

# Panasonic

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

### Condensed Combined Income Statements for the 2nd Quarter Ended 30 September 2008

|   | (Unaudited)                   |                        | (Unaudited)            |                        |
|---|-------------------------------|------------------------|------------------------|------------------------|
|   | 2 <sup>nd</sup> Quarter ended |                        | Year ended             |                        |
|   | 30.09.2008<br>(RM'000)        | 30.09.2007<br>(RM'000) | 30.09.2008<br>(RM'000) | 30.09.2007<br>(RM'000) |
| Revenue   | 169,921                       | 147,122                | 326,531                | 288,096                |
| Operating expenses  | (159,303)                     | (137,099)              | (308,397)              | (271,685)              |
| Other operating income  | 5,495                         | 9,485                  | 11,491                 | 16,169                 |
| Profit from operations  | 16,113                        | 19,508                 | 29,625                 | 32,580                 |
| Finance costs   | -                             | -                      | -                      | -                      |
| Share of results of associated company (net of tax)                 | 1,254                         | 744                    | 2,584                  | 1,353                  |
| Profit before taxation  | 17,367                        | 20,252                 | 32,209                 | 33,933                 |
| Taxation  | (3,826)                       | (3,384)                | (6,777)                | (6,765)                |
| Profit after taxation   | 13,541                        | 16,868                 | 25,432                 | 27,168                 |
| Profit after tax for the period                                     | <u>13,541</u>                 | <u>16,868</u>          | <u>25,432</u>          | <u>27,168</u>          |
| <u>Attributable to:</u>   |                               |                        |                        |                        |
| Equity holders  | 13,541                        | 16,868                 | 25,432                 | 27,168                 |
|   | <u>13,541</u>                 | <u>16,868</u>          | <u>25,432</u>          | <u>27,168</u>          |
| <u>Earnings per share</u><br><u>attributable to equity holders:</u> |                               |                        |                        |                        |
| Basic (sen)   | <u>22</u>                     | <u>28</u>              | <u>42</u>              | <u>45</u>              |
| Diluted (sen)   | -                             | -                      | -                      | -                      |

(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 September 2008**

|   | (Unaudited)                                   | (Audited)   |
|---|---|---|
|   | As at Quarter Ended<br>30.09.2008<br>(RM'000) | As at Preceding<br>Financial Year End<br>31.03.2008<br>(RM'000) |
| <b>ASSETS</b>                               |   |   |
| <b>Non-current assets</b>                   |   |   |
| Property, plant and equipment               | 45,707  | 47,243  |
| Prepaid lease payments                      | 6,668   | 6,705   |
| Interest in associated company              | 114,854                                       | 113,703   |
| Deferred Income tax assets                  | 12,005  | 12,521  |
|   | <b>179,234</b>                                | <b>180,172</b>  |
| <b>Current assets</b>                       |   |   |
| Inventories                                 | 14,244  | 12,352  |
| Trade and other receivables                 | 77,518  | 48,120  |
| Tax recoverable                             | 316   | 1,144   |
| Placement of funds with related company     | 439,844                                       | 460,062   |
| Deposits with a licensed bank               | -   | 257   |
| Cash and bank balances                      | 17  | 192   |
|   | <b>531,939</b>                                | <b>522,127</b>  |
| <b>Total assets</b>                         | <b>711,173</b>                                | <b>702,299</b>  |
| <b>EQUITY</b>                               |   |   |
| Share capital                               | 60,746  | 60,746  |
| Retained earnings                           | 524,059                                       | 544,186   |
| Total equity                                | <b>584,805</b>                                | <b>604,932</b>  |
| <b>LIABILITIES</b>                          |   |   |
| <b>Non-current liabilities</b>              |   |   |
| Provision for other liabilities and charges | 4,480   | 6,420   |
|   | <b>4,480</b>                                  | <b>6,420</b>  |
| <b>Current liabilities</b>                  |   |   |
| Trade and other payables                    | 101,177                                       | 72,042  |
| Provision for other liabilities and charges | 20,150  | 18,905  |
| Short term borrowings                       | 561   | -   |
|   | <b>121,888</b>                                | <b>90,947</b>   |
| <b>Total liabilities</b>                    | <b>126,368</b>                                | <b>97,367</b>   |
| <b>Total equity and liabilities</b>         | <b>711,173</b>                                | <b>702,299</b>  |
| Net assets per share (RM)                   | <b>9.63</b>                                   | <b>9.96</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 2008)

**Condensed Combined Statement of Changes in Equity for the  
Six Months ended 30 September 2008**

|   | (Unaudited)   | (Unaudited)                                       | (Unaudited)                  |
|---|---|---|------------------------------|
|   | Attributable to equity holders  |   |                              |
|   | Share Capital<br>Issued and fully paid<br>ordinary shares of<br>RM1.00 each<br><br>(RM'000) | Distributable<br>Retained Profits<br><br>(RM'000) | Total Equity<br><br>(RM'000) |
| <b><u>Financial Period Ended 30 September 2007</u></b>        |   |   |                              |
| At 1 April 2007   | 60,746  | 561,414   | 622,160                      |
| Profit after taxation   | -   | 27,168  | 27,168                       |
| 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)                     |
| At 30 September 2007  | 60,746  | 527,836   | 588,582                      |
| <b><u>Financial Period Ended 30 September 2008</u></b>        |   |   |                              |
| At 1 April 2008   | 60,746  | 544,186   | 604,932                      |
| Profit after taxation   | -   | 25,432  | 25,432                       |
| Dividends :   |   |   |                              |
| - Final dividend for the financial year ended 31 March 2008   | -   | (15,946)  | (15,946)                     |
| - Special dividend for the financial year ended 31 March 2008 | -   | (29,613)  | (29,613)                     |
| At 30 September 2008  | 60,746  | 524,059   | 584,805                      |

(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 Six Months Ended 30 September 2008**

|   | <b>(Unaudited)</b>  | <b>(Unaudited)</b>  |
|---|---------------------|---------------------|
|   | <b>Period ended</b> | <b>Period ended</b> |
|   | <b>30.09.2008</b>   | <b>30.09.2007</b>   |
|   | <b>(RM'000)</b>     | <b>(RM'000)</b>     |
| <b>Profit after taxation</b>                                    | 25,432              | 27,168              |
| <b>Adjustments for:</b>   |                     |                     |
| Non Cash Flow Items   | 8,446               | (2,377)             |
| Share of results of associated company                          | (2,584)             | (1,353)             |
| <b>Operating profit / (loss) before working capital changes</b> | <b>31,294</b>       | <b>23,438</b>       |
| <b>Changes in working capital</b>                               |                     |                     |
| Net (increase) / decrease in current assets                     | (31,218)            | (26,727)            |
| Net (decrease) / increase in current liabilities                | 29,135              | 5,818               |
| <b>Cash generated from operations</b>                           | <b>29,211</b>       | <b>2,529</b>        |
| Other operating activities                                      | (7,930)             | (7,511)             |
| <b>Net cash flow from operating activities</b>                  | <b>21,281</b>       | <b>(4,982)</b>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                     |                     |
| Purchase of property, plant and equipment                       | (6,760)             | (8,761)             |
| Proceeds from disposal of property, plant and equipment         | -                   | 113                 |
| Proceeds from disposal of non-current assets held for sales     | -                   | 20,416              |
| Interest received   | 8,394               | 9,297               |
| Dividends received (net)  | 1,433               | 1,395               |
| Proceeds from other investments                                 | -                   | 246                 |
| <b>Net cash flow from investing activities</b>                  | <b>3,067</b>        | <b>22,706</b>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITY</b>                       |                     |                     |
| Dividends paid  | (45,559)            | (60,746)            |
| <b>Net cash flow from financing activity</b>                    | <b>(45,559)</b>     | <b>(60,746)</b>     |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                | <b>(21,211)</b>     | <b>(43,022)</b>     |
| <b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD</b>  | <b>460,511</b>      | <b>490,839</b>      |
| <b>CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD</b>        | <b>439,300</b>      | <b>447,817</b>      |
| <u>Cash and cash equivalents comprise:</u>                      |                     |                     |
| Placement of funds with related company                         | 439,844             | 447,109             |
| Deposits with a licensed bank                                   | -                   | 620                 |
| Cash and bank balances  | 17                  | 88                  |
| Bank overdraft  | (561)               | -                   |
|   | <u>439,300</u>      | <u>447,817</u>      |

(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)

# **Panasonic**

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

## **Notes to the Interim Financial Statements for the 2<sup>nd</sup> Quarter ended 30 September 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**

In respect of the financial year ended 31 March 2008, the following dividends were paid on 22 September 2008 to shareholders registered in the Record of Depositors at the close of business on 5 September 2008:

| <u>Final and Special Dividends Paid</u>                                    | RM'000        |
|--|---------------|
| Final dividend (35 sen per ordinary share of RM1.00 less 25% income tax)   | 15,946        |
| Special dividend (65 sen per ordinary share of RM1.00 less 25% income tax) | 29,613        |
| Total  | <u>45,559</u> |

#### **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 September 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**

#### **(a) 2<sup>nd</sup> Quarter This Year vs 2<sup>nd</sup> Quarter Last Year**

The Company's revenue of RM169.9 million for the current quarter ended 30 September 2008 was higher by 15.5% or RM22.8 million compared with the revenue of RM147.1 million registered in the previous year's corresponding quarter with increased sales in domestic sector especially for both ceiling and electrical fans.

The Company's combined profit before tax of RM17.4 million for the current quarter ended 30 September 2008 was lower by 14.2% or RM2.9 million from RM20.3 million reported in the previous year's corresponding quarter. In the second quarter last year, the Company had recognized a gain of RM3.5 million on disposal of property in its profit. If excluded, the profits from operations for the quarter under review indicates an increase by 3.6% or RM0.6 million from the previous year's corresponding quarter.

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

The Company's revenue of RM326.5 million for the six months ended 30 September 2008 increased by RM38.4 million or 13.3% compared with RM288.1 million recorded in the previous year's corresponding period.

The Company's combined profit before taxation for the six months ended 30 September 2008 was RM32.2 million. This was 5.1% or RM1.7 million lower than the combined profit before taxation of RM33.9 million registered in the previous year's corresponding period, mainly due to a gain arising from disposal of property amounting to RM3.5 million recognised in the previous year, offset by the higher shares of results of the associated company in the current financial period ended 30 September 2008.

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

The Company's revenue of RM169.9 million in the current quarter was higher by 8.5% or RM13.3 million compared to RM156.6 million recorded in the preceding quarter.

In line with the higher revenue, the combined profit before taxation achieved for the current quarter ended 30 September 2008 was at RM17.4 million, which was higher by 17.6% or RM2.6 million compared to the combined profit before taxation of RM14.8 million reported in the preceding quarter.

### **Note 14. Prospects and Outlook**

The second half of the current financial year ending 31 March 2009 is expected to be more challenging due to uncertainties arising from the global financial crisis which will dampen consumer spending.

However, the Company will strengthen its competitive edge through continuous productivity and quality improvement activities and will continue to implement cost reduction measures to counter the impact of unfavorable economic factors. Increased collaboration activities with local and overseas sales companies geared towards expanding market share in both domestic and export markets will be made to overcome any decline in market demand.

With these countermeasures in place, the Company is expected to sustain its profitability for the current financial year ending 31 March 2009.

**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**

|                          | <b>Current<br/>Quarter<br/>Ended<br/>30.09.2008<br/>(RM'000)</b> | <b>Preceding Year<br/>Quarter<br/>Ended<br/>30.09.2007<br/>(RM'000)</b> | <b>Current<br/>Year Ended<br/>30.09.2008<br/>(RM'000)</b> | <b>Preceding<br/>Year<br/>Ended<br/>30.09.2007<br/>(RM'000)</b> |
|--------------------------|--|---|---|---|
| Taxation charge:         |  |   |   |   |
| - current financial year | (3,472)  | (2,613)   | (6,261)   | (4,723)   |
| Deferred Tax:            |  |   |   |   |
| - current financial year | (354)  | (771)   | (516)   | (2,042)   |
|                          | (3,826)  | (3,384)   | (6,777)   | (6,765)   |

The effective tax rate for the second quarter ended 30 September 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. Short Term Borrowings**

|                | <b>Current Quarter<br/>Ended 30.09.2008<br/>(RM'000)</b> | <b>Previous Quarter<br/>Ended 30.09.2007<br/>(RM'000)</b> |
|----------------|--|---|
| Bank Overdraft | 561  | -   |



## 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 3 November 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   | 8,200,000                        | 26,843                      | USD 1 = RM 3.2735   |
| <b>(Net future purchases over the next 3 months)</b>      |                                  |                             |                     |
| SGD   | 33,000                           | 79                          | SGD 1 = RM 2.3868   |
| JPY   | 37,000,000                       | 1,135                       | JPY 100 = RM 3.0680 |
| EURO  | 56,200                           | 284                         | EURO 1 = RM 5.0520  |

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. Dividend

(a) An interim dividend of 15 sen per ordinary share of RM1.00 less 25% income tax for the financial year ending 31 March 2009 has been declared by the Directors on 10 November 2008:

- (i) The interim dividend shall be payable on 20 January 2009.
- (ii) Entitlement to the interim dividend:

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

- Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 29 December 2008 in respect of securities exempt from mandatory deposit.
- Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 31 December 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) The interim dividend paid for the previous financial year ended 31 March 2008 amounted to 15 sen per ordinary share of RM 1.00, tax-exempt.
- (c) Total dividend for the current financial year ending 31 March 2009 is interim dividend of 15 sen per ordinary share of RM1.00 less 25% income tax.

#### 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 September 2008 of 60,745,780 shares.

- (a) Basic earnings per share

|  | Year To Date Ended<br>30.09.2008 | Year To Date Ended<br>30.09.2007 |
|--|----------------------------------|----------------------------------|
| Profit after taxation for the period (RM'000)              | 25,432                           | 27,168                           |
| Weighted average number of ordinary shares in issue ('000) | 60,746                           | 60,746                           |
| Basic earnings per share (sen)                             | 42                               | 45                               |

- (b) Summary of earnings per share

|              | Basic (sen) | Diluted (sen)  |
|--------------|-------------|----------------|
| Quarter 1    | 20          | Not Applicable |
| Quarter 2    | 22          | Not Applicable |
| Year-to-date | 42          | Not Applicable |

#### Note 25. Commitments For Capital Expenditure

|                               | As at<br>30.09.2008<br>(RM'000) | As at<br>30.09.2007<br>(RM'000) |
|-------------------------------|---------------------------------|---------------------------------|
| Contracted                    | 2,930                           | 6,082                           |
| Not contracted                | 175                             | 1,069                           |
|                               | <b>3,105</b>                    | <b>7,151</b>                    |
| Analysed as follows:          |                                 |                                 |
| Property, plant and equipment | <b>3,105</b>                    | <b>7,151</b>                    |

By Order of the Board

Leong Oi Wah  
Pang Chia Tyng  
Company Secretaries

10 November 2008