

Panasonic

Panasonic Manufacturing Malaysia Berhad (6100-K)

(Incorporated in Malaysia)

Condensed Combined Entity Statement of Comprehensive Income for the 2nd Quarter Ended 30 September 2011

	(Unaudited)		(Unaudited)	
	2nd Quarter ended		Cumulative period ended	
	30.09.2011 (RM'000)	30.09.2010 (RM'000)	30.09.2011 (RM'000)	30.09.2010 (RM'000)
Revenue	222,849	202,161	444,664	407,702
Operating expenses	(205,362)	(179,952)	(410,660)	(368,358)
Other operating income	5,138	4,253	11,106	9,737
Other derivative (loss)	(3,382)	1,971	(4,045)	(127)
Profit from operations	19,243	28,433	41,065	48,954
Share of results of associated company (net of tax)	4,556	(220)	6,994	3,843
Profit before taxation	23,799	28,213	48,059	52,797
Taxation	(3,478)	(6,216)	(8,923)	(11,508)
Profit after taxation for the period	20,321	21,997	39,136	41,289
Other comprehensive income, net of taxation	-	-	-	-
Total Comprehensive Income for the period	20,321	21,997	39,136	41,289
Profit after taxation attributable to equity holders of the Company	20,321	21,997	39,136	41,289
Total Comprehensive Income attributable to equity holders of the Company	20,321	21,997	39,136	41,289
<u>Earnings per share attributable to equity holders:</u>				
Basic and diluted (sen)	33	36	64	68

(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 30.09.2011 (RM'000)	As at Preceding Financial Year End 31.03.2011 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	67,768	63,459
Interest in associated company	132,471	127,866
Deferred tax assets	14,950	14,757
	<u>215,189</u>	<u>206,082</u>
Current assets		
Inventories	23,987	18,789
Trade and other receivables	90,151	53,435
Tax recoverable	1,183	-
Placement of funds with related company	446,320	500,787
Cash and bank balances	227	151
Derivative financial instruments	-	1,184
	<u>561,868</u>	<u>574,346</u>
Total assets	<u>777,057</u>	<u>780,428</u>
EQUITY		
Capital and reserves attributed to equity holders		
Share capital	60,746	60,746
Retained earnings	566,529	586,620
Total equity	<u>627,275</u>	<u>647,366</u>
LIABILITIES		
Non-current liabilities		
Provision for liabilities and charges	2,776	3,367
	<u>2,776</u>	<u>3,367</u>
Current liabilities		
Trade and other payables	129,371	114,283
Taxation	-	1,452
Provision for liabilities and charges	14,760	13,946
Derivative financial instruments	2,875	14
	<u>147,006</u>	<u>129,695</u>
Total liabilities	<u>149,782</u>	<u>133,062</u>
Total equity and liabilities	<u>777,057</u>	<u>780,428</u>
Net assets per share (RM)	<u>10.33</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 2nd Quarter Ended 30 September 2011**

	(Unaudited)	(Unaudited)	(Unaudited)
	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	(RM'000)	(RM'000)	(RM'000)
<u>Cumulative Period Ended 30 September 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	-	41,289	41,289
At 30 September 2010	60,746	599,901	660,647
<u>Cumulative Period Ended 30 September 2011</u>			
At 1 April 2011	60,746	586,620	647,366
Total Comprehensive Income for the period	-	39,136	39,136
Dividends:			
- Final dividend for the financial year ended 31 March 2011	-	(15,946)	(15,946)
- Special dividend for the financial year ended 31 March 2011	-	(43,281)	(31,891)
At 30 September 2011	60,746	566,529	627,275

(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
2nd Quarter Ended 30 September 2011**

	(Unaudited)	(Audited)
	Period ended 30.09.2011 (RM'000)	Period ended 30.09.2010 (RM'000)
Profit after taxation	39,136	41,289
Adjustments for:		
Non Cash Flow Items	24,914	17,047
Share of results of associated company	(6,994)	(3,843)
Operating profit / (loss) before working capital changes	57,056	54,493
Changes in working capital		
Net (increase) / decrease in current assets	(42,059)	(32,864)
Net (decrease) / increase in current liabilities	15,088	16,872
Cash generated from operations	30,085	38,501
Other operating activities	(13,485)	(13,419)
Net cash flow from operating activities	16,600	25,082
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(15,656)	(7,356)
Proceeds from disposal of property, plant and equipment	29	(53)
Interest received	4,321	6,285
Dividend received (net)	2,389	1,433
Net cash flow from investing activities	(8,917)	309
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid	(59,227)	-
Net cash flow from financing activity	(59,227)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	(51,544)	25,391
CURRENCY TRANSLATION DIFFERENCES	(2,847)	1,938
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD	500,938	496,002
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	446,547	523,331
Cash and cash equivalents comprise:		
Placement of funds with related company	446,320	523,157
Cash and bank balances	227	174
	<u>446,547</u>	<u>523,331</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 2nd Quarter Ended 30 September 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 Period Ended 30.09.2011 (RM'000)	Financial Year Ended 31.03.2011 (RM'000)
Total retained profits of Company:		
- Realised profits	433,497	459,808
- Unrealised profits / (loss)	2,561	946
	436,058	460,754
Total share of retained profits from associated company:		
- Realised profits	131,248	129,450
- Unrealised profits / (loss)	(777)	(3,584)
	130,471	125,866
Total Combined Entity's retained profits	566,529	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 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 following dividends were paid out on 30 September 2011 to shareholders registered in the Record of Depositors at the close of business on 8 September 2011:

<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 (95 sen per ordinary share of RM1.00 less 25% income tax)	43,281
Total	<u>59,227</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	
	30.09.2011 RM'000	30.09.2010 RM'000	30.09.2011 RM'000	30.09.2010 RM'000
Home Appliance products	216,605	219,866	25,362	24,309
Fan products	228,059	187,836	17,655	29,839
Total	444,664	407,702	43,017	54,148

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 September 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 September 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

(a) 2nd Quarter This Year vs 2nd Quarter Last Year

The Company achieved revenue of RM222.8 million for the current quarter ended 30 September 2011, an increase of 10.2% or RM20.6 million as compared with the revenue of RM202.2 million registered in the previous year's corresponding quarter.

However, the Company's combined profit before tax of RM23.8 million for the current quarter ended 30 September 2011 was lower by 15.6% or RM4.4 million as compared to the previous year's corresponding quarter combined profit before tax of RM28.2 million. The decrease was mainly attributed to a derivative loss amounting to RM3.4 million incurred in the current quarter as compared to a derivative gain of RM2 million in the previous corresponding quarter.

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

The Company registered revenue of RM444.7 million for the half year ended 30 September 2011, an increase of RM37.0 million or 9.1% as compared to the previous year's corresponding period of RM407.7 million.

However, the Company's combined profit before tax of RM48.1 million for the half year ended 30 September 2011 was lower by 8.9% or RM4.7 million; as compared to the previous year's corresponding period combined profit before tax of RM52.8 million. The profitability of the Company has been affected by rising cost of raw materials, the strengthening of Ringgit against major currencies US Dollars and Japanese Yen which has eroded export revenue and the increased costs for certain parts of which supply from its original maker has been disrupted by the Japan earthquake. In addition, included in the current period's combined profit before tax was a derivative loss amounting to RM4.0 million compared to a derivative loss of RM127,000 in the previous year's corresponding period.

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

The Company's revenue of RM222.8 million in the current quarter was an increase of 0.5% or RM1.0 million over the revenue of RM221.8 million recorded in the preceding quarter.

The Company achieved a combined profit before taxation for the current quarter ended 30 September 2011 of RM23.8 million, which was marginally lower by 2.0% or RM0.5 million compared to the combined profit before taxation of RM24.3 million reported in the preceding quarter.

Note 15. Prospects and Outlook

The current outlook for the remaining financial year remains challenging. This is because the prevailing political instability in the Middle East region and the flood crisis in Thailand will have an unfavorable impact on the Company's export sales. Whilst the Company has mitigated the supply chain disruption arising from the Japan earthquake by securing new sources of supply, the cost of parts has increased and this has a negative impact on the bottom line. Nonetheless, as the Company's export revenue are mainly denominated in US Dollars and Japanese Yen, the recent strengthening of these currencies against the Ringgit Malaysia coupled with the easing of the price of raw materials will cushion some of the negative impact.

Despite the challenging outlook ahead, the Company will 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 30.09.2011 (RM'000)	Preceding Quarter Ended 30.09.2010 (RM'000)	Cumulative Period ended 30.09.2011 (RM'000)	Cumulative Period ended 30.09.2010 (RM'000)
Taxation charge:				
- current financial year	(3,650)	(6,409)	(9,115)	(11,964)
Deferred Tax:				
- current financial year	172	193	192	456
	(3,478)	(6,216)	(8,923)	(11,508)

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 September 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	68,219	(3,414)
Less than 1 year - Buy JPY	6,060	536
Less than 1 year - Buy SGD	861	-
Less than 1 year - Buy EUR	298	3
		(2,875)

Note 22. Material Litigation

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

Note 23. Dividends

- An interim dividend of 15 sen per ordinary share of RM1.00 less 25% income tax for the financial year ending 31 March 2012 has been declared by the Directors on 25 November 2011. The entitlement date will be announced at a later date.
- The interim dividend paid for the previous financial year ended 31 March 2011 amounted to 15 sen per ordinary share of RM 1.00 less 25% income tax.
- Total dividend for the current financial year ending 31 March 2012 is interim dividend of 15 sen per ordinary share of RM1.00 less 25% income tax.

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 September 2011 of 60,745,780 shares.

- Basic earnings per share

	Period Ended 30.09.2011	Period Ended 30.09.2010
Profit after taxation for the year (RM'000)	39,136	41,289
Weighted average number of ordinary shares in issue ('000)	60,746	60,746
Basic earnings per share (sen)	64	68

(b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	31	Not Applicable
Quarter 2	33	Not Applicable
Year-to-date	64	Not Applicable

Note 25. Commitments for Capital Expenditure

	As at 30.09.2011 (RM'000)	As at 30.09.2010 (RM'000)
Contracted	2,365	1,849
Not contracted	990	205
Analysed as follows: Property, plant and equipment	3,355	2,054

By Order of the Board

Leong Oi Wah
Company Secretary
25 November 2011