

Panasonic

Panasonic Manufacturing Malaysia Berhad (6100-K)

(Incorporated in Malaysia)

Condensed Combined Entity Statement of Comprehensive Income for the 3rd Quarter Ended 31 December 2010

	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(Restated)		(Restated)	
	3 rd Quarter ended		Cumulative period ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	203,296	197,222	610,998	525,970
Operating expenses	(175,663)	(175,513)	(542,050)	(478,578)
Other operating income	3,843	3,958	11,609	10,193
Other derivative gain / (loss)	(736)	-	(863)	-
Profit from operations	30,740	25,667	79,694	57,585
Share of results of associated company (net of tax)	2,425	1,503	6,268	3,862
Profit before taxation	33,165	27,170	85,962	61,447
Taxation	(6,453)	(5,166)	(17,961)	(11,950)
Profit after taxation for the period	26,712	22,004	68,001	49,497
Other comprehensive income, net of taxation	-	-	-	-
Total Comprehensive Income for the period	26,712	22,004	68,001	49,497
Profit after taxation attributable to equity holders of the Company	26,712	22,004	68,001	49,497
Total Comprehensive Income attributable to equity holders of the Company	26,712	22,004	68,001	49,497
<u>Earnings per share attributable to equity holders:</u>				
Basic and diluted (sen)	44	36	112	81

(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 31.12.2010 (RM'000)	As at Preceding Financial Year End 31.03.2010 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	63,011	61,749 *
Interest in associated company	126,659	123,882
Deferred income tax assets	14,218	14,749
	203,888	200,380
Current assets		
Inventories	16,070	16,373
Trade and other receivables	77,886	48,846
Placement of funds with related company	486,220	495,918
Cash and bank balances	137	84
Derivative assets	1,226	-
	581,539	561,221
Total assets	785,427	761,601
EQUITY		
Share capital	60,746	60,746
Retained earnings	578,776	558,581
Total equity	639,522	619,327
LIABILITIES		
Non-current liabilities		
Provision for other liabilities and charges	2,267	2,473
	2,267	2,473
Current liabilities		
Trade and other payables	121,741	116,375
Provision for Taxation	7,246	7,057
Provision for other liabilities and charges	14,651	16,369
	143,638	139,801
Total liabilities	145,905	142,274
Total equity and liabilities	785,427	761,601
Net assets per share (RM)	10.53	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 3rd Quarter Ended 31 December 2010**

	(Unaudited)	(Unaudited)	(Unaudited)
	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	(RM'000)	(RM'000)	(RM'000)
<u>Cumulative Period Ended 31 December 2009</u>			
At 1 April 2009	60,746	541,569	602,315
Total Comprehensive Income for the period	-	49,497	49,497
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 31 December 2009	60,746	550,063	610,809
<u>Cumulative Period Ended 31 December 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	-	68,001	68,001
Dividends:			
- Final dividend for the financial year ended 31 March 2010	-	(15,946)	(15,946)
- Special dividend for the financial year ended 31 March 2010	-	(31,891)	(31,891)
At 31 December 2010	60,746	578,776	639,522

(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
3rd Quarter Ended 31 December 2010**

	(Unaudited)	(Unaudited)
	Period ended 31.12.2010 (RM'000)	Period ended 31.12.2009 (RM'000)
Profit after taxation	68,001	49,497
Adjustments for:		
Non Cash Flow Items	30,252	17,569
Share of results of associated company	(6,268)	(3,862)
Operating profit / (loss) before working capital changes	91,985	63,204
Changes in working capital		
Net (increase) / decrease in current assets	(28,836)	(39,329)
Net increase in current liabilities	5,366	45,350
Cash generated from operations	68,515	69,225
Other operating activities	(26,232)	(11,396)
Net cash flow from operating activities	42,283	57,829
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(16,053)	(16,360)
Proceeds from disposal of property, plant and equipment	(137)	559
Interest received	9,442	7,736
Dividend received (net)	1,433	2,198
Net cash flow from investing activities	(5,315)	(5,867)
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid	(47,837)	(41,003)
Net cash flow from financing activity	(47,837)	(41,003)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(10,869)	10,959
CURRENCY TRANSLATION DIFFERENCES	1,224	(52)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD	496,002	466,562
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	486,357	477,469
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	486,220	477,351
Cash and bank balances	137	118
	<u>486,357</u>	<u>477,469</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 3rd Quarter Ended 31 December 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. Realised and Unrealised Profits / Losses

	Current Quarter Ended 31.12.2010 (RM'000)	Preceding Quarter Ended 30.09.2010 (RM'000)
Total retained profits of Company:		
- Realised profits	455,655	477,689
- Unrealised profits / (loss)	(1,538)	(22)
	454,117	477,667
Total share of retained profits from associated company:		
- Realised profits	128,927	128,257
- Unrealised profits / (loss)	(4,268)	(6,023)
	124,659	122,234
Total Combined Entity's retained profits	578,776	599,901

Note 3. 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 4. 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 5. Unusual Item

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

Note 6. 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 7. 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 8. Dividends Declared / Paid

The following dividends 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)	31,891
Total	<u>47,837</u>

Note 9. Segmental Reporting

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

	Revenue for the period ended		Profit before tax for the period ended	
	31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
Home Appliance products	351,031	288,192	42,554	34,842
Fan products	259,967	230,948	42,484	30,093
Dry Battery	-	6,830	-	274
Total	610,998	525,970	85,038	65,209

Note 10. Valuation of Property, Plant and Equipment

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

Note 11. Significant Post Balance Sheet Events

There has not arisen in the interval between 31 December 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 31 December 2010 in respect of which this announcement is made.

Note 12. 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 13. Review of Performance

(a) 3rd Quarter This Year vs 3rd Quarter Last Year

The Company's revenue of RM203.3 million for the current quarter ended 31 December 2010 was an increase of 3.1% or RM6.1 million as compared with the revenue of RM197.2 million registered in the previous year's corresponding quarter.

The Company was able to achieve a combined profit before tax of RM33.2 million for the current quarter ended 31 December 2010; an increase of 22.1% or RM6.0 million as compared to the previous year's corresponding quarter combined profit before tax of RM27.2 million through prudent control of fixed operational costs to mitigate the impact of rising material costs.

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

The Company registered revenue of RM611.0 million for the nine months ended 31 December 2010, an increase of RM85.0 million or 16.2% as compared to the previous year's corresponding period of RM526.0 million. The increase in revenue is mainly contributed by increased exports to the Middle East region and the transfer of manufacture and sales of certain food processor and juicer models 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 RM86.0 million for the nine months ended 31 December 2010; an increase of 40.1% or RM24.6 million; as compared to the previous year's corresponding period combined profit before tax of RM61.4 million.

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

The Company's revenue of RM203.3 million in the current quarter increased slightly by 0.5% or RM1.1 million as compared to the revenue of RM202.2 million recorded in the preceding quarter.

However, with an increase in share of results of associated company from a loss of RM220 thousand in the previous quarter to RM2.4 million in the current quarter mainly due to a derivative gain arising at the associate company level, the Company was able to achieve a combine profit before taxation of RM33.2 million, an increase of 17.7% or RM5.0 million compared to the combined profit before taxation of RM28.2 million registered in the preceding quarter.

Note 15. Prospects and Outlook

The remaining quarter remains challenging amidst an increasingly competitive market, rising cost of raw materials and the strengthening of the Ringgit Malaysia against the US Dollars. However, the Company will continue the collaboration activities with its sales companies to boost sales of its products in both the domestic and export markets; and to mitigate the impact of rising costs through prudent cost management of fixed operational costs. The Company will strive to deliver satisfactory results for the financial year ending 31 March 2011.

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

	Current Quarter Ended 31.12.2010 (RM'000)	Preceding Quarter Ended 31.12.2009 (RM'000)	Cumulative Period ended 31.12.2010 (RM'000)	Cumulative Period ended 31.12.2009 (RM'000)
Taxation charge:				
- current financial year	(5,465)	(5,945)	(17,429)	(11,906)
Deferred Tax:				
- current financial year	(988)	779	(532)	(44)
	(6,453)	(5,166)	(17,961)	(11,950)

The effective tax rate for the 3rd quarter ended 31 December 2010 was lower than statutory income tax rate mainly due to the utilisation of reinvestment allowances and availability of other tax incentives.

Note 18. Sale of Unquoted Investments and/or Properties

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

Note 19. Purchase/Disposal of Quoted Securities

There were no purchases or disposal of quoted securities for the current quarter 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. 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 31 December 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
Less than 1 year - Sell USD	73,814	1,191
Less than 1 year - Buy JPY	2,189	26
Less than 1 year - Buy SGD	947	7
Less than 1 year - Sell Euro	48	2
		1,226

Note 22. Material Litigation

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

Note 23. Dividends

The Board is not recommending any dividend for the quarter under review.

Note 24. 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 31 December 2010 of 60,745,780 shares.

(a) Basic earnings per share

	Period Ended 31.12.2010	Period Ended 31.12.2009
Profit after taxation for the period (RM'000)	68,001	49,497
Weighted average number of ordinary shares in issue ('000)	60,746	60,746
Basic earnings per share (sen)	112	81

(b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	32	Not Applicable
Quarter 2	36	Not Applicable
Quarter 3	44	Not Applicable
Year-to-date	112	Not Applicable

Note 25. Commitments for Capital Expenditure

	As at 31.12.2010 (RM'000)	As at 31.12.2009 (RM'000)
Contracted	4,561	2,588
Not contracted	1,028	534
Analysed as follows: Property, plant and equipment	5,589	3,122

By Order of the Board

Leong Oi Wah
Pang Chia Tyng
Company Secretaries
10 February 2011