

# Panasonic

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

### Condensed Combined Entity Statement of Comprehensive Income for the 1<sup>st</sup> Quarter Ended 30 June 2015

	(Unaudited)		(Unaudited)	
	1st Quarter ended		Cumulative period ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Revenue	267,207	250,508	267,207	250,508
Operating expenses	(236,003)	(229,188)	(236,003)	(229,188)
Other operating income	6,548	6,230	6,548	6,230
Other derivative gain / (loss)	929	1,270	929	1,270
Profit from operations	38,681	28,820	38,681	28,820
Share of results of associated company (net of tax)	2,574	1,326	2,574	1,326
Profit before taxation	41,255	30,146	41,255	30,146
Taxation	(9,457)	(6,948)	(9,457)	(6,948)
<b>Profit after taxation for the period</b>	<b>31,798</b>	<b>23,198</b>	<b>31,798</b>	<b>23,198</b>
<hr/>				
<u>Earnings per share</u> <u>attributable to equity holders:</u>				
Basic and diluted (sen)	52	38	52	38

(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 2015)

**Condensed Combined Entity Statement of Comprehensive Income  
for the 1<sup>st</sup> Quarter Ended 30 June 2015**

	(Unaudited)		(Unaudited)	
	<b>1<sup>st</sup> Quarter ended</b>		<b>Financial year ended</b>	
	<b>30.06.2015</b>	<b>30.06.2014</b>	<b>30.06.2015</b>	<b>30.06.2014</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>	31,798	23,198	31,798	23,198
Other comprehensive income, net of taxation	-	-	-	-
<b>Total Comprehensive Income for the period</b>	31,798	23,198	31,798	23,198
<b>Profit after taxation attributable to equity holders of the Company</b>	31,798	23,198	31,798	23,198
<b>Total Comprehensive Income attributable to equity holders of the Company</b>	31,798	23,198	31,798	23,198

(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 2015)

## Condensed Combined Entity Statement of Financial Position

	(Unaudited)	(Audited)
	As at 30.06.2015 RM'000	As at Preceding Financial Year End 31.03.2015 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	52,305	55,858
Interest in associated company	147,990	145,416
Deferred tax assets	14,699	13,554
	214,994	214,828
<b>Current assets</b>		
Inventories	35,946	47,901
Trade and other receivables	101,660	64,244
Placement of funds with related company	571,115	575,033
Cash and bank balances	996	917
Derivative financial instruments	108	306
	709,825	688,401
<b>Total assets</b>	924,819	903,229
<b>EQUITY</b>		
Capital and reserves attributed to equity holders		
Share capital	60,746	60,746
Retained earnings	689,514	657,716
Total equity	750,260	718,462
<b>LIABILITIES</b>		
<b>Non-current liability</b>		
Provision for liabilities and charges	205	205
	205	205
<b>Current liabilities</b>		
Trade and other payables	143,536	159,094
Taxation	11,785	6,890
Provision for liabilities and charges	15,716	14,134
Derivative financial instruments	3,317	4,444
	174,354	184,562
Total liabilities	174,559	184,767
Total equity and liabilities	924,819	903,229
Net assets per share (RM)	12.35	11.83

(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 2015)

**Condensed Combined Entity Statement of Changes in Equity  
For the 1<sup>st</sup> Quarter Ended 30 June 2015**

	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000
<b><u>Quarter Ended 30 June 2014</u></b>			
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
<b><u>Quarter Ended 30 June 2015</u></b>			
At 1 April 2015	60,746	657,716	718,462
Total comprehensive income for the period	-	31,798	31,798
At 30 June 2015	60,746	689,514	750,260

(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 2015)

**Condensed Combined Entity Cash Flow Statement for the  
1<sup>st</sup> Quarter Ended 30 June 2015**

	(Unaudited)	
	Period ended 30.06.2015 (RM'000)	Period ended 30.06.2014 (RM'000)
<b>Profit after taxation</b>	31,798	23,198
<b>Adjustments for:</b>		
Non Cash Flow Items	10,500	8,067
Share of results of associated company	(2,574)	(1,326)
<b>Operating profit before working capital changes</b>	39,724	29,939
<b>Changes in working capital</b>		
Net increase in current assets	(25,501)	(28,106)
Net (decrease) / increase in current liabilities	(15,558)	853
<b>Cash generated from operations</b>	(1,335)	2,686
Other operating activities	(5,904)	(5,542)
<b>Net cash flow from operating activities</b>	(7,239)	(2,856)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,354)	(2,611)
Proceeds from disposal of property, plant and equipment	-	12
Interest received	5,361	4,605
Dividend received (net)	-	-
<b>Net cash flow from investing activities</b>	3,007	2,006
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividends paid	-	-
<b>Net cash flow from financing activity</b>	-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(4,232)	(850)
<b>CURRENCY TRANSLATION DIFFERENCES</b>	393	1,199
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD</b>	575,950	520,151
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD</b>	572,111	520,500
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	571,115	519,445
Cash and bank balances	996	1,055
	<u>572,111</u>	<u>520,500</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 2015)

# Panasonic

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

### Notes to the Interim Financial Statements for 1<sup>st</sup> Quarter Ended 30 June 2015

#### 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 2015.

The audited financial statements of the Company for the year ended 31 March 2015 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 2015.

#### Note 2. Realised and Unrealised Profits / Losses

	Current Year Ended 30.06.2015 RM'000	Preceding Year Ended 31.03.2015 RM'000
Total retained profits of Company:		
- Realised profits	546,515	517,130
- Unrealised (loss) / profits	(2,991)	(2,830)
	543,524	514,300
Total share of retained profits from associated company:		
- Realised profits	149,985	146,405
- Unrealised loss	(3,995)	(2,989)
	145,990	143,416
Total Combined Entity's retained profits	689,514	657,716

#### Note 3. Disclosure of Audit Report Qualification

The audit report of the Company's annual financial statements for the financial year ended 31 March 2015 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 2015.

#### **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>	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Home Appliance products	115,191	107,568	17,749	13,321
Fan products and Others	152,016	142,940	22,621	18,416
Total	267,207	250,508	40,370	31,737

#### **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 2015 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 2015 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 2015.

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

## **Note 13. Review of Performance**

### **1<sup>st</sup> Quarter This Year vs 1<sup>st</sup> Quarter Last Year**

The Company's revenue of RM267.2 million for the current quarter ended 30 June 2015 was higher by 6.7% or RM16.7 million as compared with the revenue of RM250.5 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 7% as compared to the previous year's corresponding period. Fan sales grew by approximately 6% as compared to the previous year's corresponding period.

The increase in domestic markets for both Home Appliances and Fan products was mainly due to higher demand from sales companies especially to replenish low stock level at dealers' site after implementation of the Goods and Services Tax (GST). Various aggressive sales and promotional activities such as the Caravan campaign in Kitchen Appliances products which also contributed to the domestic growth for the quarter under review. In addition, a favorable exchange condition with the strengthening of US Dollars against the Ringgit Malaysia contributed to the increase in export revenue which is quoted mainly in US Dollars.

As a result of the higher revenue achieved and higher share of results of associated company, the Company's combined profit before tax of RM41.3 million for the current quarter ended 30 June 2015 was higher by 37.2% or RM11.2 million as compared to the previous year's corresponding quarter combined profit before tax of RM30.1 million.

The Home Appliances' profit before tax of RM17.7 million for the current quarter ended 30 June 2015 was higher by 33.1% or RM4.4 million as compared to the previous year's corresponding quarter profit before tax of RM13.3 million. The Fan products and others' profit before tax of RM22.6 million for the current quarter ended 30 June 2015 was higher by 22.8% or RM4.2 million as compared to the previous year's corresponding quarter profit before tax of RM18.4 million.



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

The Company's revenue of RM267.2 million in the current quarter was higher by 48.3% or RM87.0 million over the revenue of RM180.2 million recorded in the preceding quarter. This was mainly due to higher sales in domestic markets for both Home Appliances and Fan products contributed from sales momentum gained post GST implementation.

In line with the higher revenue, the Company's profit from operations of RM38.7 million for the current quarter increased by 36.7% or RM10.4 million as compared to profit from operations of RM28.3 million in the preceding quarter. Correspondingly, the Company's combined profit before tax of RM41.3 million in the quarter under review was also higher by 29.9% or RM9.5 million as compared to the combined profit before tax of RM31.8 million in preceding quarter.

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

The global economy is expected to expand at a moderate pace. However, due to economic uncertainties in both Europe and Asia, its growth potential has become vulnerable to increased downside risks.

On the local front, the Malaysian economy is expected to remain on a steady growth path as domestic demand will remain the key driver of growth. However, the increasing cost of living is making consumers more cautious about spending money and with the recent volatility of Ringgit exchange rate, the Company expects the outlook and prospect for the financial year to remain challenging.

Nevertheless, in order to sustain and enhance its competitiveness, the Company will continue to strengthen its innovation capabilities to develop new products suited to market taste and preference and to improve its production efficiency to reduce overall costs of production. With these measures in place, the Company is expected 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**

	<b>Current Quarter Ended 30.06.2015 (RM'000)</b>	<b>Preceding Quarter Ended 30.06.2014 (RM'000)</b>	<b>Cumulative Period ended 30.06.2015 (RM'000)</b>	<b>Cumulative Period ended 30.06.2014 (RM'000)</b>
Taxation charge:				
- current financial year	(10,601)	(7,357)	(10,601)	(7,357)
Deferred Tax:				
- current financial year	1,144	409	1,144	409
	(9,457)	(6,948)	(9,457)	(6,948)
Effective income tax rate	22.9%	23.0%	22.9%	23.0%

The Company's effective income tax rate for the current quarter was lower than the statutory tax rate of 25% mainly due to certain tax incentives enjoyed in promotional activities to increase exports sales.

## 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 fluctuation in foreign currency exchange rates.

As at 30 June 2015, 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	93,304	0	(3,276)
Less than 1 year - Buy JPY	5,735	80	0
Less than 1 year - Buy SGD	684	28	0
Less than 1 year - Sell Euro	1,926	0	(41)
		108	(3,317)

## Note 20. Material Litigation

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

## Note 21. Dividends

- (a) No interim dividends have been declared or recommended for the current quarter ended 30 June 2015 (2014: Nil).
- (b) In respect of the financial year ended 31 March 2015, a final single tier dividend of 35 sen (2014: 35 sen) and a special single tier dividend of 92 sen (2014: 23 sen) per ordinary share of RM1.00 each, payable on 21 September 2015 was recommended by the Directors on 23 June 2015 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 31 March 2015 of 60,745,780 shares.

(a) Basic earnings per share

	Period Ended 30.06.2015	Period Ended 30.06.2014
Profit after taxation for the period (RM $\phi$ 00)	31,798	23,198
Weighted average number of ordinary shares in issue ( $\phi$ 00)	60,746	60,746
Basic earnings per share (sen)	52	38

(b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	52	Not Applicable
Year-to-date	52	Not Applicable

**Note 23. Commitments for Capital Expenditure**

	As at 30.06.2015 (RM'000)	As at 30.06.2014 (RM'000)
Contracted	1,210	1,366
Not contracted	978	14
Analysed as follows: Property, plant and equipment	2,188	1,380

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

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

	1 <sup>st</sup> Quarter ended		Cumulative period ended	
	30.06.2015 RM $\phi$ 00	30.06.2014 RM $\phi$ 00	30.06.2015 RM $\phi$ 00	30.06.2014 RM $\phi$ 00
Interest Income	5,312	4,248	5,312	4,248
Interest Expenses	-	-	-	-
Depreciation & Amortization	5,907	6,548	5,907	6,548
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 translation	(1,480)	947	(1,480)	947
Gain/(Loss) on Derivatives	929	1,270	929	1,270

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

**By Order of the Board**

Leong Oi Wah  
Company Secretary  
21 August 2015