

Panasonic

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

Condensed Combined Entity Statement of Comprehensive Income for the 1st Quarter Ended 30 June 2014

	(Unaudited)		(Unaudited)	
	1st Quarter ended		Cumulative period ended	
	30.06.2014 (RM'000)	30.06.2013 (RM'000)	30.06.2014 (RM'000)	30.06.2013 (RM'000)
Revenue	250,508	219,239	250,508	219,239
Operating expenses	(229,188)	(205,540)	(229,188)	(205,540)
Other operating income	6,230	5,538	6,230	5,538
Other derivative gain / (loss)	1,270	(1,089)	1,270	(1,089)
Profit from operations	28,820	18,148	28,820	18,148
Share of results of associated company (net of tax)	1,326	2,228	1,326	2,228
Profit before taxation	30,146	20,376	30,146	20,376
Taxation	(6,948)	(4,354)	(6,948)	(4,354)
Profit after taxation for the period	23,198	16,022	23,198	16,022
Earnings per share attributable to equity holders:				
Basic and diluted (sen)	38	26	38	26

(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 2014)

**Condensed Combined Entity Statement of Comprehensive Income
for the 1st Quarter Ended 30 June 2014**

	(Unaudited)		(Unaudited)	
	1st Quarter ended		Cumulative period ended	
	30.06.2014 (RM'000)	30.06.2013 (RM'000)	30.06.2014 (RM'000)	30.06.2013 (RM'000)
Profit after taxation for the period	23,198	16,022	23,198	16,022
Other comprehensive income, net of taxation	-	-	-	-
Total Comprehensive Income for the period	23,198	16,022	23,198	16,022
Profit after taxation attributable to equity holders of the Company	23,198	16,022	23,198	16,022
Total Comprehensive Income attributable to equity holders of the Company	23,198	16,022	23,198	16,022
Note: - Included in the Total Comprehensive Income for the period are the followings:				
Interest Income	4,248	4,101	4,248	4,101
Interest Expenses	-	-	-	-
Depreciation & Amortization	6,548	6,771	6,548	6,771
Provision For/Write Off of Receivables	-	-	-	-
Provision For/Write Off of Inventories	-	-	-	-
Gain/(Loss) on Disposal of Quoted and Unquoted Investment or Properties*	N/A	N/A	N/A	N/A
Impairment of Assets*	N/A	N/A	N/A	N/A
Gain/(Loss) on Foreign Exchange	947	(1,202)	947	(1,202)
Gain/(Loss) on Derivatives	1,270	(1,089)	1,270	(1,089)

* N/A: Not Applicable to the Combined Entity

(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 2014)

Condensed Combined Entity Statement of Financial Position

	(Unaudited)	(Audited)
	As at 30.06.2014 (RM'000)	As at Preceding Financial Year End 31.03.2014 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	63,618	67,555
Interest in associated company	140,592	139,266
Deferred tax assets	17,516	17,107
	221,726	223,928
Current assets		
Inventories	23,239	26,292
Trade and other receivables	91,303	60,501
Placement of funds with related company	519,445	519,647
Cash and bank balances	1,055	504
Derivative financial instruments	1,470	255
	636,512	607,199
Total assets	858,238	831,127
EQUITY		
Capital and reserves attributed to equity holders		
Share capital	60,746	60,746
Retained earnings	625,720	602,522
Total equity	686,466	663,268
LIABILITIES		
Non-current liabilities		
Provision for liabilities and charges	198	198
	198	198
Current liabilities		
Trade and other payables	140,713	139,860
Taxation	10,341	7,951
Provision for liabilities and charges	20,482	19,757
Derivative financial instruments	38	93
	171,574	167,661
Total liabilities	171,772	167,859
Total equity and liabilities	858,238	831,127
Net assets per share (RM)	11.30	10.92

(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 2014)

**Condensed Combined Entity Statement of Changes in Equity
For the 1st Quarter Ended 30 June 2014**

	(Unaudited)	(Unaudited)	(Unaudited)
	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	(RM'000)	(RM'000)	(RM'000)
<u>Quarter Ended 30 June 2013</u>			
At 1 April 2013	60,746	607,389	668,135
Total comprehensive income for the period	-	16,022	16,022
At 30 June 2013	60,746	623,411	684,157
<u>Quarter Ended 30 June 2014</u>			
At 1 April 2014	60,746	602,522	663,268
Total comprehensive income for the period	-	23,198	23,198
At 30 June 2014	60,746	625,720	686,466

(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 2014)

**Condensed Combined Entity Cash Flow Statement for the
1st Quarter Ended 30 June 2014**

	(Unaudited)	(Unaudited)
	Period ended 30.06.2014 (RM'000)	Period ended 30.06.2013 (RM'000)
Profit after taxation	23,198	16,022
Adjustments for:		
Non Cash Flow Items	8,067	10,229
Share of results of associated company	(1,326)	(2,228)
Operating profit / (loss) before working capital changes	29,939	24,023
Changes in working capital		
Net (increase) / decrease in current assets	(28,106)	(11,242)
Net increase / (decrease) in current liabilities	853	(6,367)
Cash generated from operations	2,686	6,414
Other operating activities	(5,542)	(5,603)
Net cash flow from operating activities	(2,856)	811
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,611)	(5,685)
Proceeds from disposal of property, plant and equipment	12	24
Interest received	4,605	4,158
Dividend received (net)	-	-
Net cash flow from investing activities	2,006	(1,503)
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid	-	-
Net cash flow from financing activity	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(850)	(692)
CURRENCY TRANSLATION DIFFERENCES	1,199	(773)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD	520,151	500,376
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	520,500	498,911
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	519,445	498,682
Cash and bank balances	1,055	229
	<u>520,500</u>	<u>498,911</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 2014)

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Notes to the Interim Financial Statements for 1st Quarter Ended 30 June 2014

Note 1. Accounting Policies and Basis of Preparation

This interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 and Appendix 9B 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 2014.

The audited financial statements of the Company for the year ended 31 March 2014 were prepared in accordance with MFRS. The accounting policies and methods of computation adopted by the Company in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 March 2014.

Note 2. Realised and Unrealised Profits / Losses

	Current Quarter Ended 30.06.2014 (RM'000)	Preceding Year Ended 31.03.2014 (RM'000)
Total retained profits of Company:		
- Realised profits	485,419	465,173
- Unrealised profits / (loss)	1,709	83
	487,128	465,256
Total share of retained profits from associated company:		
- Realised profits	143,384	141,155
- Unrealised profits / (loss)	(4,792)	(3,889)
	138,592	137,266
Total Combined Entity’s retained profits	625,720	602,522

Note 3. Disclosure of Audit Report Qualification

The audit report of the Company’s annual financial statements for the financial year ended 31 March 2014 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

There was no dividend declared or paid in the current quarter ended 30 June 2014.

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	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Home Appliance products	107,568	94,490	13,321	9,088
Fan products and Others	142,940	124,749	18,416	12,670
Total	250,508	219,239	31,737	21,758

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 2014 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 2014 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 2014.

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's revenue of RM250.5 million for the current quarter ended 30 June 2014 was an increase of 14.3% or RM31.3 million as compared with the revenue of RM219.2 million registered in the previous year's corresponding quarter.

The growth was led by stronger sales in domestic and export markets for both home appliance products and fan products. Sales of Home appliance products grew by 13% as compared to the previous year's corresponding period. The increase was mainly contributed by significantly higher export of home showers to neighbouring countries Thailand, Vietnam and Philippines.

Fan sales grew by approximately 14% as compared to the previous year's corresponding period. The improvement in sales was mainly seen in ceiling fans due to aggressive promotional activities to increase the market share in the domestic market. Project sales in Middle East countries coupled with market expansion to Latin America region have led to higher export sales in ceiling fan.

With the increase in revenue coupled with more profitable margins derived from the sales mix in both the appliance and fan segments, the Company's combined profit before tax of RM30.1 million for the current quarter ended 30 June 2014 was higher by 47.5% or RM9.7 million as compared to the previous year's corresponding quarter combined profit before tax of RM20.4 million.

The Home Appliance's profit before tax of RM13.3 million for the current quarter ended 30 June 2014 was higher by 46.2% or RM4.2 million as compared to the previous year's corresponding quarter profit before tax of RM9.1 million. The Fan products and others' profit before tax of RM18.4 million for the current quarter ended 30 June 2014 was higher by 44.9% or RM5.7 million as compared to the previous year's corresponding quarter profit before tax of RM12.7 million

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

The Company's revenue of RM250.5 million in the current quarter was an increase of 28.1% or RM55 million over the revenue of RM195.5 million recorded in the preceding quarter. This was mainly due to higher sales in domestic markets for fan products as these products are seasonally higher sales in the first half of the year.

In line with the increase in revenue, the Company's combined profit before tax of RM30.1 million for the current quarter ended 30 June 2014 was higher by 18.5% or RM4.7 million as compared to the combined profit before tax of RM25.4 million in preceding quarter.

The Home Appliance's profit before tax of RM13.3 million for the current quarter ended 30 June 2014 was higher by 10.8% or RM1.3 million as compared to the profit before tax of RM12.0 million in preceding quarter. The Fan products and others' profit before tax of RM18.4 million for the current quarter ended 30 June 2014 was higher by 159.2% or RM11.3 million as compared to the profit before tax of RM7.1 million in the preceding quarter.

Note 15. Prospects and Outlook

The Malaysian economy is expected to remain on a steady growth in year 2014, expanding by 4.5% to 5.5%, driven mainly by domestic demand. However, the Company notes the constant changes in the current market environment and will respond prudently to customers' preferences in order to win, develop and retain loyal customers.

Despite the challenges ahead, the Company is committed to strengthen its innovation capabilities to develop new products suited to market tastes and preferences and to enhance production efficiency to reduce overall costs of production.

With this in place, the Company is confident of navigating its way to place the Company in a stronger market leadership position to deliver satisfactory results 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 30.06.2014 (RM'000)	Preceding Quarter Ended 30.06.2013 (RM'000)	Cumulative Period ended 30.06.2014 (RM'000)	Cumulative Period ended 30.06.2013 (RM'000)
Taxation charge:				
- current financial year	(7,357)	(4,683)	(7,357)	(4,683)
Deferred Tax:				
- current financial year	409	329	409	329
	(6,948)	(4,354)	(6,948)	(4,354)

Note 18. Corporate Proposals

There were no corporate proposals announced but not completed as at the date of the issuance of this interim financial report.

Note 19. 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 2014, 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	Fair Value of Assets RM'000	Fair Value of Liabilities RM'000
Less than 1 year - Sell USD	82,202	1,331	0
Less than 1 year - Buy JPY	4,824	0	(30)
Less than 1 year - Buy SGD	651	0	(8)
Less than 1 year - Sell Euro	5,923	139	0
		1,470	(38)

Note 20. Material Litigation

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

Note 21. Dividends

- (a) No interim dividends have been declared or recommended for the current quarter ended 30 June 2014 (2013: Nil).
- (b) In respect of the financial year ended 31 March 2014, a final single tier dividend of 35 sen (2013: 35 sen, less 25% income tax) and a special single tier dividend of 23 sen (2013: 138 sen, less 25% income tax) per ordinary share of RM1.00 each, payable on 22 September 2014 was recommended by the Directors on 25 June 2014 for approval of shareholders at the forthcoming Annual General Meeting.

Note 22. 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 2014 of 60,745,780 shares.

- (a) Basic earnings per share

	Period Ended 30.06.2014	Period Ended 30.06.2013
Profit after taxation for the period (RM'000)	23,198	16,022
Weighted average number of ordinary shares in issue ('000)	60,746	60,746
Basic earnings per share (sen)	38	26

(b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	38	Not Applicable
Year-to-date	38	Not Applicable

Note 23. Commitments for Capital Expenditure

	As at 30.06.2014 (RM'000)	As at 30.06.2013 (RM'000)
Contracted	1,366	2,671
Not contracted	14	100
Analysed as follows: Property, plant and equipment	1,380	2,771

By Order of the Board

Leong Oi Wah
Company Secretary
21 August 2014