

PANSAR BERHAD (Company No. 18904-M)

INTERIM FINANCIAL STATEMENTS
FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2020

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PANSAR BERHAD (Company No. 18904-M)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.03.2020 RM'000	Preceding year corresponding quarter 31.03.2019 RM'000	Current year to date 31.03.2020 RM'000	Preceding year corresponding year to date 31.03.2019 RM'000
Revenue	79,474	84,817	338,681	367,983
Cost of sales	(67,573)	(74,162)	(288,773)	(321,487)
Gross profit	11,901	10,655	49,908	46,496
Other income	5,717	6,552	13,453	10,689
Selling and distribution expenses	(2,407)	(2,628)	(9,826)	(10,141)
Administrative expenses	(8,154)	(8,632)	(32,505)	(32,602)
Other operating expenses	(7,143)	(1,724)	(11,380)	(3,431)
Finance costs	(993)	(261)	(1,686)	(1,352)
Share of results in an associate	544	160	2,001	697
(Loss)/profit before taxation	(535)	4,122	9,965	10,356
Income tax expense	7	(722)	(2,617)	(2,427)
(Loss)/profit after taxation	(528)	3,400	7,348	7,929
Other comprehensive income				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Cash flow hedge	166	(243)	69	79
Foreign currency translation	20	(164)	190	366
Share of foreign currency translation differences of an associate	-	-	-	(49)
Total other comprehensive income	186	(407)	259	396
Total comprehensive income for the period	(342)	2,993	7,607	8,325
(Loss)/profit after taxation attributable to owners of the Company	(528)	3,400	7,348	7,929
Total comprehensive income attributable to owners of the Company	(342)	2,993	7,607	8,325
Weighted average number of shares in issue ('000)	457,977	457,977	457,977	459,661
Earnings per ordinary share (sen):-				
-Basic	(0.12)	0.74	1.60	1.72
-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 31 MARCH 2020

	31.03.2020	31.03.2019
	RM'000	RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Investment in an associate	16,780	14,779
Property, plant and equipment	4,908	5,759
Right-of-use assets	10,979	-
Investment properties	14,961	8,859
Intangible assets	294	269
Deferred tax assets	4,537	3,080
Goodwill	54	54
	<hr/>	<hr/>
	52,513	32,800
	<hr/>	<hr/>
Current assets		
Inventories	43,306	50,517
Trade and other receivables	119,990	124,978
Short term investments	5,018	-
Derivative assets	156	251
Current tax assets	96	4,260
Deposits, cash and bank balances	41,990	42,705
	<hr/>	<hr/>
	210,556	222,711
	<hr/>	<hr/>
TOTAL ASSETS	263,069	255,511
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PANSAR BERHAD (Company No. 18904-M)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D) AT 31 MARCH 2020

	31.03.2020	31.03.2019
	RM'000	RM'000
	(Unaudited)	(Audited)
EQUITY AND LIABILITIES		
Equity		
Share capital	151,956	151,956
Treasury shares	(2,313)	(2,313)
Reserves	28,116	25,089
Total equity attributable to owners of the Company	177,759	174,732
Non-current liabilities		
Lease liabilities	8,607	-
	8,607	-
Current liabilities		
Lease liabilities	2,727	-
Trade and other payables	56,895	54,322
Derivative liabilities	-	14
Bank borrowings:-		
- bank overdrafts	6,156	14,065
- other borrowings	7,700	10,000
Provision for employee benefits	2,304	2,366
Current tax liabilities	921	12
Total liabilities	76,703	80,779
TOTAL EQUITY AND LIABILITIES	263,069	255,511
Net assets per ordinary share (RM)	0.39	0.57

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 31 MARCH 2020

12-month period ended 31.03.2020	< ----- Non-distributable ----- >					<-Distributable->	
	Share Capital RM'000	Treasury Shares RM'000	Reverse acquisition reserve RM'000	Foreign exchange translation reserve RM'000	Cash flow hedge reserve RM'000	Retained profits RM'000	Total equity RM'000
Balance at 01.04.2019	151,956	(2,313)	(116,732)	4,496	93	137,232	174,732
Profit after taxation for the period	-	-	-	-	-	7,348	7,348
Other comprehensive income for the period, net of tax:-							
- Foreign currency translation	-	-	-	190	-	-	190
- Cash flow hedge	-	-	-	-	69	-	69
- Share of foreign currency translation differences of an associate	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	190	69	7,348	7,607
Contributions by and distributions to owners of the Company:-							
- Dividends	-	-	-	-	-	(4,580)	(4,580)
Balance at 31.03.2020	151,956	(2,313)	(116,732)	4,686	162	140,000	177,759

12-month period ended 31.03.2019	< ----- Non-distributable ----- >					<-Distributable->	
	Share Capital RM'000	Treasury Shares RM'000	Reverse acquisition reserve RM'000	Foreign exchange translation reserve RM'000	Cash flow hedge reserve RM'000	Retained profits RM'000	Total equity RM'000
Balance at 01.04.2018	151,956	-	(116,732)	4,179	14	133,919	173,336
Treasury shares	-	(2,313)	-	-	-	-	(2,313)
Profit after taxation for the period	-	-	-	-	-	7,929	7,929
Other comprehensive income for the period, net of tax:-							
- Foreign currency translation	-	-	-	366	-	-	366
- Cash flow hedge	-	-	-	-	79	-	79
- Share of foreign currency translation differences of an associate	-	-	-	(49)	-	-	(49)
Total comprehensive income for the period	-	(2,313)	-	317	79	7,929	6,012
Contributions by and distributions to owners of the Company:-							
- Dividends	-	-	-	-	-	(4,616)	(4,616)
Balance at 31.03.2019	151,956	(2,313)	(116,732)	4,496	93	137,232	174,732

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 31 MARCH 2020

	Current year to date 31.03.2020 RM'000	Preceding year corresponding period 31.03.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,965	10,356
Adjustments for:-		
Allowance for impairment losses on receivables	9,217	3,001
Allowance for impairment losses on receivables no longer required	(6,946)	(6,434)
Allowance for impairment losses on investment properties	-	185
Allowance for slow-moving inventories	2,151	194
Allowance for slow-moving inventories no longer required	(189)	(145)
Impairment loss on investment in associate no longer required	-	(1,000)
Amortisation of intangible assets	6	6
Bad debts written off	12	50
Depreciation of property, plant and equipment	1,667	1,647
Depreciation of investment properties	349	154
Depreciation of right-of-use assets	2,829	-
Fair value loss on derivatives	30	30
Fair value loss on short-term investments	8	-
Loss/(Gain) on disposal of property, plant and equipment	55	(126)
Interest expense on lease liabilities	843	-
Interest expense	843	1,351
Interest income	(2,055)	(1,185)
Provision for employee benefits	828	2,186
Share of results in an associate	(2,001)	(697)
Unrealised loss/(gain) on foreign exchange	303	(5)
Operating profit before working capital changes	17,915	9,568
Decrease/(Increase) in inventories	5,271	(16,453)
Decrease in trade and other receivables	1,789	34,398
Increase/(Decrease) in trade and other payables	4,062	(9,913)
Employee benefits paid	(892)	(1,421)
CASH FROM OPERATING ACTIVITIES / BALANCE CARRIED FORWARD	28,145	16,179

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 31 MARCH 2020

	Current year to date 31.03.2020 RM'000	Preceding year Corresponding Period 31.03.2019 RM'000
CASH FROM OPERATING ACTIVITIES / BALANCE CARRIED FORWARD	28,145	16,179
Interest paid	(843)	(1,351)
Interest received	1,374	1,146
Income tax paid	(3,479)	(4,318)
Income tax refunded	4,492	370
NET CASH FROM OPERATING ACTIVITIES	29,689	12,026
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	16	304
Purchase of money market fund	(5,025)	-
Purchase of property, plant and equipment	(884)	(3,078)
Purchase of intangible assets	(29)	-
Purchase of investment properties	(6,450)	(1,768)
Uplift of fixed deposits with licensed banks	22,260	16,875
NET CASH FROM INVESTING ACTIVITIES	9,888	12,333
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividend paid	(4,580)	(4,616)
Net of repayment of bankers' acceptance	(300)	-
Net of repayment of revolving credit	(2,000)	(2,000)
Purchase of treasury shares	-	(2,313)
Repayment of lease liabilities	(3,317)	-
NET CASH FOR FINANCING ACTIVITIES	(10,197)	(8,929)

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 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2020

	Current year to date 31.03.2020 RM'000	Preceding year Corresponding Period 31.03.2019 RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	29,380	15,430
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	73	96
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	6,381	(9,146)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	35,834	6,380
CASH AND CASH EQUIVALENTS COMPRISE:-		
Cash and bank balances	41,730	14,417
Fixed deposits with licensed banks	260	28,288
Bank overdrafts	(6,156)	(14,065)
	35,834	28,640
Less: Fixed deposits with tenure more than 3 months	-	(22,260)
	35,834	6,380

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 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2020

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*

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 Leases and its related interpretation.

The standard includes two recognition exemptions for lessees-leases of ‘low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use assets.

Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today’s accounting under MFRS 117. Lessor will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The Group has applied MFRS 16 using the modified retrospective approach where no restatement to prior year comparative information is required. The cumulative effect of the initial adoption of MFRS 16 is recognised as an opening balance adjustment to right-of-use assets and lease liabilities as follow:

As at 1 April 2019	RM’000
Non-current assets	
Right-of-use assets	<u>13,806</u>
Non-current liabilities	
Lease Liabilities	<u>11,331</u>
Current liabilities	
Lease Liabilities	<u>2,475</u>

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2020

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

A2 Comments about seasonality or cyclical nature of operations

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

A3 Unusual items due to their nature, size and incidence

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

A4 Changes in estimates

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

A5 Debt and equity securities

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

A6 Dividend paid

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

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2020

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

A7 Segmental information

The following is an analysis of the Group's revenue and results by reportable segments:-

(a) Business segments

	Marine & Industrial RM'000	Building Products RM'000	Agro Engineering RM'000	Electrical & Office Automation RM'000	Heavy Equipment RM'000	Mechanical & Electrical RM'000	Year to 31.03.2020 RM'000
Revenue							
External revenue	107,793	115,776	24,947	20,863	13,109	56,193	338,681
Inter-segment revenue	94	184	-	204	9,398	4	9,884
	107,887	115,960	24,947	21,067	22,507	56,197	348,565
Adjustments and eliminations							(9,884)
Consolidated revenue							338,681
Results							
Segment results	20,296	7,339	1,180	879	282	302	30,278
Adjustments and eliminations	-	-	-	-	380	1,567	1,947
	20,296	7,339	1,180	879	662	1,869	32,225
Share of results in an associate							2,001
Unallocated income							1,765
Unallocated expenses							(26,026)
Consolidated profit before taxation							9,965
Assets							
Segment assets	48,282	46,194	15,371	9,880	11,959	49,685	181,371
Investment in an associate							16,780
Goodwill							54
Unallocated assets							60,327
Deferred tax assets							4,537
Consolidated total assets							263,069

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2020

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

A7 Segmental information (cont'd)

(a) Business segments (cont'd)

	Marine & Industrial RM'000	Building Products RM'000	Agro Engineering RM'000	Electrical & Office Automation RM'000	Heavy Equipment RM'000	Mechanical & Electrical RM'000	Year to 31.03.2019 RM'000
Revenue							
External revenue	81,540	145,512	29,993	25,325	16,338	69,275	367,983
Inter-segment revenue	74	199	-	706	21,444	4	22,427
	81,614	145,711	29,993	26,031	37,782	69,279	390,410
Adjustments and eliminations							(22,427)
Consolidated revenue							367,983
Results							
Segment results	13,772	8,934	2,235	656	2,326	4,574	32,497
Adjustments and eliminations	-	-	-	-	-	2,388	2,388
	13,772	8,934	2,235	656	2,326	6,962	34,885
Share of results in an associate							697
Unallocated income							2,376
Unallocated expenses							(27,602)
Consolidated profit before taxation							10,356
Assets							
Segment assets	43,169	50,755	18,755	11,065	13,140	60,528	197,412
Investment in an associate							14,779
Goodwill							54
Unallocated assets							40,186
Deferred tax assets							3,080
Consolidated total assets							255,511

(b) Geographical segments

	Year to date	
	31.03.2020 RM'000	31.03.2019 RM'000
Total revenue from external customers		
- Malaysia	325,224	356,026
- Singapore	13,457	11,957
	338,681	367,983

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2020

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

A8 Property, plant and equipment

(a) Acquisition and disposal of property, plant and equipment

There was no material acquisition or disposal of property, plant and equipment since the end of last financial year.

(b) Impairment losses

Neither loss from impairment of property, plant and equipment nor reversal of such impairment losses was recognised since the end of last financial year.

(c) Valuation

As at 31 March 2020, the Group did not have any revalued assets.

A9 Subsequent events

There were no material subsequent events as at 15 June 2020.

A10 Changes in the composition of the Group

There were no changes in the composition of the Group for the period ended 31 March 2020.

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 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2020

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.

Subsequently, the Company had received the Notice of Reduced Assessment (Form JR) dated 28 January 2020, the total sum payable by IRB in respect of the tax settlement is RM2,529,655.14.

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	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Transactions with holding company	576	621	2,309	2,519
Transactions with other related parties	4,971	10,945	27,211	55,129

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2020

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

B1 Review of performance

For financial year ended 31 March 2020, the Group registered total revenue of RM338.7 million, a decrease of 8.0% or RM29.3 million compared to RM368.0 million reported in the previous year.

The Group's net profit attributable to shareholders was RM7.3 million, a decrease of RM0.6 million as compared to RM7.9 million in the previous year. The lower profit was mainly dragged by higher impairment losses on trade receivables and slow moving inventories, partially mitigated by the increase in gross profit as a result of improved margins, higher other operating income as well as the increase in share of profit from associate.

Marine & Industrial Segment

Quarterly results

On a q-o-q comparison, Marine & Industrial segment's revenue increased slightly by 4.2% to RM26.3 million in 4QFY20, with operating profit however down by 15.4% to RM4.3 million dragged largely by lower margins and higher impairment losses on trade receivables.

Financial year-to-date

Revenue for FY2020 came in higher at RM107.8 million, up RM26.3 million or 32.2% as compared to a year ago. This segment remained the second largest contributor to the Group's revenue, accounting for 31.8% in FY20.

The segment's operating profit increased by a whopping 47.4% to RM20.3 million year-on-year, attributable to strong revenue growth driven by higher marine engine sales, higher purchase incentive as well as higher write back of allowance for impairment losses on trade receivables in the current year under review.

Building products Segment

Quarterly results

Building Products segment achieved revenue and operating profit for the current quarter of RM23.4 million and RM0.8 million respectively. This represents a 27.1% and 55.7% decrease in revenue and operating profit respectively over the previous corresponding quarter. The lower performance was affected largely by lower sales from roofing and building structural products.

Financial year-to-date

Building Products segment remained our largest revenue driver, constituting 34.2% of our Group's revenue. The segment's revenue fell sharply by RM29.7 million from RM145.5 million in FY2019 to RM115.8 million in FY2020, dragged by weaker sales largely from roofing and building structural products.

The segment saw its operating profit for financial year ended 31 March 2020 fall 17.9% to RM7.3 million from RM8.9 million a year ago.

Agro Engineering Segment

Quarterly results

Agro Engineering segment's operating profit for its 4QFY20 fell 97.1% to RM5K from RM0.2 million in 4QFY19, weighed down by lower revenue which decreased by 12.4% to RM5.2 million from RM6.0 million in the previous corresponding quarter.

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2020

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

On a year-on-year comparison, Agro Engineering segment's revenue decreased by 16.8% to RM24.9 million in FY2020, with operating profit also fell by 47.2% to RM1.2 million.

Earnings was dragged by weaker sales coupled with higher doubtful debts provision in the current financial year.

Electrical & Office Automation Segment

Quarterly results

For 4QFY20, Electrical & Office Automation segment posted operating profit of RM48K on lower revenue which decreased by 17.2% due largely to lower sales from air conditioning and lighting products.

Financial year-to-date

For the current financial year, Electrical & Office Automation segment registered a 17.6% decrease in revenue y-o-y attributed mainly to lower sales volume from air conditioning and lighting products.

Operating profit however for the year under review increased by RM0.2 million to RM0.9 million when compared to previous year due mainly to higher write back of impairment losses on trade receivables.

Heavy Equipment Segment

Quarterly results

Heavy Equipment segment achieved revenue and operating profit for the current quarter of RM3.9 million and RM0.2 million respectively. This represents 77.2% and 151.2% increase in revenue and operating profit respectively over the previous corresponding quarter.

Financial year-to-date

Revenue on a y-o-y basis eased 19.8% to RM13.1 million on the back of lower sales mainly from backhoe loaders, excavators and telescopic handlers.

Segment profit for YTD 4QFY20 of RM0.7 million was also down by 71.0% compared to RM2.3 million a year ago.

Mechanical & Electrical Segment

Quarterly results

For the quarter under review, Mechanical & Electrical segment reported an operating loss of RM0.9 million on the back of revenue that increased 16.3% to RM16.1 million.

Despite registering better margins on a few completed projects as well as higher work progress from the group's various on-going projects, the segment's result was dragged down by higher doubtful debts provision and a provision for impairment of inventory during the current quarter.

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2020

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.

Despite registering an overall better margins for the financial year, the segment profit dipped 73.2% to RM1.9 million as compared to RM7.0 million a year earlier, caused mainly by higher debts provision and a provision for impairment of inventory.

B2 Material changes in profit before tax for the quarter

For the current quarter under review, the Group recorded quarterly loss of RM0.5 million on the back of revenue of RM79.5 million as compared to profit before tax of RM3.8 million and revenue of RM89.5 million in the immediate preceding quarter.

Against the immediate preceding quarter, the lower performance in the current quarter was largely attributed to the decrease in gross profit coupled with higher impairment losses on trade receivables as well as slow moving inventories.

B3 Commentary on prospects

The Malaysian economy registered only 0.7% growth in Q1 2020, continuing its downward trend. The effect of COVID-19 and the MCO are still being felt. Palm oil and oil prices have improved, although price stability is still uncertain. Our sales are supported by project deliverables. As the current quarter was largely impacted by the MCO, results are expected to be muted. However the company remains stable despite the challenging external environment.

B4 Profit forecast and profit guarantee

Not applicable as no profit forecast was announced.

B5 Income tax expense

	Quarter ended		Year to date	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Income tax:-				
- Malaysian tax	1,170	(150)	4,046	2,273
- Foreign tax	-	(1)	7	8
	1,170	(151)	4,053	2,281
(Over)/under provision in the previous financial year:-				
- Malaysian tax	-	-	8	(13)
- Foreign tax	(1)	-	(1)	(7)
	1,169	(151)	4,060	2,261
Deferred tax:-				
- Origination and reversal of temporary differences	(1,176)	1,085	(1,443)	378
- Over provision in the previous financial year	-	(212)	-	(212)
	(1,176)	873	(1,443)	166
	(7)	722	2,617	2,427

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2020

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

B6 Corporate proposals

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. The acquisition of Property is pending completion. Please refer to announcement dated 9 August 2019 for further details.

Proposed Listing of an Associated Company

The Board of Directors of the Company, had on 28 June 2019, announced that Reservoir Link Sdn Bhd (“RLSB”), a 20% owned associated company of Pansar, is proposing to list on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”), via a special purpose vehicle, Reservoir Link Energy Bhd (“RLEB”).

Please refer to announcements dated 28 June 2019 and 27 March 2020 for further details.

The status of proposed listing is still ongoing as at 15 June 2020.

B7 Short-term borrowings

The Group’s borrowings as at 31 March 2020 were as follows:-

	RM’000
Bank overdrafts, secured	-
Bank overdrafts, unsecured	6,156
Bankers’ acceptance, unsecured	4,700
Revolving credit, secured	2,000
Revolving credit, unsecured	1,000
	<hr/>
	13,856
	<hr/>

B8 Derivative financial instruments

The outstanding foreign currency forward contracts as at 31 March 2020 were as follows:-

	Contract / notional amount RM’000	Assets RM’000	Liabilities RM’000
<u>Derivative not designated as hedging instruments:-</u>			
Forward foreign currency contracts			
- Less than 1 year	1,512	18	-
<u>Derivative designated as hedging instruments:-</u>			
Forward foreign currency contracts			
- Less than 1 year	4,240	138	-
	<hr/>	<hr/>	<hr/>
	5,752	156	-
	<hr/>	<hr/>	<hr/>

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2020

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

B8 Derivative financial instruments (Cont'd)

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

	Current quarter (loss)/gain RM'000	Year to date gain RM'000
Foreign currency forward contracts	-	14

B10 Changes in material litigation

As at 15 June 2020, there was no material litigation against the Group.

B11 Dividend payable

No interim dividend has been declared for the financial period ended 31 March 2020.

B12 Earnings per share

(a) Basic earnings per share

	Quarter ended		Year to date	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit for the period attributable to the owners of the Company (RM'000)	(528)	3,400	7,348	7,929
Weight average number of ordinary shares in issue ('000) *	457,977	457,977	457,977	459,661
Basic earnings per share based on weighted average number of shares in issue (sen)	(0.12)	0.74	1.60	1.72

* 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.

PANSAR BERHAD (Company No. 18904-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND YEAR TO DATE ENDED 31 MARCH 2020

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

B12 Earnings per share (Cont'd)

(b) Diluted earnings per share

Not applicable as at 31 March 2020.

B13 Net assets per share attributable to owners of the Company

Net assets per share (“NAPS”) as at 31 March 2020 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.

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.

B15 Profit for the year

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

	Quarter ended		Year to date	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Allowance for slow-moving inventories	1,758	75	2,151	194
Allowance for slow-moving inventories no longer required	21	10	(189)	(145)
Allowance for impairment losses on investment properties	-	185	-	185
Bad debts written off	-	49	12	50
Collective impairment losses on receivables	34	(1,049)	93	66
Collective impairment losses on receivables no longer required	-	401	-	-
Depreciation and amortisation	3,413	468	4,851	1,807
Fair value loss on short-term investments	8	-	8	-
Impairment loss on investment in associate no longer required	-	(1,000)	-	(1,000)
Individual impairment losses on receivables	5,352	2,463	9,124	2,935
Individual impairment losses on receivables no longer required	(2,605)	(4,950)	(6,946)	(6,434)
Interest expense on lease liabilities	843	-	843	-
Interest expense	150	261	843	1,351
Interest income	(365)	(361)	(2,055)	(1,185)
(Gain)/loss on forward foreign currency contracts	(50)	4	(58)	14
Loss/(gain) on disposal of property, plant and equipment	51	(68)	55	(126)
Provision for employee benefits no longer required	(1,252)	(179)	(1,475)	(179)
Realised gain on foreign exchange	(547)	(429)	(992)	(602)
Realised loss on derivatives	-	-	49	79
Unrealised loss/(gain) on foreign exchange	411	(76)	303	(5)
Unrealised gain on derivatives	(15)	(10)	(19)	(49)