

# Panasonic

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

### Condensed Combined Entity Statement of Comprehensive Income for the 3<sup>rd</sup> Quarter Ended 31 December 2014

	(Unaudited)		(Unaudited)	
	3 <sup>rd</sup> Quarter ended		Cumulative period ended	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Revenue	251,175	242,969	750,838	703,698
Operating expenses	(220,956)	(217,515)	(669,998)	(644,463)
Other operating income	6,132	5,794	17,386	17,350
Other derivative gain / (loss)	(4,290)	105	(6,037)	(1,095)
Profit from operations	32,061	31,353	92,189	75,490
Share of results of associated company (net of tax)	1,799	931	5,832	4,316
Profit before taxation	33,860	32,284	98,021	79,806
Taxation	(7,470)	(7,346)	(22,348)	(17,941)
<b>Profit after taxation for the period</b>	<b>26,390</b>	<b>24,938</b>	<b>75,673</b>	<b>61,865</b>
<hr/>				
<u>Earnings per share</u> <u>attributable to equity holders:</u>				
Basic and diluted (sen)	43	41	124	102

(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 3<sup>rd</sup> Quarter Ended 31 December 2014**

	(Unaudited)		(Unaudited)	
	<b>3<sup>rd</sup> Quarter ended</b>		<b>Cumulative period ended</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit after taxation for the period</b>	26,390	24,938	75,673	61,865
Other comprehensive income, net of taxation	-	-	-	-
<b>Total Comprehensive Income for the period</b>	26,390	24,938	75,673	61,865
<b>Profit after taxation attributable to equity holders of the Company</b>	26,390	24,938	75,673	61,865
<b>Total Comprehensive Income attributable to equity holders of the Company</b>	26,390	24,938	75,673	61,865

(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)
	<b>As at 31.12.2014 RM'000</b>	<b>As at Preceding Financial Year End 31.03.2014 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	55,383	67,555
Interest in associated company	143,187	139,266
Deferred tax assets	18,463	17,107
	<u>217,033</u>	<u>223,928</u>
<b>Current assets</b>		
Inventories	24,821	26,292
Trade and other receivables	82,943	60,501
Placement of funds with related company	566,338	519,647
Cash and bank balances	1,011	504
Derivative financial instruments	40	255
	<u>675,153</u>	<u>607,199</u>
<b>Total assets</b>	<u>892,186</u>	<u>831,127</u>
<b>EQUITY</b>		
Capital and reserves attributed to equity holders		
Share capital	60,746	60,746
Retained earnings	642,962	602,522
Total equity	<u>703,708</u>	<u>663,268</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Provision for liabilities and charges	198	198
	<u>198</u>	<u>198</u>
<b>Current liabilities</b>		
Trade and other payables	152,337	139,860
Taxation	9,108	7,951
Provision for liabilities and charges	20,921	19,757
Derivative financial instruments	5,914	93
	<u>188,280</u>	<u>167,661</u>
<b>Total liabilities</b>	<u>188,478</u>	<u>167,859</u>
<b>Total equity and liabilities</b>	<u>892,186</u>	<u>831,127</u>
<b>Net assets per share (RM)</b>	<u>11.58</u>	<u>10.92</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 2014)

**Condensed Combined Entity Statement of Changes in Equity  
For the 3<sup>rd</sup> Quarter Ended 31 December 2014**

	(Unaudited)	(Unaudited)	(Unaudited)
	<b>Attributable to equity holders</b>		
	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	RM'000	RM'000	RM'000
<b><u>Cumulative Period Ended 31 December 2013</u></b>			
At 1 April 2013	60,746	607,389	668,135
Total comprehensive income for the period	-	61,865	61,865
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)
- Interim dividend for the financial year ended 31 March 2014	-	(6,834)	(6,834)
At 31 December 2013	60,746	583,602	644,348
<b><u>Cumulative Period Ended 31 December 2014</u></b>			
At 1 April 2014	60,746	602,522	663,268
Total comprehensive income for the period	-	75,673	75,673
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 31 December 2014	60,746	642,962	703,708

(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  
3<sup>rd</sup> Quarter Ended 31 December 2014**

	(Unaudited)	(Unaudited)
	<b>Period ended 31.12.2014 RM'000</b>	<b>Period ended 31.12.2013 RM'000</b>
<b>Profit after taxation</b>	75,673	61,865
<b>Adjustments for:</b>		
Non Cash Flow Items	41,891	33,195
Share of results of associated company	(5,832)	(4,316)
<b>Operating profit before working capital changes</b>	111,732	90,744
<b>Changes in working capital</b>		
Net decrease / (increase) in current assets	(20,704)	(13,486)
Net (decrease) / increase in current liabilities	12,477	13,182
<b>Cash generated from operations</b>	103,505	90,440
Other operating activities	(25,042)	(20,926)
<b>Net cash flow from operating activities</b>	78,463	69,514
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(7,004)	(18,039)
Proceeds from disposal of property, plant and equipment	104	1,221
Interest received	13,810	12,370
Dividend received (net)	1,911	1,433
<b>Net cash flow from investing activities</b>	8,821	(3,015)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividends paid	(35,233)	(85,652)
<b>Net cash flow from financing activity</b>	(35,233)	(85,652)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	52,051	(19,153)
<b>CURRENCY TRANSLATION DIFFERENCES</b>	(4,853)	(602)
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD</b>	520,151	500,376
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD</b>	567,349	480,621
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	566,338	479,960
Cash and bank balances	1,011	661
	<u>567,349</u>	<u>480,621</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)

# Panasonic

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

### Notes to the Interim Financial Statements for 3<sup>rd</sup> Quarter Ended 31 December 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 31.12.2014 RM'000	Preceding Year Ended 31.03.2014 RM'000
Total retained profits of Company:		
- Realised profits	503,866	465,173
- Unrealised profits / (loss)	(2,091)	83
	501,775	465,256
Total share of retained profits from associated company:		
- Realised profits	146,228	141,155
- Unrealised profits / (loss)	(5,041)	(3,889)
	141,187	137,266
Total Combined Entity's retained profits	642,962	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 were no dividends paid in the quarter under review.

#### **Note 9. Segmental Reporting**

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

	<b>Revenue for the period ended</b>		<b>Profit before tax for the period ended</b>	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Home Appliance products	372,104	342,936	58,157	43,936
Fan products and Others	378,734	360,762	48,150	40,563
Total	750,838	703,698	106,307	84,499

#### **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 December 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 31 December 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) 3<sup>rd</sup> Quarter This Year vs 3<sup>rd</sup> Quarter Last Year**

The Company's revenue of RM251.2 million for the current quarter ended 31 December 2014 was an increase of 3.4% or RM8.2 million as compared with the revenue of RM243.0 million registered in the previous year's corresponding quarter.

The growth was led by stronger sales in the export markets for home appliance products. Sales of home appliance products grew by 5% as compared to the previous year's corresponding quarter mainly contributed by higher export of home shower and vacuum cleaner products. Home shower products continued to have a strong growth momentum in Thailand driven by various aggressive sales and promotional activities. Introduction of new model line up to Asia have led to higher export sales in vacuum cleaner products. Sales of fan export products grew by 1% as compared to the previous year's corresponding quarter with the new launch of ceiling fan model line up to the Middle East region.

Correspondingly, the Company's combined profit before tax of RM33.9 million for the current quarter ended 31 December 2014 was bolstered by 5.0% or RM1.6 million as compared to the previous year's corresponding quarter combined profit before tax of RM32.3 million.

The Home Appliance products segment achieved profit before tax of RM23.9 million for the current quarter ended 31 December 2014, representing an increase of 26.5% or RM5.0 million as compared to the previous year's corresponding quarter profit before tax of RM18.9 million. However, the profit before tax for Fan products and Others segment of RM13.8 million for the current quarter ended 31 December 2014 was lower by 9.8% or RM1.5 million as compared to the previous year's corresponding quarter profit before tax of RM15.3 million due to stiff competition in the market affecting profit margins.

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

With another quarter of improved revenue, the Company registered revenue of RM750.8 million for the nine months ended 31 December 2014, an increase of RM47.1 million or 6.7% as compared to the previous year's corresponding period of RM703.7 million.



In line with the higher revenue, the Company's combined profit before tax of RM98.0 million for the nine months ended 31 December 2014 was higher by 22.8% or RM18.2 million; as compared to the previous year's corresponding period combined profit before tax of RM79.8 million. Similar to the preceding quarter, this was mainly attributed by higher record of revenue, favourable product mix and higher share of profits from associated company.

The profit before tax of the Home Appliance product segment of RM58.2 million for the nine months ended 31 December 2014 was higher by 32.6% or RM14.3 million as compared to the previous year's corresponding period profit before tax of RM43.9 million. The profit before tax of the Fan products and Others segment of RM48.2 million for the nine months ended 31 December 2014 was higher by 18.7% or RM7.6 million as compared to the previous year's corresponding period profit before tax of RM40.6 million. Profitability improvement in both these segments was due mainly to stronger sales in the export markets.

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

The Company's revenue of RM251.2 million in the current quarter was an increase of 0.8% or RM2.0 million over the revenue of RM249.2 million recorded in the preceding quarter. This was mainly contributed from Home shower products which continued to have a strong growth momentum in Thailand driven by various aggressive sales and promotional activities.

Corresponding to the higher revenue, the Company achieved higher profit from operations of RM32.1 million in the current quarter compared to profit from operation of RM31.3 million in the preceding quarter. However, with a lower share of profits from associated company amounting to RM1.8 million in this quarter as compared to RM2.7 million registered in the preceding quarter, the Company's combined profit before tax of RM33.9 million in the quarter under review was marginally lower by 0.3% or RM0.1 million as compared to the combined profit before tax of RM34.0 million in preceding quarter.

The Home Appliance Product segment's profit before tax of RM23.9 million for the current quarter ended 31 December 2014 was higher by 13.8% or RM2.9 million as compared to the profit before tax of RM21.0 million in preceding quarter on the back of higher sales. The Fan Products and Others segment's profit before tax of RM13.8 million for the current quarter ended 31 December 2014 was lower by 13.8% or RM2.2 million as compared to the profit before tax of RM16.0 million in the preceding quarter.

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

The Company expects the current business environment especially in the local market to remain challenging and competitive amidst a backdrop of falling oil prices and the impending implementation of the Goods and Services Tax (GST) in April 2015 which has resulted in cautious spending in both the public and private sector.

However, any unfavorable impact will be mitigated to some extent by anticipated increase in export sales. The strengthening of US Dollar against Ringgit Malaysia will facilitate increase in export revenue which are mainly denominated in US Dollar.

The Company will remain focused and will intensify efforts to optimize its cost efficiencies and enhance its business processes to deliver satisfactory results for this 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 31.12.2014 RM'000	Preceding Quarter Ended 31.12.2013 RM'000	Cumulative Period ended 31.12.2014 RM'000	Cumulative Period ended 31.12.2013 RM'000
Taxation charge:				
- current financial year	(8,180)	(6,879)	(23,704)	(17,642)
Deferred Tax:				
- current financial year	710	(467)	1,356	(299)
	(7,470)	(7,346)	(22,348)	(17,941)
Effective income tax rate	22.1%		22.8%	

## 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 31 December 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	88,241	0	(5,772)
<u>Less than 1 year</u> - Buy JPY	4,194	0	(142)
<u>Less than 1 year</u> - Buy SGD	622	15	0
<u>Less than 1 year</u> - Sell Euro	5,471	25	0
		40	(5,914)

## Note 20. Material Litigation

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

**Note 21. Dividends**

The Board is not recommending any dividend for the quarter under review.

**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 31 December 2014 of 60,745,780 shares.

## (a) Basic earnings per share

	Period Ended 31.12.2014	Period Ended 31.12.2013
Profit after taxation for the period (RM000)	75,673	61,865
Weighted average number of ordinary shares in issue (000)	60,746	60,746
Basic earnings per share (sen)	124	102

## (b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	38	Not Applicable
Quarter 2	43	Not Applicable
Quarter 3	43	Not Applicable
Year-to-date	124	Not Applicable

**Note 23. Commitments for Capital Expenditure**

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Contracted	3,095	2,587
Not contracted	217	83
Analysed as follows:		
Property, plant and equipment	3,312	2,670

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

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

	<b>3<sup>rd</sup> Quarter ended</b>		<b>Cumulative period ended</b>	
	31.12.2014 RM $\phi$ 00	31.12.2013 RM $\phi$ 00	31.12.2014 RM $\phi$ 00	31.12.2013 RM $\phi$ 00
Interest Income	5,076	3,880	14,077	12,233
Interest Expenses	-	N/A	-	N/A
Depreciation & Amortization	6,180	6,888	19,172	20,537
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	(1,863)	(591)	(2,712)	(1,840)
Gain/(Loss) on Derivatives	(4,290)	105	(6,037)	(1,095)

\* N/A: Not Applicable to the Combined Entity

**By Order of the Board**

Leong Oi Wah  
Company Secretary  
26 February 2015