

Panasonic

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

Condensed Combined Entity Statement of Comprehensive Income for the 2nd Quarter Ended 30 September 2014

	(Unaudited)		(Unaudited)	
	2 nd Quarter ended		Cumulative period ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Revenue	249,155	241,490	499,663	460,729
Operating expenses	(219,854)	(221,408)	(449,042)	(426,948)
Other operating income	5,024	6,018	11,254	11,556
Other derivative gain / (loss)	(3,017)	(111)	(1,747)	(1,200)
Profit from operations	31,308	25,989	60,128	44,137
Share of results of associated company (net of tax)	2,707	1,157	4,033	3,385
Profit before taxation	34,015	27,146	64,161	47,522
Taxation	(7,930)	(6,241)	(14,878)	(10,595)
Profit after taxation for the period	26,085	20,905	49,283	36,927
Earnings per share attributable to equity holders:				
Basic and diluted (sen)	43	34	81	61

(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 2nd Quarter Ended 30 September 2014**

	(Unaudited)		(Unaudited)	
	2nd Quarter ended		Cumulative period ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Profit after taxation for the period	26,085	20,905	49,283	36,927
Other comprehensive income, net of taxation	-	-	-	-
Total Comprehensive Income for the period	26,085	20,905	49,283	36,927
Profit after taxation attributable to equity holders of the Company	26,085	20,905	49,283	36,927
Total Comprehensive Income attributable to equity holders of the Company	26,085	20,905	49,283	36,927

(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 30.09.2014 RM'000	As at Preceding Financial Year End 31.03.2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	59,120	67,555
Interest in associated company	141,388	139,266
Deferred tax assets	17,753	17,107
	218,261	223,928
Current assets		
Inventories	27,335	26,292
Trade and other receivables	100,872	60,501
Placement of funds with related company	534,535	519,647
Cash and bank balances	996	504
Derivative financial instruments	382	255
	664,120	607,199
Total assets	882,381	831,127
EQUITY		
Capital and reserves attributed to equity holders		
Share capital	60,746	60,746
Retained earnings	616,572	602,522
Total equity	677,318	663,268
LIABILITIES		
Non-current liabilities		
Provision for liabilities and charges	198	198
	198	198
Current liabilities		
Trade and other payables	169,234	139,860
Taxation	13,520	7,951
Provision for liabilities and charges	20,144	19,757
Derivative financial instruments	1,967	93
	204,865	167,661
Total liabilities	205,063	167,859
Total equity and liabilities	882,381	831,127
Net assets per share (RM)	11.15	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 2nd Quarter Ended 30 September 2014**

	(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 2013</u>			
At 1 April 2013	60,746	607,389	668,135
Total comprehensive income for the period	-	36,927	36,927
Dividends:			
- Final dividend for the financial year ended 31 March 2013	-	(15,946)	(15,946)
- Special dividend for the financial year ended 31 March 2013	-	(62,872)	(62,872)
At 30 September 2013	60,746	565,498	626,244
<u>Cumulative Period Ended 30 September 2014</u>			
At 1 April 2014	60,746	602,522	663,268
Total comprehensive income for the period	-	49,283	49,283
Dividends:			
- Final dividend for the financial year ended 31 March 2014	-	(21,261)	(21,261)
- Special dividend for the financial year ended 31 March 2014	-	(13,972)	(13,972)
At 30 September 2014	60,746	616,572	677,318

(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
2nd Quarter Ended 30 September 2014**

	(Unaudited)	(Unaudited)
	Period ended 30.09.2014 RM'000	Period ended 30.09.2013 RM'000
Profit after taxation	49,283	36,927
Adjustments for:		
Non Cash Flow Items	23,615	21,870
Share of results of associated company	(4,033)	(3,385)
Operating profit / (loss) before working capital changes	68,865	55,412
Changes in working capital		
Net (increase) / decrease in current assets	(41,261)	(31,193)
Net increase / (decrease) in current liabilities	29,374	23,974
Cash generated from operations	56,978	48,193
Other operating activities	(12,162)	(11,214)
Net cash flow from operating activities	44,816	36,979
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,560)	(11,148)
Proceeds from disposal of property, plant and equipment	29	1,191
Interest received	8,848	8,341
Dividend received (net)	1,911	1,433
Net cash flow from investing activities	6,228	(183)
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid	(35,233)	(78,818)
Net cash flow from financing activity	(35,233)	(78,818)
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,811	(42,022)
CURRENCY TRANSLATION DIFFERENCES	(431)	(771)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD	520,151	500,376
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	535,531	457,583
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	534,535	457,030
Cash and bank balances	996	553
	<u>535,531</u>	<u>457,583</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 2nd Quarter Ended 30 September 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 30.09.2014 RM'000	Preceding Year Ended 31.03.2014 RM'000
Total retained profits of Company:		
- Realised profits	479,647	465,173
- Unrealised profits / (loss)	(2,463)	83
	477,184	465,256
Total share of retained profits from associated company:		
- Realised profits	142,910	141,155
- Unrealised profits / (loss)	(3,522)	(3,889)
	139,388	137,266
Total Combined Entity’s retained profits	616,572	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

The following dividends were paid out on 22 September 2014 to shareholders registered in the Record of Depositors at the close of business on 9 September 2014:

<u>Final and Special Dividends paid</u>	RM'000
Final single tier dividend (35 sen per ordinary share of RM1.00)	21,261
Special single tier dividend (23 sen per ordinary share of RM1.00)	13,972
Total	<u>35,233</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	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Home Appliance products	235,757	212,471	34,285	25,000
Fan products and Others	263,906	248,258	34,368	25,296
Total	499,663	460,729	68,653	50,296

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 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 September 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

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

The Company's revenue of RM249.2 million for the current quarter ended 30 September 2014 was an increase of 3.2% or RM7.7 million as compared with the revenue of RM241.5 million registered in the previous year's corresponding quarter.

The growth was led by stronger sales in export markets for home appliance products. Sales of home appliance products grew by 9% as compared to the previous year's corresponding period mainly contributed by higher export of home shower and kitchen appliance products. Home shower products continued on a strong growth momentum driven by project sales and cold weather condition in both Thailand and Vietnam markets. Introduction of big feeder juicer have led to higher export sales in kitchen appliance products.

Correspondingly, the Company's combined profit before tax of RM26.1 million for the current quarter ended 30 September 2014 was higher by 24.9% or RM5.2 million as compared to the previous year's corresponding quarter combined profit before tax of RM20.9 million. This was mainly attributed by higher record of revenue and higher share of profits from associated company amounting to RM2.7 million in this quarter as compared to RM1.2 million registered in the previous year's corresponding quarter.

The home appliance's profit before tax of RM21.0 million for the current quarter ended 30 September 2014 was higher by 32.1% or RM5.1 million as compared to the previous year's corresponding quarter profit before tax of RM15.9 million. The fan products and others' profit before tax of RM16.0 million for the current quarter ended 30 September 2014 was higher by 27.0% or RM3.4 million as compared to the previous year's corresponding quarter profit before tax of RM12.6 million.

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

The Company's revenue of RM499.7 million for the half year ended 30 September 2014, was an increase of RM39 million or 8.5% as compared to the previous year's corresponding period of RM460.7 million.

The Company's combined profit before tax of RM49.3 million for the half year ended 30 September 2014 was higher by 33.6% or RM12.4 million; as compared to the previous year's corresponding period combined profit before tax of RM36.9 million. This was mainly attributed by higher record of revenue, favourable model mix and higher share of profits from associated company.

The home appliance's profit before tax of RM34.3 million for the half year ended 30 September 2014 was higher by 37.2% or RM9.3 million as compared to the previous year's corresponding period profit before tax of RM25.0 million. The fan products and others' profit before tax of RM34.4 million for the half year ended 30 September 2014 was higher by 36.0% or RM9.1 million as compared to the previous year's corresponding period profit before tax of RM25.3 million.

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

The Company's revenue of RM249.2 million in the current quarter decreased by 0.5% or RM1.3 million over the revenue of RM250.5 million recorded in the preceding quarter. This was mainly due to lower sales in both domestic and export markets for fan products for the current quarter. Ceiling fan domestic sales was affected by the slowdown in local markets as consumers have reduced spending ahead of GST implementation next year. Export sales for electric fan have also reduced as compared to the preceding quarter as these products are seasonally lower in the current quarter.

However, the Company's combined profit before tax of RM26.1 million for the current quarter ended 30 September 2014 was higher by 12.5% or RM2.9 million as compared to the combined profit before tax of RM23.2 million in preceding quarter. This was mainly attributed by favourable model mix and higher share of profits from associated company amounting to RM2.7 million in this quarter as compared to RM1.3 million registered in the preceding quarter.

The home appliance's profit before tax of RM21.0 million for the current quarter ended 30 September 2014 was higher by 57.9% or RM7.7 million as compared to the profit before tax of RM13.3 million in preceding quarter. The fan products and others' profit before tax of RM16.0 million for the current quarter ended 30 September 2014 was lower by 13.0% or RM2.4 million as compared to the profit before tax of RM18.4 million in the preceding quarter.

Note 15. Prospects and Outlook

The Company expects the business environment especially in the local market to remain challenging and competitive for the current financial year. This is mainly due to the weakening of consumer demand arising from the reduction in subsidies by the Government, recent interest rate hike and the impending implementation of the Goods and Services Tax (GST) in year 2015 which may further impact consumer spending behavior in the domestic market. However, the unfavorable impact will be mitigated by the strengthening of US Dollars against Ringgit Malaysia, which will augur well for the Company's export revenue mainly denominated in US Dollars. The sales of the newly launched ceiling fan premium models for the Middle East Market is expected to increase in the second half of the year.

Despite the challenges ahead, the Company is committed to strengthen its innovation capabilities to develop new products and to enhance production efficiency to reduce overall costs of production. The Company will remain alert to the changing business dynamics and will strive to deliver value to stakeholders and 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 30.09.2014 RM'000	Preceding Quarter Ended 30.09.2013 RM'000	Cumulative Period ended 30.09.2014 RM'000	Cumulative Period ended 30.09.2013 RM'000
Taxation charge:				
- current financial year	(8,167)	(6,080)	(15,524)	(10,763)
Deferred Tax:				
- current financial year	237	(161)	646	168
	(7,930)	(6,241)	(14,878)	(10,595)
Effective income tax rate	23.3%	23.0%	23.2%	22.3%

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 September 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
<u>Less than 1 year</u> - Sell USD	89,888	0	(1,646)
<u>Less than 1 year</u> - Buy JPY	5,826	0	(317)
<u>Less than 1 year</u> - Buy SGD	618	0	(4)
<u>Less than 1 year</u> - Sell Euro	7,575	382	0
		382	(1,967)

Note 20. Material Litigation

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

Note 21. Dividends

- (a) An interim single tier dividend of 15 sen per ordinary share of RM1.00 for the financial year ending 31 March 2015 has been declared by the Directors on 28 November 2014 for payment on 12 January 2015 based on the entitlement date of 26 December 2014.
- (b) The interim dividend paid for the previous financial year ended 31 March 2014 amounted to 15 sen per ordinary share of RM1.00 less 25% income tax.
- (c) Total dividend for the current financial year ending 31 March 2015 is interim single tier dividend of 15 sen per ordinary share of RM1.00.

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 September 2014 of 60,745,780 shares.

- (a) Basic earnings per share

	Period Ended 30.09.2014	Period Ended 30.09.2013
Profit after taxation for the period (RM'000)	49,283	36,927
Weighted average number of ordinary shares in issue ('000)	60,746	60,746
Basic earnings per share (sen)	81	61

- (b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	38	Not Applicable
Quarter 2	43	Not Applicable
Year-to-date	81	Not Applicable

Note 23. Commitments for Capital Expenditure

	As at 30.09.2014 RM'000	As at 30.09.2013 RM'000
Contracted	1,902	3,430
Not contracted	284	0
Analysed as follows:		
Property, plant and equipment	2,186	3,430

Note 24. Notes to the Condensed Combined Statement of Comprehensive Income

Included in the Total Comprehensive Income for the period are the followings:

	2nd Quarter ended		Cumulative period ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Interest Income	4,753	4,252	9,001	8,353
Interest Expenses	-	-	-	-
Depreciation & Amortization	6,444	6,878	12,992	13,649
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	(1,796)	(47)	(849)	(1,249)
Gain/(Loss) on Derivatives	(3,017)	(111)	(1,747)	(1,200)

* N/A: Not Applicable to the Combined Entity

By Order of the Board

Leong Oi Wah
Company Secretary
28 November 2014