

Panasonic

Panasonic Manufacturing Malaysia Berhad (6100-K)

(Incorporated in Malaysia)

Condensed Combined Entity Statement of Comprehensive Income for the 2nd Quarter Ended 30 September 2015

	(Unaudited)		(Unaudited)	
	2nd Quarter ended		Cumulative period ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Revenue	280,665	249,155	547,872	499,663
Operating expenses	(237,628)	(219,854)	(473,631)	(449,042)
Other operating income	6,988	5,024	13,536	11,254
Other derivative gain / (loss)	(5,444)	(3,017)	(4,515)	(1,747)
Profit from operations	44,581	31,308	83,262	60,128
Share of results of associated company (net of tax)	6,181	2,707	8,755	4,033
Profit before taxation	50,762	34,015	92,017	64,161
Taxation	(10,466)	(7,930)	(19,923)	(14,878)
Profit after taxation for the period	40,296	26,085	72,094	49,283
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<u>Earnings per share</u> <u>attributable to equity holders:</u>				
Basic and diluted (sen)	67	43	119	81

(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 2nd Quarter Ended 30 September 2015**

	(Unaudited)		(Unaudited)	
	2 nd Quarter ended		Cumulative period ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Profit after taxation for the period	40,296	26,085	72,094	49,283
Other comprehensive income, net of taxation	-	-	-	-
Total Comprehensive Income for the period	40,296	26,085	72,094	49,283
Profit after taxation attributable to equity holders of the Company	40,296	26,085	72,094	49,283
Total Comprehensive Income attributable to equity holders of the Company	40,296	26,085	72,094	49,283

(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 30.09.2015 RM'000	As at Preceding Financial Year End 31.03.2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	50,428	55,858
Interest in associated company	152,260	145,416
Deferred tax assets	14,609	13,554
	217,297	214,828
Current assets		
Inventories	35,590	47,901
Trade and other receivables	124,012	64,244
Placement of funds with related company	551,485	575,033
Cash and bank balances	893	917
Derivative financial instruments	1179	306
	713,159	688,401
Total assets	930,456	903,229
EQUITY		
Capital and reserves attributed to equity holders		
Share capital	60,746	60,746
Retained earnings	652,663	657,716
Total equity	713,409	718,462
LIABILITIES		
Non-current liability		
Provision for liabilities and charges	205	205
	205	205
Current liabilities		
Trade and other payables	173,955	159,094
Taxation	15,597	6,890
Provision for liabilities and charges	17,458	14,134
Derivative financial instruments	9,832	4,444
	216,842	184,562
Total liabilities	217,047	184,767
Total equity and liabilities	930,456	903,229
Net assets per share (RM)	11.74	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 2nd Quarter Ended 30 September 2015**

	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000
<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
<u>Cumulative Period Ended 30 September 2015</u>			
At 1 April 2015	60,746	657,716	718,462
Total comprehensive income for the period	-	72,094	72,094
Dividends:			
- Final dividend for the financial year ended 31 March 2015	-	(21,261)	(21,261)
- Special dividend for the financial year ended 31 March 2015	-	(55,886)	(55,886)
At 30 September 2015	60,746	652,663	713,409

(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
2nd Quarter Ended 30 September 2015**

	(Unaudited)	
	Period ended 30.09.2015 (RM'000)	Period ended 30.09.2014 (RM'000)
Profit after taxation	72,094	49,283
Adjustments for:		
Non Cash Flow Items	33,700	23,615
Share of results of associated company	(8,755)	(4,033)
Operating profit before working capital changes	97,039	68,865
Changes in working capital		
Net increase in current assets	(47,606)	(41,261)
Net increase in current liabilities	14,861	29,374
Cash generated from operations	64,294	56,978
Other operating activities	(13,040)	(12,162)
Net cash flow from operating activities	51,254	44,816
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,233)	(4,560)
Proceeds from disposal of property, plant and equipment	87	29
Interest received	11,072	8,848
Dividend received (net)	1,911	1,911
Net cash flow from investing activities	6,837	6,228
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid	(77,147)	(35,233)
Net cash flow from financing activity	(77,147)	(35,233)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(19,056)	15,811
CURRENCY TRANSLATION DIFFERENCES	(4,516)	(431)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD	575,950	520,151
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	552,378	535,531
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	551,485	534,535
Cash and bank balances	893	996
	<u>552,378</u>	<u>535,531</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)

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Notes to the Interim Financial Statements for 2nd Quarter Ended 30 September 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 Quarter Ended 30.09.2015 RM'000	Preceding Year Ended 31.03.2015 RM'000
Total retained profits of Company:		
- Realised profits	517,579	517,130
- Unrealised (loss) / profits	(15,176)	(2,830)
	502,403	514,300
Total share of retained profits from associated company:		
- Realised profits	148,888	146,405
- Unrealised loss	1,372	(2,989)
	150,260	143,416
Total Combined Entity’s retained profits	652,663	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

The following dividends were paid out on 21 September 2015 to shareholders registered in the Record of Depositors at the close of business on 7 September 2015:

<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 (92 sen per ordinary share of RM1.00)	55,886
Total	<u>77,147</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	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Home Appliance products	253,913	235,757	45,119	34,285
Fan products and Others	293,959	263,906	43,831	34,368
Total	547,872	499,663	88,950	68,653

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 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 September 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

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

The Company's revenue of RM280.7 million for the current quarter ended 30 September 2015 was higher by 12.6% or RM31.5 million as compared with the revenue of RM249.2 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 8% as compared to the previous year's corresponding period. Fan sales grew by approximately 17% as compared to the previous year's corresponding period.

Various aggressive sales and promotional activities such as the Caravan campaign in Kitchen Appliances products contributed to the domestic growth for Home Appliances products. The growth in Fan products was led by strong demand for Ceiling Fan in both the domestic market and the Middle East countries. In addition, the strengthening of US Dollars contributed to the increase in export revenue which is quoted mainly in US Dollars.

In line with the higher revenue combined with improved margins and higher share of profits from the associated company and Company recorded an increase in profitability. The Company's combined profit before tax of RM50.8 million for the current quarter ended 30 September 2015 was higher by 49.4% or RM16.8 million as compared to the previous year's corresponding quarter combined profit before tax of RM34.0 million.

The Home Appliance's profit before tax of RM27.4 million for the current quarter ended 30 September 2015 was higher by 30.5% or RM6.4 million as compared to the previous year's corresponding quarter profit before tax of RM21.0 million. The Fan products and others' profit before tax of RM21.2 million for the current quarter ended 30 September 2015 was higher by 33.3% or RM5.3 million as compared to the previous year's corresponding quarter profit before tax of RM15.9 million.

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

The Company's revenue of RM547.9 million for the half year ended 30 September 2015, was an increase of RM48.2 million or 9.6% as compared to the previous year's corresponding period of RM499.7 million. 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 addition, a favorable exchange condition with the strengthening of US Dollars contributed to the increase in export revenue which is quoted mainly in US Dollars.

The Company's combined profit before tax of RM92.0 million for the half year ended 30 September 2015 was higher by 43.3% or RM27.8 million; as compared to the previous year's corresponding period combined profit before tax of RM64.2 million.

The Home Appliance's profit before tax of RM45.1 million for the half year ended 30 September 2015 was higher by 31.5% or RM10.8 million as compared to the previous year's corresponding period profit before tax of RM34.3 million. The Fan products and others' profit before tax of RM43.8 million for the half year ended 30 September 2015 was higher by 27.3% or RM9.4 million as compared to the previous year's corresponding period profit before tax of RM34.4 million.

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

The Company's revenue of RM280.7 million in the current quarter was higher by 5.1% or RM13.5 million over the revenue of RM267.2 million recorded in the preceding quarter. This was mainly due to export market for Home Shower products have increased as compared to the preceding quarter as these products are seasonally higher in the current quarter.

In line with the higher revenue, the Company's combined profit before tax of RM50.8 million for the current quarter increased by 23.0% or RM9.5 million as compared to combined profit before tax of RM41.3 million in the preceding quarter. This was mainly attributed by higher share of profits from associated company amounting to RM6.2 million in this quarter as compared to RM2.6 million registered in the preceding quarter.

The Home Appliance's profit before tax of RM27.4 million for the current quarter ended 30 September 2015 was higher by 54.8% or RM9.7 million as compared to the profit before tax of RM17.7 million in preceding quarter. The Fan products and others' profit before tax of RM21.2 million for the current quarter ended 30 September 2015 was lower by 6.2% or RM1.4 million as compared to the profit before tax of RM22.6 million in the preceding quarter.

Note 15. Prospects and Outlook

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

Domestic demand, which has driven growth in recent quarters, is expected to moderate in the second half of the financial year due to increased costs of living which will have an impact on private consumption.

Overall, the Company expects the outlook and prospect for the financial year to remain challenging. However, in order to sustain and enhance its competitiveness, the Company will continue to strengthen its innovation capabilities to develop new products suited to market tastes and preferences. Additionally, it will continue its efforts 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

	Current Quarter Ended 30.09.2015 (RM'000)	Preceding Quarter Ended 30.09.2014 (RM'000)	Cumulative Period ended 30.09.2015 (RM'000)	Cumulative Period ended 30.09.2014 (RM'000)
Taxation charge:				
- current financial year	(10,377)	(8,167)	(20,978)	(15,524)
Deferred Tax:				
- current financial year	(89)	237	1,055	646
	(10,466)	(7,930)	(19,923)	(14,878)
Effective income tax rate	20.6%	23.3%	21.7%	23.2%

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 September 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	71,224	0	(9,639)
Less than 1 year - Buy JPY	7,444	1,112	0
Less than 1 year - Buy SGD	819	67	0
Less than 1 year - Sell Euro	1,197	0	(193)
		1,179	(9,832)

Note 20. Material Litigation

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

Note 21. Dividends

- An interim single tier dividend of 15 sen per ordinary share of RM1.00 for the financial year ending 31 March 2016 has been declared by the Directors on 27 November 2015 for payment on 15 January 2016 based on the entitlement date of 28 December 2015.
- The interim single tier dividend paid for the previous financial year ended 31 March 2015 amounted to 15 sen per ordinary share of RM1.00.
- Total dividend for the current financial year ending 31 March 2016 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 31 March 2015 of 60,745,780 shares.

- Basic earnings per share

	Period Ended 30.09.2015	Period Ended 30.09.2014
Profit after taxation for the period (RM'000)	72,094	49,283
Weighted average number of ordinary shares in issue ('000)	60,746	60,746
Basic earnings per share (sen)	119	81

(b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	52	Not Applicable
Quarter 2	67	Not Applicable
Year-to-date	119	Not Applicable

Note 23. Commitments for Capital Expenditure

	As at 30.09.2015 (RM'000)	As at 30.09.2014 (RM'000)
Contracted	3,417	1,902
Not contracted	426	284
Analysed as follows: Property, plant and equipment	3,843	2,186

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

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

	2 nd Quarter ended		Cumulative period ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Interest Income	5,587	4,753	10,899	9,001
Interest Expenses	-	-	-	-
Depreciation & Amortization	5,696	6,444	11,603	12,992
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	(4,407)	(1,796)	(5,887)	(849)
Gain/(Loss) on Derivatives	(5,444)	(3,017)	(4,515)	(1,747)

* N/A: Not Applicable to the Combined Entity

By Order of the Board

Leong Oi Wah
Company Secretary
27 November 2015