

Panasonic

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

Condensed Combined Income Statements for the 1st Quarter Ended 30 June 2008

	(Unaudited)		(Unaudited)	
	Current Quarter ended		Cumulative Quarter ended	
	30.06.2008 (RM'000)	30.06.2007 (RM'000)	30.06.2008 (RM'000)	30.06.2007 (RM'000)
Revenue	156,610	140,974	156,610	140,974
Operating expenses	(149,094)	(134,586)	(149,094)	(134,586)
Other operating income	5,996	6,684	5,996	6,684
Profit from operations	13,512	13,072	13,512	13,072
Finance costs	-	-	-	-
Share of results of associated company (net of tax)	1,330	609	1,330	609
Profit before taxation	14,842	13,681	14,842	13,681
Taxation	(2,951)	(3,381)	(2,951)	(3,381)
Profit after taxation	11,891	10,300	11,891	10,300
Profit after tax for the period	<u>11,891</u>	<u>10,300</u>	<u>11,891</u>	<u>10,300</u>
<u>Attributable to:</u>				
Equity holders	11,891	10,300	11,891	10,300
	<u>11,891</u>	<u>10,300</u>	<u>11,891</u>	<u>10,300</u>
<u>Earnings per share (EPS)</u> <u>attributable to equity holders:</u>				
Basic (sen)	<u>20</u>	<u>17</u>	<u>20</u>	<u>17</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 2008)

Condensed Balance Sheet as at 30 June 2008

	(Unaudited)	(Audited)
	As at Quarter Ended 30.06.2008 (RM'000)	As at Preceding Financial Year End 31.03.2008 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	46,339	47,243
Prepaid lease payments	6,687	6,705
Interest in associated company	115,033	113,703
Deferred Income tax assets	12,359	12,521
	180,418	180,172
Current assets		
Inventories	12,634	12,352
Trade and other receivables	66,380	48,120
Tax recoverable	1,039	1,144
<u>Cash and cash equivalents</u>		
Placement of funds with related company	468,380	460,062
Deposits with a licensed bank	98	257
Cash and bank balances	-	192
	548,531	522,127
Total assets	728,949	702,299
EQUITY		
Share capital	60,746	60,746
Retained earnings	556,077	544,186
Total equity	616,823	604,932
LIABILITIES		
Non-current liabilities		
Provision for other liabilities and charges	5,563	6,420
	5,563	6,420
Current liabilities		
Trade and other payables	86,414	72,042
Provision for other liabilities and charges	20,149	18,905
	106,563	90,947
Total liabilities	112,126	97,367
Total equity and liabilities	728,949	702,299
Net assets per share (RM)	10.15	9.96

(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 2008)

Condensed Combined Statement of Changes In Equity for the 1st Quarter Ended 30 June 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)
<u>Quarter Ended 30 June 2007</u>			
At 1 April 2007	60,746	561,414	622,160
Profit after taxation	-	10,300	10,300
At 30 June 2007	60,746	571,714	632,460
<u>Quarter Ended 30 June 2008</u>			
At 1 April 2008	60,746	544,186	604,932
Profit after taxation	-	11,891	11,891
At 30 June 2008	60,746	556,077	616,823

(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 2008)

Condensed Cash Flow Statement for the 1st Quarter Ended 30 June 2008

	(Unaudited)	(Unaudited)
	Quarter ended 30.06.2008 (RM'000)	Quarter ended 30.06.2007 (RM'000)
Profit after taxation	11,891	10,300
Adjustments for:		
Non-Cash Flow Items	3,400	3,057
Share of results of associated company	(1,330)	(609)
Operating profit / (loss) before working capital changes	13,961	12,748
Changes in working capital		
Net (increase) / decrease in current assets	(18,556)	(29,360)
Net (decrease) / increase in current liabilities	14,372	2,342
Cash generated from operations	9,777	(14,270)
Other operating activities	(2,707)	(4,396)
Net cash flow from operating activities	7,070	(18,666)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,303)	(2,492)
Interest received	4,200	4,489
Proceeds from other investments	-	246
Net cash flow from investing activities	897	2,243
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid	-	-
Net cash flow from financing activity	-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	7,967	(16,423)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD	460,511	490,839
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	468,478	474,416

(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 2008)

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Notes to the Interim Financial Statements for the 1st Quarter ended 30 June 2008

Note 1: Accounting Policies and Basis of Preparation

This interim financial report is unaudited and has been prepared in accordance with the FRS 134 Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the Company's audited statutory financial statements for the financial year ended 31 March 2008. The accounting policies and methods of computation adopted for the interim financial statements are consistent with the annual audited financial statements of the Company for the financial year ended 31 March 2008.

Note 2. Disclosure of Audit Report Qualification

The audit report of the Company's annual financial statements for the financial year ended 31 March 2008 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

There was no dividend declared or paid in the current quarter ended 30 June 2008.

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 30 June 2008 in respect of which this announcement is made.

Note 11. Contingent Liabilities

There were no contingent liabilities since the last financial year ended 31 March 2008.

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

Note 12. Review of Performance

1st Quarter This Year vs 1st Quarter Last Year

The Company's revenue of RM 156.6 million for the current quarter ended 30 June 2008 was higher by 11.1% or RM 15.6 million compared with the revenue of RM 141.0 million registered in the previous year's corresponding quarter with increased sales in both domestic and export markets.

Correspondingly, combined profit before tax of RM 14.8 million for the current quarter ended 30 June 2008 increased by 8.5% or RM 1.1 million from RM 13.7 million reported in the previous year's corresponding quarter.

Note 13. Material Changes in Quarterly Results Compared to Preceding Quarter

The Company's revenue of RM 156.6 million in the current quarter was higher by 23.8% or RM 30.1 million compared to RM 126.5 million recorded in the preceding quarter contributed by higher sales in most product categories.

In line with the higher revenue, the combined profit before taxation achieved for the current quarter ended 30 June 2008 was at RM 14.8 million, which was higher by 18.4% or RM 2.3 million compared to the combined profit before taxation of RM 12.5 million reported in the preceding quarter.

Note 14. Prospects and Outlook

The current business environment is expected to remain competitive amidst pressure of significant increase in prices of raw materials, fuel and electricity tariff coupled with the recent hike in inflation rate to 7.7% in June 2008 as announced by the Government. In view of the challenging condition, the Company will strive to maintain its profitability by gearing up on-going cost reduction activities and implementing various counter-measures to cushion the impact of the unfavorable factors.

Note 15. 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 16. Taxation

	Current Quarter Ended 30.06.2008 (RM'000)	Preceding Year Quarter Ended 30.06.2007 (RM'000)	Current Year Ended 30.06.2008 (RM'000)	Preceding Year Ended 30.06.2007 (RM'000)
Taxation charge: - current financial year	(2,789)	(2,110)	(2,789)	(2,110)
Deferred Tax: - current financial year	(162)	(1,271)	(162)	(1,271)
	(2,951)	(3,381)	(2,951)	(3,381)

The effective tax rate for the first quarter ended 30 June 2008 was lower than statutory income tax rate mainly due to the utilization of reinvestment allowances.

Note 17. Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments or properties for the current quarter under review.

Note 18. Purchase/Disposal of Quoted Securities

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

Note 19. Corporate Proposals

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

Note 20. 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 21. 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 14 August 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
(Net future sales of goods over the next 3 months)			
USD	1,800,000	5,731	USD 1 = RM 3.1840
USD	4,750,000	15,129	USD 1 = RM 3.1850
(Net future purchases over the next 3 months)			
SGD	435,000	1,027	SGD 1 = RM 2.3600
JPY	57,250,000	1,786	JPY 100 = RM 3.1188
EURO	6,796	34	EURO 1 = RM 4.9679

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 22. Material Litigation

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

Note 23. Dividends

- (a) No interim dividends have been declared or recommended for the current quarter ended 30 June 2008 (2007: Nil).
- (b) In respect of the financial year ended 31 March 2008, a final dividend of 35 sen per ordinary share of RM1.00 and a special dividend of 65 sen per ordinary share of RM1.00 less 25% income tax, payable on 22 September 2008 was recommended by the Directors on 28 May 2008 for approval of shareholders at the forthcoming Annual General Meeting.

Note 24. 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 30 June 2008 of 60,745,780 shares.

- (a) Basic earnings per share

	Year To Date Ended 30.06.2008	Year To Date Ended 30.06.2007
Profit after taxation for the period (RM'000)	11,891	10,300
Weighted average number of ordinary shares in issue ('000)	60,746	60,746
Basic earnings per share (sen)	20	17

(b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	20	Not Applicable
Year-to-date	20	Not Applicable

Note 25. Commitments For Capital Expenditure

	As at 30.06.2008 (RM'000)	As at 30.06.2007 (RM'000)
Contracted	2,702	6,793
Not contracted	40	238
	2,742	7,031
Analysed as follows:		
Property, plant and equipment	2,742	7,031

By Order of the Board

Leong Oi Wah
Pang Chia Tyng
Company Secretaries

21 August 2008