million from RM5.3 million a year ago due largely to higher impairment losses on trade receivables and weaker sales largely from building structural products.

#### Agro Engineering Segment

##### Quarterly results

For 2QFY20, Agro Engineering segment's revenue fell RM2.1 million on the back of lower sales volume mainly from fertilizers, steel wire rope and strapping products.

With the decrease in revenue and higher impairment losses on trade receivables, operating profit for the quarter was down 55.1% to RM0.4 million.

# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2019

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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)

##### Agro Engineering Segment (Cont'd)

##### Financial year-to-date

Segment profit of RM0.9 million for YTD 2QFY20 was a 37.4% drop from the corresponding period of last year. The lower operating profit over the same corresponding period was largely owing to weaker sales, higher doubtful debts provision as well as provision for impairment of inventory.

##### Electrical & Office Automation Segment

##### Quarterly results

For the current quarter, Electrical & Office Automation segment registered a 29.0% decrease in revenue q-o-q attributed mainly to lower sales from air conditioners, lighting, M & E ancillary and consumer electronic products.

With the decrease in gross profit and higher impairment losses on trade receivables, the segment recorded an operating loss of RM0.1 million compared to operating profit of RM0.3 million in the previous corresponding quarter.

##### Financial year-to-date

Revenue fell 26.7% y-o-y due to weaker sales largely from air conditioners, lighting and M & E ancillary products. The segment posted operating profit of RM0.4 million in YTD 2QFY20 on the back of lower gross profit and higher impairment losses on trade receivables.

##### Heavy Equipment Segment

##### Quarterly results

Heavy Equipment segment achieved revenue and operating profit for the current quarter of RM3.1 million and RM0.5 million respectively. This represents a 16.3% decrease in revenue and 8.7% decrease in operating profit over the previous corresponding quarter.

##### Financial year-to-date

Revenue on a y-o-y basis eased 47.5% to RM5.2 million on the back of lower sales mainly from backhoe loaders and excavators.

Segment profit for YTD 2QFY20 of RM0.7 million was also down 57.5% compared to RM1.7 million a year ago.

##### Mechanical & Electrical Segment

##### Quarterly results

Compared with the same quarter last year, segment profit for 2QFY20 came in 3.2% lower at RM1.7 million on the back of revenue that declined 19.1% to RM16.3 million.

The decline in revenue and profit was attributable to lower work progress from the group's various on-going projects.

# PANSAR BERHAD (Company No. 18904-M)

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

##### Mechanical & Electrical Segment (Cont'd)

##### Financial year-to-date

Compared to previous year, Mechanical & Electrical segment's revenue decreased by RM13.1 million on account of lower work performed from the on-going projects. Segment profit decreased 22.6% to RM2.3 million as compared to RM3.0 million a year earlier.

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

For the current quarter under review, the Group achieved profit before tax (PBT) of RM4.6 million on the back of revenue of RM88.1 million as compared to PBT of RM2.0 million and revenue of RM81.6 million in the immediate preceding quarter.

Against the immediate preceding quarter, the better performance results were largely attributed to higher earnings from operations, higher profit contribution from associate as well as favourable foreign exchange differences recorded in the current quarter.

#### B3 Commentary on prospects

The Malaysian economy registered 4.4% growth in Q3, as compared to 4.9% in Q2. Construction, mining and quarrying contracted, weighed down by global trade tensions and weak private investment sentiment. However, we see a silver lining with palm oil prices picking up and global oil prices remaining stable. As such, we remain optimistic for the rest of this financial year. Growth in this quarter will likely be stable as customers begin winding down for the year end season, but sustained improvements could be expected in the coming year.

#### B4 Profit forecast and profit guarantee

Not applicable as no profit forecast was announced.

#### B5 Income tax expense

|   | Quarter ended |              | Year to date |              |
|---|---------------|--------------|--------------|--------------|
|   | 30.09.2019    | 30.09.2018   | 30.09.2019   | 30.09.2018   |
|   | RM'000        | RM'000       | RM'000       | RM'000       |
| Income tax:-  |               |              |              |              |
| - Malaysian tax                                     | 1,301         | 845          | 2,008        | 1,887        |
| - Foreign tax                                       | 20            | 3            | 21           | 5            |
|   | <u>1,321</u>  | <u>848</u>   | <u>2,029</u> | <u>1,892</u> |
| Over provision in the previous financial year:-     |               |              |              |              |
| - Foreign tax                                       | -             | (1)          | -            | (7)          |
|   | <u>1,321</u>  | <u>847</u>   | <u>2,029</u> | <u>1,885</u> |
| Deferred tax:-                                      |               |              |              |              |
| - Origination and reversal of temporary differences | (283)         | (230)        | (416)        | (512)        |
| - Under provision in the previous financial year    | -             | -            | 1            | -            |
|   | <u>(283)</u>  | <u>(230)</u> | <u>(415)</u> | <u>(512)</u> |
|   | <u>1,038</u>  | <u>617</u>   | <u>1,614</u> | <u>1,373</u> |

# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 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 14 November 2019, the status of the utilisation of the proceeds raised from the Private Placement are as follows:-

| Purposes   | Proposed utilisation<br>RM'000 | Actual utilisation<br>RM'000 | Estimated time frame<br>for utilisation |
|--|--------------------------------|------------------------------|---|
| Potential expansion and capital expenditure                          | 5,576                          | 1,645                        | 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                         | 8,025                        |   |

##### 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 14 November 2019, 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.

#### B7 Short-term borrowings

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

|                                |               |
|--------------------------------|---------------|
|                                | <b>RM'000</b> |
| Bank overdrafts, secured       | 13            |
| Bank overdrafts, unsecured     | 15,103        |
| Bankers' acceptance, unsecured | 2,000         |
| Revolving credit, secured      | 2,000         |
| Revolving credit, unsecured    | 4,000         |
|                                | <hr/>         |
|                                | 23,116        |
|                                | <hr/> <hr/>   |



# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 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 September 2019 were as follows:-

|   | <b>Contract / notional<br/>amount<br/>RM'000</b> | <b>Assets<br/>RM'000</b> | <b>Liabilities<br/>RM'000</b> |
|---|--|--------------------------|-------------------------------|
| <u>Derivative not designated as hedging instruments:-</u> |  |                          |                               |
| Forward foreign currency contracts                        |  |                          |                               |
| - Less than 1 year  | 858  | 11                       | -                             |
| <u>Derivative designated as hedging instruments:-</u>     |  |                          |                               |
| Forward foreign currency contracts                        |  |                          |                               |
| - Less than 1 year  | 2,540  | 51                       | (3)                           |
|   | 3,398  | 62                       | (3)                           |

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 (Loss) / gain arising from fair value changes in financial liabilities

|                                    | <b>Current<br/>quarter<br/>loss<br/>RM'000</b> | <b>Year to<br/>date gain<br/>RM'000</b> |
|------------------------------------|--|---|
| Foreign currency forward contracts | (3)  | 11                                      |

#### B10 Changes in material litigation

As at 14 November 2019, there was no material litigation against the Group.

#### B11 Dividend payable

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

# PANSAR BERHAD (Company No. 18904-M)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 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 |            |
|--|---------------|------------|--------------|------------|
|  | 30.09.2019    | 30.09.2018 | 30.09.2019   | 30.09.2018 |
|  | RM'000        | RM'000     | RM'000       | RM'000     |
| Profit for the period attributable to the owners of the Company (RM'000)           | 3,601         | 1,251      | 5,040        | 3,630      |
| Weight average number of ordinary shares in issue ('000) *                         | 457,977       | 460,679    | 457,977      | 461,336    |
| Basic earnings per share based on weighted average number of shares in issue (sen) | 0.79          | 0.27       | 1.10         | 0.79       |

\* 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 September 2019.

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

Net assets per share ("NAPS") as at 30 September 2019 stood at RM0.38, a decrease of 33.3% 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 2ND QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 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 |            |
|--|---------------|------------|--------------|------------|
|  | 30.09.2019    | 30.09.2018 | 30.09.2019   | 30.09.2018 |
|  | RM'000        | RM'000     | RM'000       | RM'000     |
| Allowance for slow-moving inventories                          | 43            | 11         | 43           | 66         |
| Allowance for slow-moving inventories no longer required       | (38)          | (9)        | (204)        | (60)       |
| Bad debts written off  | 12            | 1          | 12           | 1          |
| Collective impairment losses on receivables                    | (13)          | 490        | 37           | 919        |
| Collective impairment losses on receivables no longer required | -             | (85)       | -            | (356)      |
| Depreciation and amortisation                                  | 480           | 450        | 979          | 875        |
| Individual impairment losses on receivables                    | 2,472         | 83         | 3,304        | 83         |
| Individual impairment losses on receivables no longer required | (2,137)       | (645)      | (3,314)      | (1,167)    |
| Interest expense   | 192           | 314        | 492          | 699        |
| Interest income  | (237)         | (237)      | (627)        | (532)      |
| (Gain)/loss on forward foreign currency contracts              | -             | 2          | (1)          | 8          |
| (Gain)/loss on disposal of property, plant and equipment       | 2             | (76)       | 2            | (85)       |
| Realised (gain)/loss on foreign exchange                       | (204)         | 117        | (260)        | (49)       |
| Realised loss on derivatives                                   | -             | -          | 49           | 79         |
| Unrealised (gain)/loss on foreign exchange                     | (71)          | (38)       | 35           | 45         |
| Unrealised (gain)/loss on derivatives                          | (10)          | 25         | (11)         | (34)       |