

# Panasonic

## Panasonic Manufacturing Malaysia Berhad (6100-K) (Incorporated in Malaysia)

### Condensed Combined Income Statements for the 4th Quarter and Financial Year Ended 31 March 2008

	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	4th Quarter ended		Year ended	
	31.03.2008 (RM'000)	31.03.2007 (RM'000)	31.03.2008 (RM'000)	31.03.2007 (RM'000)
Revenue	126,471	116,416	562,490	541,115
Operating expenses	(124,670)	(109,308)	(532,822)	(515,338)
Other operating income	7,120	4,789	28,765	27,373
Profit from operations	8,921	11,897	58,433	53,150
Finance costs	-	-	-	-
Share of results of associated company (net of tax)	3,568	2,694	6,490	4,406
Profit before taxation	12,489	14,591	64,923	57,556
Taxation	(684)	(1,861)	(12,293)	(10,967)
Profit after taxation	11,805	12,730	52,630	46,589
Profit after tax for the period	<u>11,805</u>	<u>12,730</u>	<u>52,630</u>	<u>46,589</u>
<u>Attributable to:</u>				
Equity holders	11,805	12,730	52,630	46,589
	<u>11,805</u>	<u>12,730</u>	<u>52,630</u>	<u>46,589</u>
<u>Earnings per share (EPS)</u> <u>attributable to equity holders:</u>				
Basic (sen)	<u>19</u>	<u>21</u>	<u>87</u>	<u>77</u>
Diluted (sen)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(The Condensed Combined Income Statements should be read in conjunction with the Annual Audited Financial Statements of the Company for the financial year ended 31 March 2007)

**Condensed Balance Sheet as at 31 March 2008**

	(Unaudited)	(Unaudited) (Restated)
	As at Year Ended 31.03.2008 (RM'000)	As at Preceding Financial Year End 31.03.2007 (RM'000)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	47,243	44,092 *
Prepaid lease payments	6,705	6,781 *
Interest in associated company	113,703	109,551
Other Investments	-	1,952
Deferred Income tax assets	12,521	15,792
	<b>180,172</b>	<b>178,168</b>
<b>Current assets</b>		
Inventories	12,352	17,017
Trade and other receivables	48,120	32,222
Tax recoverable	1,144	-
<u>Cash and cash equivalents</u>		
Placement of funds with related company	460,062	489,615
Deposits with a licensed bank	257	575
Cash and bank balances	192	649
	<b>522,127</b>	<b>540,078</b>
Non-current assets held for sales	-	18,039
<b>Total assets</b>	<b>702,299</b>	<b>736,285</b>
<b>EQUITY</b>		
Share capital	60,746	60,746
Retained earnings	544,186	561,414
Total equity	<b>604,932</b>	<b>622,160</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Provision for other liabilities and charges	6,420	13,685
	<b>6,420</b>	<b>13,685</b>
<b>Current liabilities</b>		
Trade and other payables	72,042	81,382
Taxation	-	727
Provision for other liabilities and charges	18,905	18,331
	<b>90,947</b>	<b>100,440</b>
Total liabilities	<b>97,367</b>	<b>114,125</b>
Total equity and liabilities	<b>702,299</b>	<b>736,285</b>
Net assets per share (RM)	<b>9.96</b>	<b>10.24</b>

(The Condensed Balance Sheet should be read in conjunction with the Annual Audited Financial Statements of the Company for the financial year ended 31 March 2007)

\* The reclassification of leasehold land to prepaid lease payments has been accounted for retrospectively.

**Condensed Combined Statement of Changes In Equity for the Financial Year Ended 31 March 2008**

	(Unaudited)	(Unaudited)	(Unaudited)
	Attributable to equity holders		
	Share Capital Issued and fully paid ordinary shares of RM1.00 each	Distributable Retained Profits	Total Equity
	(RM'000)	(RM'000)	(RM'000)
<b><u>Financial Year Ended 31 March 2007</u></b>			
At 1 April 2006 (Restated)	60,746	584,683	645,429
Profit after taxation	-	46,589	46,589
Dividends:			
- Final dividend for the financial year ended 31 March 2006	-	(21,261)	(21,261)
- Special dividend for the financial year ended 31 March 2006	-	(39,485)	(39,485)
- Interim dividend for the financial year ended 31 March 2007	-	(9,112)	(9,112)
At 31 March 2007	60,746	561,414	622,160
<b><u>Financial Year Ended 31 March 2008</u></b>			
At 1 April 2007	60,746	561,414	622,160
Profit after taxation	-	52,630	52,630
Dividends:			
- Final dividend for the financial year ended 31 March 2007	-	(21,261)	(21,261)
- Special dividend for the financial year ended 31 March 2007	-	(39,485)	(39,485)
- Interim dividend for the financial year ended 31 March 2008	-	(9,112)	(9,112)
At 31 March 2008	60,746	544,186	604,932

(The Condensed Combined Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements of the Company for the financial year ended 31 March 2007)

**Condensed Cash Flow Statement for the 4th Quarter Ended 31 March 2008**

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>Year ended 31.03.2008 (RM'000)</b>	<b>Year ended 31.03.2007 (RM'000)</b>
<b>Profit after taxation</b>	52,630	46,589
<b>Adjustments for:</b>		
Non Cash Flow Items	7,037	(10,595)
Share of results of associated company	(6,490)	(4,406)
<b>Operating profit / (loss) before working capital changes</b>	<b>53,177</b>	<b>31,588</b>
<b>Changes in working capital</b>		
Net (increase) / decrease in current assets	(10,973)	12,097
Net (decrease) / increase in current liabilities	(9,340)	6,720
<b>Cash generated from operations</b>	<b>32,864</b>	<b>50,405</b>
Other operating activities	(17,277)	(13,641)
<b>Net cash flow from operating activities</b>	<b>15,587</b>	<b>36,764</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(17,900)	(15,788)
Proceeds from disposal of property, plant and equipment	118	468
Proceeds from disposal of non-current assets held for sales	21,500	-
Interest received	17,536	18,405
Dividends received (net)	2,338	5,058
Proceeds from other investments	351	299
<b>Net cash flow from investing activities</b>	<b>23,943</b>	<b>8,442</b>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividends paid	(69,858)	(69,858)
<b>Net cash flow from financing activity</b>	<b>(69,858)</b>	<b>(69,858)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(30,328)</b>	<b>(24,652)</b>
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR</b>	<b>490,839</b>	<b>515,491</b>
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR</b>	<b>460,511</b>	<b>490,839</b>

(The Condensed Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statements of the Company for the financial year ended 31 March 2007)

# Panasonic

## Panasonic Manufacturing Malaysia Berhad (6100-K)

(Incorporated in Malaysia)

### Notes to the Interim Financial Statements for the Financial Year ended 31 March 2008

#### Note 1: Accounting Policies and Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the Financial Reporting Standards ("FRS") 134: Interim Financial Reporting and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Company's audited statutory financial statements for the financial year ended 31 March 2007.

The accounting policies and methods of computation for the interim financial statements are consistent with the annual audited financial statements of the Company for the financial year ended 31 March 2007 except for the change in accounting policy arising from the adoption of the following new or revised FRSs:

FRS 117	Leases
FRS 124	Related Party Disclosures

The adoption of FRS 124 will not have a significant financial impact on the Company. The principal effect of the change in accounting policy resulting from the adoption of the FRS 117 with effect from 1 April 2007 is explained below:-

#### FRS 117: Leases

Prior to 1 April 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Whilst previously classified as part of property, plant and equipment, leasehold land held for own use is now classified as an operating lease and the up-front payment represents prepaid lease payments and is amortized on a straight-line basis over the lease term.

The Company has applied the change in accounting policy in respect of leasehold land held for own use in accordance with the transitional provisions of FRS 117. As at 1 April 2007, the unamortized amount of leasehold land is retained as the carrying amount of prepaid lease payments as allowed by transitional provisions. The reclassification of leasehold land as prepaid lease payments has also been accounted for retrospectively.

Leasehold buildings held for own use remain classified in property, plant and equipment as they are finance leases, where substantially all the risks and rewards incidental to their ownership is transferred to the Company. The leasehold buildings continue to be depreciated on a straight line basis, in accordance with the requirements of FRS 116 Property, Plant and Equipment.

#### Comparatives

The following comparative amounts have been restated due to the adoption of new and revised FRS:

	Restated for the Financial Year ended 31.03.2007 (RM'000)	Financial Year Ended 31.03.2007 (RM'000)
Property, plant and equipment	44,092	50,873
Prepaid lease payments	6,781	-
Total	50,873	50,873

**Note 2. Disclosure of Audit Report Qualification**

The audit report of the Company's annual financial statements for the financial year ended 31 March 2007 was not qualified.

**Note 3. Seasonality or Cyclicity of Interim Operations**

The Company's business operations were not materially affected by any seasonal or cyclical factors since the last balance sheet date.

The Company's products are generally dependent on consumer demand both in the domestic and export market.

**Note 4. Unusual Item**

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

**Note 5. Changes in Estimates of Amounts Reported in Prior Interim Periods for the Current Financial Year or in Prior Financial Years**

There were no major changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in the prior financial year, which give a material effect in the current interim period.

**Note 6. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities**

There were no issuances and repayment of debt securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares since the last balance sheet date.

**Note 7. Dividends Paid**

The amount of dividends paid or declared by the Company since 31 March 2007 were as follows:

	RM'000
(a) In respect of the financial year ended 31 March 2007 as shown in the Directors' report of that financial year:	
Final tax-exempt dividend of 35 sen per share paid on 20 September 2007	21,261
Special tax-exempt dividend of 65 sen per share paid on 20 September 2007	39,485
(b) In respect of the financial year ended 31 March 2008:	
Interim tax-exempt dividend of 15 sen per share paid on 25 January 2008	9,112
	-----
	69,858
	=====

**Note 8. Segmental Reporting**

There is no segmental reporting as the Company is principally involved in the manufacture and sales of electrical home appliances, batteries and related components in one industry segment and operates wholly in Malaysia.

**Note 9. Valuation of Property, Plant and Equipment**

There was no valuation of property, plant and equipment for the period under review.

**Note 10. Significant Post Balance Sheet Events**

There has not arisen in the interval between 31 March 2008 and the date of this announcement, any item, transaction or event of a material or unusual nature in the opinion of the Directors that is likely to affect substantially the result of the operations of the Company for the quarter ended 31 March 2008 in respect of which this announcement is made.

**Note 11. Contingent Liabilities or Contingent Assets**

There were no contingent liabilities or contingent assets since the last financial year ended 31 March 2007.

**Note 12. Cash and Cash Equivalents**

	<b>As at 31.3.2008 (RM'000)</b>	<b>As at 31.3.2007 (RM'000)</b>
Cash and bank balances	192	649
Deposits with a licensed bank	257	575
Placement of funds with a related company	460,062	489,615
Total cash and cash equivalents	460,511	490,839

## **Disclosure Requirements Pursuant to Part A, Appendix 9B of Bursa Malaysia Securities Berhad Listing Requirements**

### **Note 13. Review of Performance**

#### **(a) 4<sup>th</sup> Quarter This Year vs 4<sup>th</sup> Quarter Last Year**

The Company's revenue of RM 126.5 million for the current quarter ended 31 March 2008 was higher by 8.7% or RM 10.1 million compared with the revenue of RM 116.4 million registered in the previous year's corresponding quarter. The increase is mainly contributed by the increase in demand from the Middle East market and higher selling prices for certain export based home appliance products.

Combined profit before tax of RM 12.5 million for the current quarter ended 31 March 2008 has decreased by RM 2.1 million or 14.4% from RM 14.6 million reported in the previous year corresponding quarter. The current quarter's result is affected by further raw material price hike and higher operational cost incurred.

#### **(b) Current Year-to-date vs Last Year-to-date**

The Company's revenue of RM 562.5 million for the financial year ended 31 March 2008 rose by RM 21.4 million or 4.0% compared with RM 541.1 million recorded in the previous year mainly due to higher sales in the domestic sector following increased promotional activities in the local market.

Correspondingly, the Company achieved combined profit before taxation for the year ended 31 March 2008 of RM 64.9 million; RM7.3 million or 12.7% higher than the previous year profit of RM 57.6 million. The increase is mainly attributed to the gain from disposal of land and buildings of the Bangi Plant amounting to RM 3.5 million and the higher share of results from associated company of RM 2.1 million.

### **Note 14. Material Changes in Quarterly Results Compared to Preceding Quarter**

The Company's revenue of RM 126.5 million in the current quarter was lower by 14.5% or RM 21.4 million compared to RM 147.9 million recorded in the preceding quarter as sales in the final quarter is generally lower after the festive season in the last quarter.

Consequently, the combined profit before taxation achieved for the current quarter ended 31 March 2008 was at RM 12.5 million, which was lower by RM 6.0 million or 32.4% compared to the combined profit before taxation of RM 18.5 million reported in the preceding quarter.

### **Note 15. Prospects and Outlook**

The performance of the Company in the next financial year will continue to be affected by major raw materials price hike. To minimise the impact of rising costs and to improve operational profitability, the Company has placed greater emphasis on manufacturing innovation and cost reduction activities.

With these measures in place, the Company expects to record satisfactory performance for the financial year ending 31 March 2009.

### **Note 16. Profit Forecast, Profit Guarantee or Internal Targets**

The Company did not issue or publicly announce or disclose any profit forecasts, profit guarantee or internal targets for the period under review.



**Note 17. Taxation**

	<b>Current Quarter Ended 31.3.2008 (RM'000)</b>	<b>Preceding Year Quarter Ended 31.3.2007 (RM'000)</b>	<b>Current Year Ended 31.3.2008 (RM'000)</b>	<b>Preceding Year Ended 31.3.2007 (RM'000)</b>
Taxation charge:				
- current financial year	(363)	(2,679)	(8,207)	(10,744)
- (under) / over accrual in prior year	(78)	3,057	(815)	3,057
	(441)	378	(9,022)	(7,687)
Deferred Tax:				
- current financial year	292	(2,294)	(2,736)	(3,335)
- (under) / over accrual in prior year	(535)	55	(535)	55
	(684)	(1,861)	(12,293)	(10,967)

The effective tax rate for the fourth quarter and financial year ended 31 March 2008 presented above was lower than statutory income tax rate, mainly due to availability of tax incentives.

**Note 18. Sale of Unquoted Investments and/or Properties**

The Company has on 10 January 2007 entered into a sale and purchase agreement for the disposal of a leasehold land and buildings in Bangi for a total consideration of RM 21.5 million. The disposal was completed during the current financial year and a gain amounting to RM 3.5 million was recognised in the income statement.

**Note 19. Purchase/Disposal of Quoted Securities**

There were no purchases or disposal of quoted securities for the current quarter and financial year under review.

**Note 20. Corporate Proposals**

There were no corporate proposals announced but not completed as at the date of the issuance of this interim financial report.

**Note 21. Borrowings and Debt Securities**

As at the end of the current quarter under review, the Company has neither long term nor short-term borrowings.

**Note 22. Off Balance Sheet Financial Instruments****Foreign Currency Contracts**

Foreign exchange forward contracts are entered into by the Company in currencies other than Ringgit Malaysia for highly probable forecasted transactions to manage the exposure to fluctuations in foreign currency exchange rates.

As at 25 May 2008, the settlement dates on open forward contracts ranged between 1 and 3 months. The foreign currency amounts to be received/paid and contractual exchange rates of the Company's outstanding contracts are as follows:

**Hedged items:**

Currency	Foreign Currency Contract Amount	Equivalent Amount in RM'000	Contractual Rates
<b>(Net future sales of goods over the next 3 months)</b>			
USD	3,400,000	11,074	1 USD = RM3.2570
USD	1,500,000	4,736	1 USD = RM3.1576
<b>(Net future purchases over the next 3 months)</b>			
SGD	289,184	665	1 SGD = RM2.3010
JPY	43,000,000	1,311	100 JPY = RM3.048

Exchange gains and losses arising on contracts entered into as hedges of forecast transactions are deferred until the date of the transactions. All exchange gains and losses relating to hedged instruments are recognised in the income statement in the same period as the exchange differences on the underlying hedged items.

**Note 23. Material Litigation**

There were no material litigations pending the date of this announcement.

**Note 24. Dividends**

(a) In respect of the financial year ended 31 March 2008, a final and a special dividend was proposed by the Directors on 28 May 2008:

- (i) A final dividend of 35 sen per ordinary share of RM1.00, less income tax, payable on 22 September 2008; and
- (ii) A special dividend of 65 sen per ordinary share of RM1.00, less income tax, payable on 22 September 2008.
- (iii) Entitlement to the dividends:

A Depositor shall qualify for entitlement to the dividend only in respect of:

- Shares deposited into the Depositors' Securities Account before 12.30p.m. on 3 September 2008 in respect of securities exempt from mandatory deposit;
- Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 5 September 2008 in respect of transfers; and
- Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

(b) In respect of the financial year ended 31 March 2007, the final and special tax-exempt dividends paid were 100 sen per ordinary share of RM1.00.

(c) Total dividends for the current financial year are:

- (i) Interim tax-exempt dividend of 15 sen per ordinary share of RM1.00 paid on 25 January 2008; and
- (ii) Final and special dividends of 100 sen per ordinary share of RM1.00, less income tax, payable on 22 September 2008.

**Note 25. Earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to the shareholders by weighted average number of ordinary shares in issue as at 31 March 2008 of 60,745,780 shares.

(a) Basic earnings per share

	<b>Year To Date Ended 31.3.2008</b>	<b>Year To Date Ended 31.3.2007</b>
Profit after taxation for the year (RM'000)	52,630	46,589
Weighted average number of ordinary shares in issue ('000)	60,746	60,746
Basic earnings per share (sen)	87	77

(b) Summary of earnings per share

	<b>Basic (sen)</b>	<b>Diluted (sen)</b>
Quarter 1	17	-
Quarter 2	28	-
Quarter 3	23	-
Quarter 4	19	-
Year-to-date	87	-

**Note 26. Commitments For Capital Expenditure**

	<b>As at 31.3.2008 (RM'000)</b>	<b>As at 31.3.2007 (RM'000)</b>
Contracted	3,343	1,040
Not contracted	-	330
Analysed as follows: Property, plant and equipment	3,343	1,370

By Order of the Board

Leong Oi Wah  
Pang Chia Tyng  
Company Secretaries

28 May 2008