

Panasonic

Panasonic Manufacturing Malaysia Berhad (6100-K)

(Incorporated in Malaysia)

Condensed Combined Entity Statement of Comprehensive Income for the 1st Quarter Ended 30 June 2010

	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Restated)		(Restated)
	1 st Quarter ended		Cumulative period ended	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	205,541	155,931	205,541	155,931
Operating expenses	(188,406)	(145,092)	(188,406)	(145,092)
Other operating income	5,484	2,971	5,484	2,971
Other derivative losses	(2,098)	-	(2,098)	-
Profit from operations	20,521	13,810	20,521	13,810
Share of results of associated company (net of tax)	4,063	1,107	4,063	1,107
Profit before taxation	24,584	14,917	24,584	14,917
Taxation	(5,292)	(3,015)	(5,292)	(3,015)
Profit after taxation for the period	19,292	11,902	19,292	11,902
Other comprehensive income, net of taxation	-	-	-	-
Total Comprehensive Income for the period	19,292	11,902	19,292	11,902
Profit after taxation attributable to equity holders of the Company	19,292	11,902	19,292	11,902
Total Comprehensive Income attributable to equity holders of the Company	19,292	11,902	19,292	11,902
<u>Earnings per share attributable to equity holders:</u>				
Basic and diluted (sen)	32	20	32	20

(The Condensed Combined Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Company for the financial year ended 31 March 2010)

Condensed Combined Entity Statement of Financial Position

	(Unaudited)	(Audited) (Restated)
	As at 30.06.2010 (RM'000)	As at Preceding Financial Year End 31.03.2010 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	59,960	61,749 *
Interest in associated company	125,887	123,882
Deferred income tax assets	14,960	14,749
	200,807	200,380
Current assets		
Inventories	16,974	16,373
Trade and other receivables	76,698	48,846
Placement of funds with related company	485,319	495,918
Cash and bank balances	271	84
	579,262	561,221
Total assets	780,069	761,601
EQUITY		
Share capital	60,746	60,746
Retained earnings	577,904	558,581
Total equity	638,650	619,327
LIABILITIES		
Non-current liabilities		
Provision for other liabilities and charges	2,230	2,473
	2,230	2,473
Current liabilities		
Trade and other payables	117,170	116,375
Provision for Taxation	8,437	7,057
Provision for other liabilities and charges	13,573	16,369
Derivative liabilities	9	-
	139,189	139,801
Total liabilities	141,419	142,274
Total equity and liabilities	780,069	761,601
Net assets per share (RM)	10.51	10.20

(The Condensed Combined Entity Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements of the Company for the financial year ended 31 March 2010)

* The reclassification of leasehold land from prepaid lease payments to Property, Plant and Equipment has been accounted for retrospectively.

**Condensed Combined Entity Statement of Changes in Equity
for the 1st Quarter Ended 30 June 2010**

	(Unaudited)	(Unaudited)	(Unaudited)
	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	(RM'000)	(RM'000)	(RM'000)
<u>Quarter Ended 30 June 2009</u>			
At 1 April 2009	60,746	541,569	602,315
Total Comprehensive Income for the period	-	11,902	11,902
At 30 June 2009	60,746	553,471	614,217
<u>Quarter Ended 30 June 2010</u>			
At 1 April 2010	60,746	558,581	619,327
Effect of adopting FRS 139	-	31	31
At 1 April 2010 (restated)	60,746	558,612	619,358
Total Comprehensive Income for the period	-	19,292	19,292
At 30 June 2010	60,746	577,904	638,650

(The Condensed Combined Entity 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 2010)

**Condensed Combined Entity Cash Flow Statement for the
1st Quarter Ended 30 June 2010**

	(Unaudited) Quarter ended 30.06.2010 (RM'000)	(Unaudited) Quarter ended 30.06.2009 (RM'000)
Profit after taxation	19,292	11,902
Adjustments for:		
Non Cash Flow Items	6,803	3,302
Share of results of associated company	(4,063)	(1,107)
Operating profit / (loss) before working capital changes	22,032	14,097
Changes in working capital		
Net (increase) / decrease in current assets	(28,453)	(23,622)
Net increase in current liabilities	804	13,263
Cash generated from operations	(5,617)	3,738
Other operating activities	(4,745)	(3,685)
Net cash flow from operating activities	(10,362)	53
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,945)	(6,162)
Proceeds from disposal of property, plant and equipment	-	31
Interest received	2,937	2,402
Net cash flow from investing activities	(8)	(3,729)
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid	-	-
Net cash flow from financing activity	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	(10,370)	(3,676)
CURRENCY TRANSLATION DIFFERENCES	(42)	(38)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD	496,002	466,562
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	485,590	462,848
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	485,319	462,680
Cash and bank balances	271	168
	<u>485,590</u>	<u>462,848</u>

(The Condensed Combined Entity Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statements of the Company for the financial year ended 31 March 2010)

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Notes to the Interim Financial Statements for 1st Quarter Ended 30 June 2010

Note 1. Accounting Policies and Basis of Preparation

This interim financial report is unaudited and has been prepared in accordance with 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 2010. 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 2010, except for the adoption of the following:

Financial Reporting Standards	Effective Date
FRS 8: Operating Segments	1 July 2009
FRS7: Financial Instruments: Disclosures	1 January 2010
Amendments to FRS 101: Presentation of Financial Statements	1 January 2010
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 117: Leases	1 January 2010

FRS 8: Operating Segments

FRS 8 requires the identification of operating segments based on internal reports that are regularly reviewed by the Company's chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Company presents its segment information based on business segments, which is also the basis of presenting monthly internal management reports. Previously, no segmental information was considered necessary for analysis by industry segments as the Company is principally involved in one segment which is the manufacture and sales of electrical home appliances and related components.

FRS 7: Financial Instruments: Disclosures

FRS 7 requires comprehensive disclosure on qualitative and quantitative information about exposure to risks from financial instruments in the full year financial statements, and has no effect on reported profits or equity. However, FRS 7 disclosures are not required in the interim financial statements, and hence, no further disclosures has been made. Such disclosures will be made in the audited annual financial statements of the Company.

Amendments to FRS 101: Presentation of Financial Statements

The amendment to FRS 101 requires changes in the format of the financial statements including the amounts directly attributable to shareholders in the primary statements, but does not affect the measurement of reported profit or equity. The Company has elected to show other comprehensive income in one statement of comprehensive income and hence, all owner changes in equity are presented in the condensed statement of changes in equity, whereas non-owner changes in equity are shown in the condensed combined entity statement of comprehensive income.

FRS 139 Financial Instruments: Recognition and Measurement

The adoption of FRS 139 prospectively in accordance with the standard's provision for first time adoption has resulted in the classification of off balance sheet financial instruments as derivative financial instruments. Derivative financial instruments are required to be initially recognised at fair value on the date the derivative contract is entered into and subsequently at fair value at each balance sheet date. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recognised in the income statement.

The adoption of FRS 139 has resulted in an increase in retained earnings of the Company by RM2.089 million as at 1 April 2010. Subsequent changes to the fair value on derivatives have had the effect of decreasing the profit of the Company for the current period by RM2.098 million (other derivative losses per income statement).

The adoption of FRS 139 has resulted in a decrease in retained earnings of associated company by RM2.058 million as at 1 April 2010. Subsequent changes to the fair value on derivatives have had the effect of increasing the profit of associated company for the current period by RM1.873 million that is included in the share of results of associate company (net of tax).

Amendments to FRS 117: Leases

The Company has adopted the amendment to FRS 117. The Company has reassessed and determined that all leasehold land of the Company are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment and has no effect on the reported profit equity. The following comparative figures have been restated following the adoption of the amendments to FRS 117:

	As previously reported (RM'000)	Adoption of FRS 117 (RM'000)	As restated (RM'000)
Property, plant and equipment	55,196	6,553	61,749
Prepaid lease payments	6,553	(6,553)	-

Note 2. Disclosure of Audit Report Qualification

The audit report of the Company's annual financial statements for the financial year ended 31 March 2010 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 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 for 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-back, share cancellations, shares 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 2010.

Note 8. Segmental Reporting

Analysis of the Company's segment information is as follows:

	Revenue for the period ended		Profit before tax for the period ended	
	30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
Home Appliance products	107,590	71,152	10,842	7,158
Fan products	97,951	81,167	14,515	10,192
Sub-total	205,541	152,319	25,357	17,350
Others	-	3,612	(773)	(2,433)
Total	205,541	155,931	24,584	14,917

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 30 June 2010 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 2010 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 2010.

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 registered revenue of RM205.5 million for the current quarter ended 30 June 2010, an increase of 31.8% or RM49.6 million as compared with the revenue of RM155.9 million registered in the previous year's corresponding quarter. The significant increase is mainly contributed by increased sales to the Middle East region and the transfer of manufacture and sales of some models of food processor and juicer from Japan to Malaysia of which the full impact will be seen in this financial year.

Correspondingly, the Company's combined profit before tax of RM24.6 million for the current quarter ended 30 June 2010 increased by 65.1% or RM9.7 million as compared to the previous year's corresponding quarter combined profit before tax of RM14.9 million. Included in the Company's combined profit before taxation is the share of results of associated company's which comprise of a derivative gain amounting to RM1.9 million.

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

The Company's revenue of RM205.5 million in the current quarter was an increase of 33.6% or RM51.7 million over the revenue of RM153.8 million recorded in the preceding quarter mainly due to strong sales demand especially in the domestic market.

In line with the increase in revenue, the Company achieved a combined profit before taxation for the current quarter ended 30 June 2010 of RM24.6 million, which was higher by 37.4% or RM6.7 million compared to the combined profit before taxation of RM17.9 million reported in the preceding quarter.

Note 14. Prospects and Outlook

Despite signs of stabilisation and gradual recovery seen in the global economy, the current financial year will remain challenging with the escalating price of raw materials and strengthening of Ringgit against other major currencies of which export sales are denominated in. However, the Company is committed to improve its earnings and manufacturing capabilities to deliver a satisfactory performance for the current financial year.

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 30.06.2010 (RM'000)	Preceding Quarter Ended 30.06.2009 (RM'000)	Cumulative Period ended 30.06.2010 (RM'000)	Cumulative Period ended 30.06.2009 (RM'000)
Taxation charge:				
- current financial year	(5,555)	(2,527)	(5,555)	(2,527)
Deferred Tax:				
- current financial year	263	(488)	263	(488)
	(5,292)	(3,015)	(5,292)	(3,015)

The effective tax rate for the 1st quarter ended 30 June 2010 was lower than statutory income tax rate mainly due to the utilisation of reinvestment allowances and availability of other tax incentives.

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. Derivatives

Derivative financial instruments 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 30 June 2010, the details of derivative financial instruments outstanding measured at fair values together with their corresponding contract / notional values are as follows:-

Type of Derivatives	Contract / Notional Value RM'000	Net Fair Value of Assets / (Liabilities) RM'000
<u>Less than 1 year</u>		
- Sell USD	54,417	(44)
- Buy USD	4,500	(216)
<u>Less than 1 year</u>		
- Sell JPY	7,669	276
- Buy JPY	1,148	(76)
<u>Less than 1 year</u>		
- Buy SGD	1,399	10
<u>Less than 1 year</u>		
- Buy Euro	555	41
		(9)

Note 21. Material Litigation

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

Note 22. Dividends

- (a) No interim dividends have been declared or recommended for the current quarter ended 30 June 2010 (2009: Nil).
- (b) In respect of the financial year ended 31 March 2010, a final dividend of 35 sen (2009: 35 sen) per ordinary share of RM1.00 each and a special dividend of 70 sen (2009: 55 sen) per ordinary share of RM1.00 each less 25% income tax, payable on 13 October 2010 was recommended by the Directors on 20 May 2010 for approval of shareholders at the forthcoming Annual General Meeting.

Note 23. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares in issue as at 30 June 2010 of 60,745,780 shares.

- (a) Basic earnings per share

	Period Ended 30.06.2010	Period Ended 30.06.2009
Profit after taxation for the period (RM'000)	19,292	11,902
Weighted average number of ordinary shares in issue ('000)	60,746	60,746
Basic earnings per share (sen)	32	20

- (b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	32	Not Applicable
Year-to-date	32	Not Applicable

Note 24. Commitments For Capital Expenditure

	As at 30.06.2010 (RM'000)	As at 30.06.2009 (RM'000)
Contracted	2,663	2,228
Not contracted	-	244
Analysed as follows:		
Property, plant and equipment	2,663	2,472

By Order of the Board

Leong Oi Wah
Pang Chia Tyng
Company Secretaries
17 August 2010