

# Panasonic

## Panasonic Manufacturing Malaysia Berhad (6100-K)

(Incorporated in Malaysia)

### Condensed Combined Entity Statement of Comprehensive Income for the 2<sup>nd</sup> Quarter Ended 30 September 2010

	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Restated)		(Restated)
	2 <sup>nd</sup> Quarter ended		Cumulative period ended	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	202,161	172,818	407,702	328,749
Operating expenses	(179,952)	(158,222)	(368,358)	(305,087)
Other operating income	4,253	3,511	9,737	8,255
Other derivative gain / (loss)	1,971	-	(127)	-
Profit from operations	28,433	18,107	48,954	31,917
Share of results of associated company (net of tax)	(220)	1,252	3,843	2,359
Profit before taxation	28,213	19,359	52,797	34,276
Taxation	(6,216)	(3,769)	(11,508)	(6,784)
<b>Profit after taxation for the period</b>	<b>21,997</b>	<b>15,590</b>	<b>41,289</b>	<b>27,492</b>
Other comprehensive income, net of taxation	-	-	-	-
<b>Total Comprehensive Income for the period</b>	<b>21,997</b>	<b>15,590</b>	<b>41,289</b>	<b>27,492</b>
<b>Profit after taxation attributable to equity holders of the Company</b>	<b>21,997</b>	<b>15,590</b>	<b>41,289</b>	<b>27,492</b>
<b>Total Comprehensive Income attributable to equity holders of the Company</b>	<b>21,997</b>	<b>15,590</b>	<b>41,289</b>	<b>27,492</b>
<u>Earnings per share attributable to equity holders:</u>				
Basic and diluted (sen)	36	26	68	45

(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)
	<b>As at 30.09.2010 (RM'000)</b>	<b>As at Preceding Financial Year End 31.03.2010 (RM'000)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	59,557	61,749 *
Interest in associated company	124,234	123,882
Deferred income tax assets	15,205	14,749
	198,996	200,380
<b>Current assets</b>		
Inventories	20,315	16,373
Trade and other receivables	77,666	48,846
Placement of funds with related company	523,157	495,918
Cash and bank balances	174	84
Derivative assets	1,962	-
	623,274	561,221
<b>Total assets</b>	822,270	761,601
<b>EQUITY</b>		
Share capital	60,746	60,746
Retained earnings	599,901	558,581
<b>Total equity</b>	660,647	619,327
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Provision for other liabilities and charges	2,586	2,473
	2,586	2,473
<b>Current liabilities</b>		
Trade and other payables	133,247	116,375
Provision for Taxation	11,148	7,057
Provision for other liabilities and charges	14,642	16,369
Derivative liabilities	-	-
	159,037	139,801
<b>Total liabilities</b>	161,623	142,274
<b>Total equity and liabilities</b>	822,270	761,601
<b>Net assets per share (RM)</b>	10.88	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 2<sup>nd</sup> Quarter Ended 30 September 2010**

	(Unaudited)	(Unaudited)	(Unaudited)
	<b>Attributable to equity holders</b>		
	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	(RM'000)	(RM'000)	(RM'000)
<b><u>Cumulative Period Ended 30 September 2009</u></b>			
At 1 April 2009	60,746	541,569	602,315
Total Comprehensive Income for the period	-	27,492	27,492
Dividends:			
- Final dividend for the financial year ended 31 March 2009	-	(15,946)	(15,946)
- Special dividend for the financial year ended 31 March 2009	-	(25,057)	(25,057)
At 30 September 2009	60,746	528,058	588,804
<b><u>Cumulative Period Ended 30 September 2010</u></b>			
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	-	41,289	41,289
At 30 September 2010	60,746	599,901	660,647

(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  
2<sup>nd</sup> Quarter Ended 30 September 2010**

	(Unaudited)	(Unaudited)
	<b>Period ended 30.09.2010 (RM'000)</b>	<b>Period ended 30.09.2009 (RM'000)</b>
<b>Profit after taxation</b>	41,289	27,492
<b>Adjustments for:</b>		
Non Cash Flow Items	17,047	9,154
Share of results of associated company	(3,843)	(2,359)
<b>Operating profit / (loss) before working capital changes</b>	<b>54,493</b>	<b>34,287</b>
<b>Changes in working capital</b>		
Net (increase) / decrease in current assets	(32,864)	(35,191)
Net increase in current liabilities	16,872	39,703
<b>Cash generated from operations</b>	<b>38,501</b>	<b>38,799</b>
Other operating activities	(13,419)	(7,046)
<b>Net cash flow from operating activities</b>	<b>25,082</b>	<b>31,753</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(7,356)	(9,567)
Proceeds from disposal of property, plant and equipment	(53)	291
Interest received	6,285	5,066
Dividend received (net)	1,433	2,197
<b>Net cash flow from investing activities</b>	<b>309</b>	<b>(2,013)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividends paid	-	(41,003)
<b>Net cash flow from financing activity</b>	<b>-</b>	<b>(41,003)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>25,391</b>	<b>(11,263)</b>
<b>CURRENCY TRANSLATION DIFFERENCES</b>	<b>1,938</b>	<b>(100)</b>
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD</b>	<b>496,002</b>	<b>466,562</b>
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD</b>	<b>523,331</b>	<b>455,199</b>
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	523,157	455,101
Cash and bank balances	174	98
	<u>523,331</u>	<u>455,199</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)

# Panasonic

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

### Notes to the Interim Financial Statements for 2<sup>nd</sup> Quarter Ended 30 September 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; and a decrease in retained earnings of associated company by RM2.058 million as at 1 April 2010. The net impact on the retained earnings of the combined entity was an increase amounting to RM31,204.

## 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 Declared / Paid**

There were no dividends paid in the quarter under review. However, the Company has at the recent Annual General Meeting on 3 September 2010, declared the following dividends that were paid out on 13 October 2010 to shareholders registered in the Record of Depositors at the close of business on 22 September 2010:

<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 (70 sen per ordinary share of RM1.00 less 25% income tax)	31,892
Total	<u>47,838</u>

## **Note 8. Segmental Reporting**

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

	<b>Revenue for the period ended</b>		<b>Profit before tax for the period ended</b>	
	30.09.2010 RM'000	30.09.2009 RM'000	30.09.2010 RM'000	30.09.2009 RM'000
Home Appliance products	219,866	163,919	24,309	17,802
Fan products	187,836	157,998	29,839	19,996
Sub-total	407,702	321,917	54,148	37,798
Others	-	6,832	(1,351)	(3,522)
Total	407,702	328,749	52,797	34,276

## **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 September 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 period ended 30 September 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**

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

The Company's revenue of RM202.2 million for the current quarter ended 30<sup>th</sup> September 2010 was an increase of 17.0% or RM29.4 million as compared with the revenue of RM172.8 million registered in the previous year's corresponding quarter.

The Company's combined profit before tax of RM28.2 million for the current quarter ended 30 September 2010 increased by 45.4% or RM8.8 million as compared to the previous year's corresponding quarter combined profit before tax of RM19.4 million. Included in the Company's combined profit before taxation for the current quarter was a derivative gain amounting to RM1.96 million.

#### **(b) Current Year to Date vs Last Year to Date**

The Company registered revenue of RM407.7 million for the half year ended 30 September 2010, an increase of RM79.0 million or 24.0% as compared to the previous year's corresponding period of RM328.7 million. The significant increase is mainly contributed by higher 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, the full impact of which is seen in this financial year.

Correspondingly, the Company achieved higher combined profit before tax of RM52.8 million for the half year ended 30 September 2010; an increase of 53.9% or RM18.5 million; as compared to the previous year's corresponding period combined profit before tax of RM34.3 million.

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

The Company's revenue of RM202.2 million in the current quarter decreased slightly by 1.6% or RM3.3 million as compared to the revenue of RM205.5 million recorded in the preceding quarter.

However, with a derivative gain of RM1.96 million in the current quarter, the Company achieved a combined profit before taxation of RM28.2 million, an increase of 14.6% or RM3.6 million compared to the combined profit before taxation of RM24.6 million reported in the preceding quarter.

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

The Company will continue to strengthen its collaboration activities with its sales companies to boost sales of its products in both the domestic and export markets amidst an increasingly competitive market and remain focused to improve its operational efficiency through cost reduction measures in order to deliver yet another year of satisfactory performance.

### **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 30.09.2010 (RM'000)	Preceding Quarter Ended 30.09.2009 (RM'000)	Cumulative Period ended 30.09.2010 (RM'000)	Cumulative Period ended 30.09.2009 (RM'000)
Taxation charge:				
- current financial year	(6,409)	(3,434)	(11,964)	(5,961)
Deferred Tax:				
- current financial year	193	(335)	456	(823)
	(6,216)	(3,769)	(11,508)	(6,784)

The effective tax rate for the 2<sup>nd</sup> quarter ended 30 September 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 September 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	63,136	2,488
- Buy USD	6,202	(174)
<u>Less than 1 year</u>		
- Sell JPY	295	(15)
- Buy JPY	1,854	(347)
<u>Less than 1 year</u>		
- Buy SGD	1,113	10
<u>Less than 1 year</u>		
- Buy Euro	173	-
		1,962

## Note 21. Material Litigation

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

## Note 22. Dividends

(a) An interim dividend of 15 sen per ordinary share of RM1.00 less 25% income tax for the financial year ending 31 March 2011 has been declared by the Directors on 29 November 2010:

(i) The interim dividend shall be payable on 25 January 2011.

(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 2010 in respect of securities exempt from mandatory deposit.
- Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 31 December 2010 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 2010 amounted to 15 sen per ordinary share of RM 1.00 less 25% income tax.

(c) Total dividend for the current financial year ending 31 March 2011 is interim dividend of 15 sen per ordinary share of RM1.00 less 25% income tax.

## 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 September 2010 of 60,745,780 shares.

(a) Basic earnings per share

	Period Ended 30.09.2010	Period Ended 30.09.2009
Profit after taxation for the period (RM'000)	41,289	27,492
Weighted average number of ordinary shares in issue ('000)	60,746	60,746
Basic earnings per share (sen)	68	45

(b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	32	Not Applicable
Quarter 2	36	Not Applicable
Year-to-date	68	Not Applicable

**Note 24. Commitments for Capital Expenditure**

	<b>As at 30.09.2010 (RM'000)</b>	<b>As at 30.09.2009 (RM'000)</b>
Contracted	1,849	1,666
Not contracted	205	875
Analysed as follows: Property, plant and equipment	2,054	2,541

**By Order of the Board**

Leong Oi Wah  
Pang Chia Tyng  
Company Secretaries  
29 November 2010