

Panasonic

Panasonic Manufacturing Malaysia Berhad (6100-K)

(Incorporated in Malaysia)

Condensed Combined Entity Statement of Comprehensive Income for the 1st Quarter Ended 30 June 2011

	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	1 st Quarter ended		Cumulative period ended	
	30.06.2011 (RM'000)	30.06.2010 (RM'000)	30.06.2011 (RM'000)	30.06.2010 (RM'000)
Revenue	221,816	205,541	221,816	205,541
Operating expenses	(205,299)	(188,406)	(205,299)	(188,406)
Other operating income	5,968	5,484	5,968	5,484
Other derivative (loss)	(663)	(2,098)	(663)	(2,098)
Profit from operations	21,822	20,521	21,822	20,521
Share of results of associated company (net of tax)	2,438	4,063	2,438	4,063
Profit before taxation	24,260	24,584	24,260	24,584
Taxation	(5,445)	(5,292)	(5,445)	(5,292)
Profit after taxation for the period	18,815	19,292	18,815	19,292
Other comprehensive income, net of taxation	-	-	-	-
Total Comprehensive Income for the period	18,815	19,292	18,815	19,292
Profit after taxation attributable to equity holders of the Company	18,815	19,292	18,815	19,292
Total Comprehensive Income attributable to equity holders of the Company	18,815	19,292	18,815	19,292
<u>Earnings per share attributable to equity holders:</u>				
Basic and diluted (sen)	31	32	31	32

(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 2011)

Condensed Combined Entity Statement of Financial Position

	(Unaudited)	(Audited)
	As at 30.06.2011 (RM'000)	As at Preceding Financial Year End 31.03.2011 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	64,385	63,459
Interest in associated company	130,304	127,866
Deferred tax assets	14,777	14,757
	<u>209,466</u>	<u>206,082</u>
Current assets		
Inventories	21,107	18,789
Trade and other receivables	76,439	53,435
Placement of funds with related company	488,913	500,787
Cash and bank balances	21	151
Derivative financial instruments	507	1,184
	<u>586,987</u>	<u>574,346</u>
Total assets	<u>796,453</u>	<u>780,428</u>
EQUITY		
Capital and reserves attributed to equity holders		
Share capital	60,746	60,746
Retained earnings	605,435	586,620
Total equity	<u>666,181</u>	<u>647,366</u>
LIABILITIES		
Non-current liabilities		
Provision for liabilities and charges	3,158	3,367
	<u>3,158</u>	<u>3,367</u>
Current liabilities		
Trade and other payables	111,610	114,283
Taxation	717	1,452
Provision for liabilities and charges	14,787	13,946
Derivative financial instruments	-	14
	<u>127,114</u>	<u>129,695</u>
Total liabilities	<u>130,272</u>	<u>133,062</u>
Total equity and liabilities	<u>796,453</u>	<u>780,428</u>
Net assets per share (RM)	<u>10.97</u>	<u>10.66</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 2011)

**Condensed Combined Entity Statement of Changes in Equity
For the 1st Quarter Ended 30 June 2011**

	(Unaudited)	(Unaudited)	(Unaudited)
	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	(RM'000)	(RM'000)	(RM'000)
<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
<u>Quarter Ended 30 June 2011</u>			
At 1 April 2011	60,746	586,620	647,366
Total Comprehensive Income for the period	-	18,815	18,815
At 30 June 2011	60,746	605,435	666,181

(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 2011)

**Condensed Combined Entity Cash Flow Statement for the
1st Quarter Ended 30 June 2011**

	(Unaudited)	(Unaudited)
	Quarter ended 30.06.2011 (RM'000)	Quarter ended 30.06.2010 (RM'000)
Profit after taxation	18,815	19,292
Adjustments for:		
Non Cash Flow Items	8,633	6,803
Share of results of associated company	(2,438)	(4,063)
Operating profit / (loss) before working capital changes	25,010	22,032
Changes in working capital		
Net (increase) / decrease in current assets	(25,373)	(28,453)
Net (decrease) / increase in current liabilities	(2,673)	804
Cash generated from operations	(3,036)	(5,617)
Other operating activities	(6,976)	(4,745)
Net cash flow from operating activities	(10,012)	(10,362)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,386)	(2,945)
Proceeds from disposal of property, plant and equipment	-	-
Interest received	3,895	2,937
Dividend received (net)	-	-
Net cash flow from investing activities	(2,491)	(8)
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid	-	-
Net cash flow from financing activity	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	(12,503)	(10,370)
CURRENCY TRANSLATION DIFFERENCES	499	(42)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD	500,938	496,002
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	488,934	485,590
Cash and cash equivalents comprise:		
Placement of funds with related company	488,913	485,319
Cash and bank balances	21	271
	<u>488,934</u>	<u>485,590</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 2011)

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Notes to the Interim Financial Statements for 1st Quarter Ended 30 June 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 2011. 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 2011.

Note 2. Realised and Unrealised Profits / Losses

	Current Quarter Ended 30.06.2011 (RM'000)	Financial Year Ended 31.03.2011 (RM'000)
Total retained profits of Company:		
- Realised profits	477,154	459,808
- Unrealised profits / (loss)	(23)	946
	477,131	460,754
Total share of retained profits from associated company:		
- Realised profits	132,048	129,450
- Unrealised profits / (loss)	(3,744)	(3,584)
	128,304	125,866
Total Combined Entity's retained profits	605,435	586,620

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 Cyclical 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

There was no dividend declared or paid in the current quarter ended 30 June 2011.

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	
	30.06.2011 RM'000	30.06.2010 RM'000	30.06.2011 RM'000	30.06.2010 RM'000
Home Appliance products	103,902	107,590	11,334	10,842
Fan products	117,914	97,951	9,317	14,515
Total	221,816	205,541	20,651	25,357

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 30 June 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 30 June 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 2011.

Disclosure Requirements Pursuant to Part A, Appendix 9B of Bursa Malaysia Securities Berhad Listing Requirements

Note 13. Review of Performance

1st Quarter This Year vs 1st Quarter Last Year

The Company achieved revenue of RM221.8 million for the current quarter ended 30 June 2011, an increase of 7.9% or RM16.3 million as compared with the revenue of RM205.5 million registered in the previous year's corresponding quarter.

However, the Company's combined profit before tax of RM24.3 million for the current quarter ended 30 June 2011 was lower by 1.2% or RM0.3 million as compared to the previous year's corresponding quarter combined profit before tax of RM24.6 million with the lower share of results from the associated company.

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

The Company's revenue of RM221.8 million in the current quarter was an increase of 47.5% or RM71.4 million over the revenue of RM150.4 million recorded in the preceding quarter. The improvement in domestic sales and the additional sales derived from the transfer of manufacture and sales of certain fan models from China to Malaysia contributed to the higher revenue.

In line with the increase in revenue, the Company achieved a combined profit before taxation for the current quarter ended 30 June 2011 of RM24.3 million, which was higher by 53.8 % or RM8.5 million compared to the combined profit before taxation of RM15.8 million reported in the preceding quarter.

Note 15. Prospects and Outlook

The supply chain for certain parts manufactured in Japan has been disrupted by the recent earthquake in Japan and this will have an impact on the production and sales of certain models. However, the Company has mitigated the impact of this disruption by negotiating sales of other models of which the parts supplies has not been affected by the earthquake. The model mix, coupled with certain parts increase as a result of the earthquake will likely have an impact on the profitability of the Company in the second quarter.

The current outlook for the Company will be cautious as the uncertainty in the Middle East region will have an unfavourable impact on the Company's export sales to the region. However, the Company will collaborate with its overseas sales companies to strategize on recovery of sales from the affected region and to identify new potential routes for sales expansion. In addition, the impact of transfer of manufacture and sales of ceiling fan for the global market from China to Malaysia will be fully seen in the current financial year.

The current year remains challenging amidst the continued strengthening of the Ringgit Malaysia against the US Dollar and further rise in the cost of raw materials. The Company will continue to be vigilant to take appropriate foreign currency hedging measures and to mitigate the impact of rising costs through prudent management of operational costs.

Despite the challenging outlook ahead, the Company will strive to remain profitable for the current financial year.

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 30.06.2011 (RM'000)	Preceding Quarter Ended 30.06.2010 (RM'000)	Cumulative Period ended 30.06.2011 (RM'000)	Cumulative Period ended 30.06.2010 (RM'000)
Taxation charge:				
- current financial year	(5,465)	(5,555)	(5,465)	(5,555)
Deferred Tax:				
- current financial year	20	263	20	263
	(5,445)	(5,292)	(5,445)	(5,292)

The Company's effective tax rate for the 1st quarter ended 30 June 2011 approximates 25% as compared to the effective tax rate of 21.5% registered in the previous corresponding quarter mainly due to the expiry of reinvestment allowance with effect from this financial year.

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 30 June 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
<u>Less than 1 year</u> - Sell USD	72,895	429
<u>Less than 1 year</u> - Buy JPY	2,546	52
<u>Less than 1 year</u> - Buy SGD	1,124	24
<u>Less than 1 year</u> - Buy EUR	195	2
		507

Note 22. Material Litigation

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

Note 23. Dividends

- (a) No interim dividends have been declared or recommended for the current quarter ended 30 June 2011 (2010: Nil).
- (b) In respect of the financial year ended 31 March 2011, a final dividend of 35 sen (2010: 35 sen) per ordinary share of RM1.00 each and a special dividend of 95 sen (2010: 70 sen) per ordinary share of RM1.00 each less 25% income tax, payable on 30 September 2011 was recommended by the Directors on 25 May 2011 for approval of shareholders at the forthcoming Annual General Meeting.

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 30 June 2011 of 60,745,780 shares.

- (a) Basic earnings per share

	Period Ended 30.06.2011	Period Ended 30.06.2010
Profit after taxation for the year (RM'000)	18,815	19,292
Weighted average number of ordinary shares in issue ('000)	60,746	60,746
Basic earnings per share (sen)	31	32

- (b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	31	Not Applicable
Year-to-date	31	Not Applicable

Note 25. Commitments for Capital Expenditure

	As at 30.06.2011 (RM'000)	As at 30.06.2010 (RM'000)
Contracted	1,656	2,663
Not contracted	-	-
Analysed as follows:		
Property, plant and equipment	1,656	2,663

By Order of the Board

Leong Oi Wah
Company Secretary
15 August 2011