

# 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 2015

	(Unaudited)		(Unaudited)	
	3rd Quarter ended		Cumulative period ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Revenue	289,133	251,175	837,005	750,838
Operating expenses	(251,087)	(220,956)	(724,717)	(669,998)
Other operating income	9,040	6,132	22,576	17,386
Other derivative gain / (loss)	7,667	(4,290)	3,151	(6,037)
Profit from operations	54,753	32,061	138,015	92,189
Share of results of associated company (net of tax)	94	1,799	8,849	5,832
Profit before taxation	54,847	33,860	146,864	98,021
Taxation	(16,251)	(7,470)	(36,174)	(22,348)
<b>Profit after taxation for the period</b>	<b>38,596</b>	<b>26,390</b>	<b>110,690</b>	<b>75,673</b>
<b>Earnings per share attributable to equity holders:</b>				
Basic and diluted (sen)	63	43	182	124

(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 3<sup>rd</sup> Quarter Ended 31 December 2015**

	(Unaudited)		(Unaudited)	
	<b>3<sup>rd</sup> Quarter ended</b>		<b>Cumulative period ended</b>	
	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>31.12.2015</b>	<b>31.12.2014</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>	38,596	26,390	110,690	75,673
Other comprehensive income, net of taxation	-	-	-	-
<b>Total Comprehensive Income for the period</b>	38,596	26,390	110,690	75,673
<b>Profit after taxation attributable to equity holders of the Company</b>	38,596	26,390	110,690	75,673
<b>Total Comprehensive Income attributable to equity holders of the Company</b>	38,596	26,390	110,690	75,673

(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)
	<b>As at 31.12.2015 RM'000</b>	<b>As at Preceding Financial Year End 31.03.2015 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	54,061	55,858
Interest in associated company	152,354	145,416
Deferred tax assets	12,786	13,554
	<u>219,201</u>	<u>214,828</u>
<b>Current assets</b>		
Inventories	34,913	47,901
Trade and other receivables	116,446	64,244
Placement of funds with related company	573,968	575,033
Cash and bank balances	883	917
Derivative financial instruments	344	306
	<u>726,554</u>	<u>688,401</u>
<b>Total assets</b>	<u>945,755</u>	<u>903,229</u>
<b>EQUITY</b>		
Capital and reserves attributed to equity holders		
Share capital	60,746	60,746
Retained earnings	691,259	657,716
Total equity	<u>752,005</u>	<u>718,462</u>
<b>LIABILITIES</b>		
<b>Non-current liability</b>		
Provision for liabilities and charges	205	205
	<u>205</u>	<u>205</u>
<b>Current liabilities</b>		
Trade and other payables	154,336	159,094
Taxation	18,454	6,890
Provision for liabilities and charges	19,425	14,134
Derivative financial instruments	1,330	4,444
	<u>193,545</u>	<u>184,562</u>
<b>Total liabilities</b>	<u>193,750</u>	<u>184,767</u>
<b>Total equity and liabilities</b>	<u>945,755</u>	<u>903,229</u>
<b>Net assets per share (RM)</b>	<u>12.38</u>	<u>11.83</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 2015)

**Condensed Combined Entity Statement of Changes in Equity  
For the 3<sup>rd</sup> Quarter Ended 31 December 2015**

	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000
<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
<b><u>Cumulative Period Ended 31 December 2015</u></b>			
At 1 April 2015	60,746	657,716	718,462
Total comprehensive income for the period	-	110,690	110,690
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 31 December 2015	60,746	691,259	752,005

(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  
3<sup>rd</sup> Quarter Ended 31 December 2015**

	(Unaudited)	
	Period ended 31.12.2015 (RM'000)	Period ended 31.12.2014 (RM'000)
<b>Profit after taxation</b>	110,690	75,673
<b>Adjustments for:</b>		
Non Cash Flow Items	36,967	41,891
Share of results of associated company	(8,849)	(5,832)
<b>Operating profit before working capital changes</b>	138,808	111,732
<b>Changes in working capital</b>		
Net decrease / (increase) in current assets	(38,999)	(20,704)
Net increase / (decrease) in current liabilities	(4,758)	12,477
<b>Cash generated from operations</b>	95,051	103,505
Other operating activities	(25,030)	(25,042)
<b>Net cash flow from operating activities</b>	70,021	78,463
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(15,436)	(7,004)
Proceeds from disposal of property, plant and equipment	170	104
Interest received	16,231	13,810
Dividend received (net)	1,911	1,911
<b>Net cash flow from investing activities</b>	2,876	8,821
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividends paid	(77,147)	(35,233)
<b>Net cash flow from financing activity</b>	(77,147)	(35,233)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(4,250)	52,051
<b>CURRENCY TRANSLATION DIFFERENCES</b>	3,151	(4,853)
<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>	574,851	567,349
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	573,968	566,338
Cash and bank balances	883	1,011
	<u>574,851</u>	<u>567,349</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 3<sup>rd</sup> Quarter Ended 31 December 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 31.12.2015 RM'000	Preceding Year Ended 31.03.2015 RM'000
Total retained profits of Company:		
- Realised profits	544,592	517,130
- Unrealised (loss) / profits	(3,687)	(2,830)
	540,905	514,300
Total share of retained profits from associated company:		
- Realised profits	154,192	146,405
- Unrealised loss	(3,838)	(2,989)
	150,354	143,416
Total Combined Entity’s retained profits	691,259	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 markets.

#### **Note 5. Unusual Items**

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 declared or 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>	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Home Appliance products	422,580	372,104	77,135	58,157
Fan and other products	414,425	378,734	62,027	48,150
Total	837,005	750,838	139,162	106,307

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

The Company's revenue of RM289.1 million for the current quarter ended 31 December 2015 was higher by 15.1% or RM37.9 million as compared with the revenue of RM251.2 million registered in the previous year's corresponding quarter.

Fan sales in domestic markets grew by 18% as compared to the previous year's corresponding quarter, mainly led by project-related sales of Ceiling Fan products. Favorable currency exchange condition contributed to the increase in export revenue which was mainly quoted in the US Dollars.

In line with the higher revenue, the Company's combined profit before tax of RM54.8 million for the current quarter ended 31 December 2015 was higher by 61.6% or RM20.9 million as compared to the previous year's corresponding quarter combined profit before tax of RM33.9 million. For the quarter under review, the Company recorded a derivative gain of RM7.7 million as compared to a derivative loss of RM4.3 million registered in the previous year corresponding quarter. The derivative gain arose from an adjustment of derivative loss of RM8.7 million in the last quarter following the fluctuations in the currency exchange rates.

The Home Appliance product's profit before tax of RM32.0 million for the current quarter ended 31 December 2015 was higher by 33.9% or RM8.1 million as compared to the previous year's corresponding quarter profit before tax of RM23.9 million. The Fan and other products' profit before tax of RM18.2 million for the current quarter ended 31 December 2015 was higher by 31.9% or RM4.4 million as compared to the previous year's corresponding quarter profit before tax of RM13.8 million. The favorable variance for both product segments was mainly due to the higher revenue achieved and improved margins due to favorable currency exchange condition.

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

The Company's revenue of RM837.0 million for the nine months ended 31 December 2015, was an increase of RM86.2 million or 11.5% as compared to the previous year's corresponding period of RM750.8 million. This was mainly due to higher sales in domestic markets for both Home Appliances and Fan and other products contributed from sales momentum gained post GST implementation for dealers to replenish stocks. In addition, a favorable currency exchange condition with 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, the Company's combined profit before tax of RM146.9 million for the nine months ended 31 December 2015 was higher by 49.9% or RM48.9 million; as compared to the previous year's corresponding period combined profit before tax of RM98.0 million.

The Home Appliance product's profit before tax of RM77.1 million for the nine months ended 31 December 2015 was higher by 32.6% or RM19.0 million as compared to the previous year's corresponding period profit before tax of RM58.2 million. The Fan and other products' profit before tax of RM62.0 million for the period ended 31 December 2015 was higher by 28.6% or RM13.8 million as compared to the previous year's corresponding period profit before tax of RM48.2 million.

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

The Company's revenue of RM289.1 million in the current quarter was higher by 3.0% or RM8.4 million over the revenue of RM280.7 million recorded in the preceding quarter. The Company's combined profit before tax of RM54.8 million for the current quarter increased by 7.9% or RM4.0 million as compared to combined profit before tax of RM50.8 million in the preceding quarter.

In line with the higher revenue, the Home Appliance product's profit before tax of RM32.0 million for the current quarter ended 31 December 2015 was higher by 16.8% or RM4.6 million as compared to the profit before tax of RM27.4 million in preceding quarter. The Fan and other products' profit before tax of RM18.2 million for the current quarter ended 31 December 2015 was lower by 14.2% or RM3.0 million as compared to the profit before tax of RM21.2 million in the preceding quarter.

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

The Company has been able to achieve positive results in the first three quarters of the financial year ending 31 March 2016 despite the economic uncertainties. This is mainly attributed to the favorable currency exchange rate.

The innovation capabilities that had been strengthened to meet market tastes and preferences as well as continuous efforts to improve production efficiency to reduce overall costs of production will contribute to the positive results. Overall the Board expects the Company 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 31.12.2015 (RM'000)	Preceding Quarter Ended 31.12.2014 (RM'000)	Cumulative Period ended 31.12.2015 (RM'000)	Cumulative Period ended 31.12.2014 (RM'000)
Taxation charge:				
- current financial year	(13,507)	(8,180)	(34,485)	(23,704)
- prior financial year	(921)	-	(921)	-
Deferred Tax:				
- current financial year	(1,823)	710	(768)	1,356
	(16,251)	(7,470)	(36,174)	(22,348)
Effective income tax rate	27.9%	22.1%	24.0%	22.8%

The Company's effective income tax rate for the cumulative period was lower than the statutory tax rate of 25% mainly due to certain tax incentives enjoyed in promotional activities to increase export sales. The effective income tax rate for the current quarter was higher due to an under provision in respect of prior year taxation charge.

## 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 31 December 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
<u>Less than 1 year</u> - Sell USD	76,061	150	(1,330)
<u>Less than 1 year</u> - Buy JPY	5,043	176	0
<u>Less than 1 year</u> - Buy SGD	760	10	0
<u>Less than 1 year</u> - Sell Euro	832	8	0
		344	(1,330)

## Note 20. Material Litigation

There were no material litigations pending on 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 March 2015 of 60,745,780 shares.

## (a) Basic earnings per share

	Period Ended 31.12.2015	Period Ended 31.12.2014
Profit after taxation for the period (RM'000)	110,690	75,673
Weighted average number of ordinary shares in issue ('000)	60,746	60,746
Basic earnings per share (sen)	182	124

## (b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	52	Not Applicable
Quarter 2	67	Not Applicable
Quarter 3	63	Not Applicable
Year-to-date	182	Not Applicable

**Note 23. Commitments for Capital Expenditure**

	As at 31.12.2015 (RM'000)	As at 31.12.2014 (RM'000)
Contracted	7,918	3,095
Not contracted	0	217
Analysed as follows:		
Property, plant and equipment	7,918	3,312

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

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

	<b>3<sup>rd</sup> Quarter ended</b>		<b>Cumulative period ended</b>	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Interest Income	5,515	5,076	16,415	14,077
Interest Expenses	-	-	-	-
Depreciation & Amortization	5,566	6,180	17,169	19,172
Provision For/Write Off of Receivables	-	-	-	-
Provision For/Write Off of Inventories	(4)	-	1,919	905
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	(3,112)	(1,863)	(8,999)	(2,712)
Gain/(Loss) on Derivatives	7,667	(4,290)	3,151	(6,037)

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

**By Order of the Board**

Leong Oi Wah  
Company Secretary  
26 February 2016