

# Panasonic

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

### Condensed Combined Entity Statement of Comprehensive Income for the 4<sup>th</sup> Quarter Ended 31 March 2011

	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(Restated)		(Restated)	
	4 <sup>th</sup> Quarter ended		Cumulative period ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	150,409	153,793	761,407	679,764
Operating expenses	(142,580)	(142,696)	(686,601)	(621,276)
Other operating income	5,908	3,834	19,488	14,027
Other derivative gain / (loss)	(56)	-	(919)	-
Profit from operations	13,681	14,931	93,375	72,515
Share of results of associated company (net of tax)	2,163	2,941	8,431	6,803
Profit before taxation	15,844	17,872	101,806	79,318
Taxation	(1,166)	(2,519)	(19,127)	(14,469)
<b>Profit after taxation for the period</b>	<b>14,678</b>	<b>15,353</b>	<b>82,679</b>	<b>64,849</b>
Other comprehensive income, net of taxation	-	-	-	-
<b>Total Comprehensive Income for the period</b>	<b>14,678</b>	<b>15,353</b>	<b>82,679</b>	<b>64,849</b>
<b>Profit after taxation attributable to equity holders of the Company</b>	<b>14,678</b>	<b>15,353</b>	<b>82,679</b>	<b>64,849</b>
<b>Total Comprehensive Income attributable to equity holders of the Company</b>	<b>14,678</b>	<b>15,353</b>	<b>82,679</b>	<b>64,849</b>
<u>Earnings per share</u> attributable to equity holders:				
Basic and diluted (sen)	24	25	136	107

(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 31.03.2011 (RM'000)	As at Preceding Financial Year End 31.03.2010 (RM'000)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	63,459	61,749 *
Interest in associated company	127,866	123,882
Deferred income tax assets	14,757	14,749
	<u>206,082</u>	<u>200,380</u>
<b>Current assets</b>		
Inventories	18,789	16,373
Trade and other receivables	53,435	48,846
Placement of funds with related company	500,787	495,918
Cash and bank balances	151	84
Derivative assets	1,184	-
	<u>574,346</u>	<u>561,221</u>
<b>Total assets</b>	<u>780,428</u>	<u>761,601</u>
<b>EQUITY</b>		
Share capital	60,746	60,746
Retained earnings	586,620	558,581
Total equity	<u>647,366</u>	<u>619,327</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Provision for other liabilities and charges	3,367	2,473
	<u>3,367</u>	<u>2,473</u>
<b>Current liabilities</b>		
Trade and other payables	114,283	116,375
Provision for Taxation	1,452	7,057
Provision for other liabilities and charges	13,946	16,369
Derivative Liabilities	14	-
	<u>129,695</u>	<u>139,801</u>
<b>Total liabilities</b>	<u>133,062</u>	<u>142,274</u>
<b>Total equity and liabilities</b>	<u>780,428</u>	<u>761,601</u>
<b>Net assets per share (RM)</b>	<u>10.66</u>	<u>10.20</u>

(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 4<sup>th</sup> Quarter Ended 31 March 2011**

	(Unaudited)	(Unaudited)	(Unaudited)
	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	(RM'000)	(RM'000)	(RM'000)
<b><u>Cumulative Period Ended 31 March 2010</u></b>			
At 1 April 2009	60,746	541,569	602,315
Total Comprehensive Income for the period	-	64,849	64,849
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	-	(25,058)	(25,058)
- Interim dividend for the financial year ended 31 March 2010	-	(6,833)	(6,833)
At 31 March 2010	60,746	558,581	619,327
<b><u>Cumulative Period Ended 31 March 2011</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	-	82,679	82,679
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)
- Interim dividend for the financial year ended 31 March 2011	-	(6,834)	(6,834)
At 31 March 2011	60,746	586,620	647,366

(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  
4<sup>th</sup> Quarter Ended 31 March 2011**

	(Unaudited)	(Audited)
	Year ended 31.03.2011 (RM'000)	Year ended 31.03.2010 (RM'000)
<b>Profit after taxation</b>	82,679	64,849
<b>Adjustments for:</b>		
Non Cash Flow Items	28,557	20,262
Share of results of associated company	(8,431)	(6,803)
<b>Operating profit / (loss) before working capital changes</b>	102,805	78,308
<b>Changes in working capital</b>		
Net (increase) / decrease in current assets	(6,673)	(21,975)
Net increase in current liabilities	(2,092)	44,219
<b>Cash generated from operations</b>	94,040	100,552
Other operating activities	(27,940)	(13,342)
<b>Net cash flow from operating activities</b>	66,100	87,210
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(21,920)	(24,470)
Proceeds from disposal of property, plant and equipment	136	942
Interest received	13,059	10,563
Dividend received (net)	2,389	3,153
<b>Net cash flow from investing activities</b>	(6,336)	(9,812)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividends paid	(54,671)	(47,837)
<b>Net cash flow from financing activity</b>	(54,671)	(47,837)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	5,093	29,561
<b>CURRENCY TRANSLATION DIFFERENCES</b>	(157)	(121)
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR</b>	496,002	466,562
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR</b>	500,938	496,002
<b>Cash and cash equivalents comprise:</b>		
Placement of funds with related company	500,787	495,918
Cash and bank balances	151	84
	<u>500,938</u>	<u>496,002</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 4<sup>th</sup> Quarter Ended 31 March 2011

### 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 reporting 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 statement of comprehensive income.

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. 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 31.03.2011 (RM'000)	Preceding Quarter Ended 31.12.2010 (RM'000)
Total retained profits of Company:		
- Realised profits	459,808	455,655
- Unrealised profits / (loss)	946	(1,538)
	460,754	454,117
Total share of retained profits from associated company:		
- Realised profits	129,450	128,927
- Unrealised profits / (loss)	(3,584)	(4,268)
	125,866	124,659
Total Combined Entity's retained profits	586,620	578,776

### **Note 3. Disclosure of Audit Report Qualification**

The audit report of the Company's annual financial statements for the financial year ended 31 March 2011 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 reporting date.

### **Note 8. Dividends Declared / Paid**

The amount of dividends on ordinary shares paid by the Company since 31 March 2010 were as follows:

<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
<u>Interim Dividends paid</u>	
Interim dividend (15 sen per ordinary share of RM1.00 less 25% income tax)	6,833
Total	<u><u>54,671</u></u>

## Note 9. Segmental Reporting

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

	Revenue for the year ended		Profit before tax for the year ended	
	31.03.2011 RM'000	31.03.2010 RM'000	31.03.2011 RM'000	31.03.2010 RM'000
Home Appliance products	438,498	377,147	50,273	40,934
Fan products	322,909	295,787	46,957	36,696
Dry Battery	-	6,830	-	274
Total	761,407	679,764	97,230	77,904

## 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 March 2011 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 March 2011 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) 4<sup>th</sup> Quarter This Year vs 4<sup>th</sup> Quarter Last Year**

The Company's revenue of RM150.4 million for the current quarter ended 31 March 2011 was a marginal decrease of 2.2% or RM3.4 million as compared with the revenue of RM153.8 million registered in the previous year's corresponding quarter.

Correspondingly, the Company combined profit before tax of RM15.8 million for the current quarter ended 31 March 2011; a decrease of 11.7% or RM2.1 million as compared to the previous year's corresponding quarter combined profit before tax of RM17.9 million.

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

The Company registered revenue of RM761.4 million for the year ended 31 March 2011, an increase of RM81.6 million or 12% as compared to the previous year's revenue of RM679.8 million. The higher revenue achieved stemmed from:

- (a) higher export sales to the Middle East region;
- (b) full impact on the transfer of manufacture and sales of certain food processor and juicer models from Japan to Malaysia in the current financial year; and
- (c) the transfer of manufacture and sales of ceiling fan for the global market from China to Malaysia that commenced in the fourth quarter of the current financial year.

With the improved sales performance, implementation of cost reduction measures that had improved operational efficiencies, higher interest income and foreign exchange gain, the Company was able to achieve a higher combined profit before tax of RM101.8 million for the year ended 31 March 2011. This was an increase of 28.4% or RM22.5 million as compared to the previous year's combined profit before tax of RM79.3 million.

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

The current quarter's revenue of RM150.4 million was lower by 26% or RM52.9 million as compared to the higher festive season revenue of RM203.3 million recorded in the preceding quarter.

The Company's combined profit before taxation of RM15.8 million for the current quarter ended 31 March 2011 was 52.4% or RM17.4 million lower than the combined profit before taxation of RM33.2 million registered in the preceding quarter. This was attributed to decline in sales and the rising cost of raw materials.

### **Note 15. Prospects and Outlook**

The Company's operations has not been significantly affected by the Japan Earthquake but with the expected continued escalation of the cost of raw materials and the anticipated further strengthening of the Ringgit Malaysia against the US Dollars, the new financial year will be more challenging for the Company. In preparation, the Company has in place strategies to improve its production efficiency to reduce overall costs of production. The transfer of certain product models, which were produced by other manufacturing companies in Japan and China, to the Company since the previous financial year has enabled the Company to increase its sales revenue and further sales expansion is expected for the next year.

Despite the current challenging outlook, the Company will strive to deliver satisfactory results for the financial year ending 31 March 2012.

**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 31.03.2011 (RM'000)	Preceding Quarter Ended 31.03.2010 (RM'000)	Cumulative Period ended 31.03.2011 (RM'000)	Cumulative Period ended 31.03.2010 (RM'000)
Taxation charge:				
- current financial year	(1,706)	(6,820)	(19,135)	(18,726)
- prior financial year	-	126	-	126
Deferred Tax:				
- current financial year	(1,013)	3,668	(1,545)	3,624
- prior financial year	1,553	507	1,553	507
	(1,166)	(2,519)	(19,127)	(14,469)

The effective tax rate for the 4<sup>th</sup> quarter ended 31 March 2011 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 March 2011, 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	61,781	1,171
Less than 1 year - Buy JPY	1,434	(14)
Less than 1 year - Buy SGD	1,618	13
		1,170

## Note 22. Material Litigation

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

## Note 23. Dividends

- (a) In respect of the financial year ended 31 March 2011, a final dividend of 35 sen per ordinary share of RM1.00 and a special dividend of 95 sen per ordinary share of RM1.00, less income tax, were proposed by the Directors on 25 May 2011:
- (i) The final and special dividends shall be payable on 30 September 2011.
  - (ii) Entitlement to the dividends:
    - A Depositor shall qualify for entitlement to the dividend in respect of:
      - Shares deposited into the Depositors' Securities Account before 12.30 p.m. on 6 September 2011 in respect of shares which are exempted from mandatory deposit.
      - Shares transferred into the Depositors' Securities Account before 4.00 p.m. on 8 September 2011 in respect of ordinary transfers.
      - Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.
- (b) The final and special dividends for the previous financial year ended 31 March 2010 amounted to 105 sen per ordinary share of RM1.00, less income tax was paid on 13 October 2010.
- (c) Total dividends for the current financial year ended 31 March 2011 are:
- (i) Interim dividend of 15 sen per ordinary share of RM1.00, less income tax paid on 25 January 2011
  - (ii) Final and special dividends of 130 sen per ordinary share of RM1.00, less income tax, payable on 30 September 2011.

## 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 March 2011 of 60,745,780 shares.

### (a) Basic earnings per share

	Year Ended 31.03.2011	Year Ended 31.03.2010
Profit after taxation for the year (RM'000)	82,679	64,849
Weighted average number of ordinary shares in issue ('000)	60,746	60,746
Basic earnings per share (sen)	136	107

### (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
Quarter 4	24	Not Applicable
Year-to-date	136	Not Applicable

## Note 25. Commitments for Capital Expenditure

	As at 31.03.2011 (RM'000)	As at 31.03.2010 (RM'000)
Contracted	7,564	5,019
Not contracted	112	506
	7,676	5,525
Analysed as follows:		
Property, plant and equipment	7,676	5,525

### By Order of the Board

Leong Oi Wah  
Pang Chia Tyng  
Company Secretaries  
25 May 2011