

Panasonic

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

Condensed Combined Entity Statement of Comprehensive Income for the 4th Quarter Ended 31 March 2016

	(Unaudited)		(Unaudited)	
	4 th Quarter ended		Financial year ended	
	31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
Revenue	249,730	180,182	1,086,735	931,020
Operating expenses	(222,858)	(160,671)	(947,576)	(830,668)
Other operating income	5,217	7,060	27,793	24,446
Other derivative gain / (loss)	6,017	1,738	9,169	(4,300)
Profit from operations	38,106	28,309	176,121	120,498
Share of results of associated company (net of tax)	202	3,503	9,051	9,335
Profit before taxation	38,308	31,812	185,172	129,833
Taxation	(2,098)	(7,947)	(38,272)	(30,295)
Profit after taxation for the period	36,210	23,865	146,900	99,538
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<u>Earnings per share</u> <u>attributable to equity holders:</u>				
Basic and diluted (sen)	60	40	242	164

(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 4th Quarter Ended 31 March 2016**

	(Unaudited)		(Unaudited)	
	4th Quarter ended		Financial year ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Profit after taxation for the period	36,210	23,865	146,900	99,538
Other comprehensive income, net of taxation	-	-	-	-
Total Comprehensive Income for the period	36,210	23,865	146,900	99,538
Profit after taxation attributable to equity holders of the Company	36,210	23,865	146,900	99,538
Total Comprehensive Income attributable to equity holders of the Company	36,210	23,865	146,900	99,538

(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 31.03.2016 RM'000	As at Preceding Financial Year End 31.03.2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	62,030	55,858
Interest in associated company	151,282	145,416
Deferred tax assets	11,320	13,554
	224,632	214,828
Current assets		
Inventories	43,844	47,901
Trade and other receivables	110,952	64,244
Placement of funds with related company	599,934	575,033
Cash and bank balances	1,580	917
Derivative financial instruments	5,151	306
	761,461	688,401
Total assets	986,093	903,229
EQUITY		
Capital and reserves attributed to equity holders		
Share capital	60,746	60,746
Retained earnings	718,357	657,716
Total equity	779,103	718,462
LIABILITIES		
Non-current liability		
Provision for liabilities and charges	193	205
	193	205
Current liabilities		
Trade and other payables	188,253	159,094
Taxation	9,276	6,890
Provision for liabilities and charges	9,148	14,134
Derivative financial instruments	120	4,444
	206,797	184,562
Total liabilities	206,990	184,767
Total equity and liabilities	986,093	903,229
Net assets per share (RM)	12.83	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 4th Quarter Ended 31 March 2016**

	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000
<u>Cumulative Period Ended 31 March 2015</u>			
At 1 April 2014	60,746	602,522	663,268
Total comprehensive income for the period	-	99,538	99,538
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	-	(13,971)	(13,971)
- Interim dividend for the financial year ended 31 March 2015	-	(9,112)	(9,112)
At 31 March 2015	60,746	657,716	718,462
<u>Cumulative Period Ended 31 March 2016</u>			
At 1 April 2015	60,746	657,716	718,462
Total comprehensive income for the period	-	146,900	146,900
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)
- Interim dividend for the financial year ended 31 March 2016	-	(9,112)	(9,112)
At 31 March 2016	60,746	718,357	779,103

(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
4th Quarter Ended 31 March 2016**

	(Unaudited)	
	Year ended 31.03.2016 RM'000	Year ended 31.03.2015 RM'000
Profit after taxation	146,900	99,538
Adjustments for:		
Non Cash Flow Items	19,147	38,293
Share of results of associated company	(9,051)	(9,335)
Operating profit before working capital changes	156,996	128,496
Changes in working capital		
Net increase in current assets	(38,521)	(24,965)
Net increase in current liabilities	29,159	19,234
Cash generated from operations	147,634	122,765
Other operating activities	(36,123)	(31,153)
Net cash flow from operating activities	111,511	91,612
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(30,491)	(15,340)
Proceeds from disposal of property, plant and equipment	170	108
Interest received	22,249	18,886
Dividend received (net)	3,185	3,185
Net cash flow from investing activities	(4,887)	6,839
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid	(86,259)	(44,344)
Net cash flow from financing activity	(86,259)	(44,344)
NET INCREASE IN CASH AND CASH EQUIVALENTS	20,365	54,107
CURRENCY TRANSLATION DIFFERENCES	5,199	1,692
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD	575,950	520,151
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	601,514	575,950
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	599,934	575,033
Cash and bank balances	1,580	917
	<u>601,514</u>	<u>575,950</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 4th Quarter Ended 31 March 2016

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 31.03.2016 RM'000	Preceding Year Ended 31.03.2015 RM'000
Total retained profits of Company:		
- Realised profits	553,231	517,130
- Unrealised (loss) / profits	15,844	(2,830)
	569,075	514,300
Total share of retained profits from associated company:		
- Realised profits	157,393	146,405
- Unrealised loss	(8,111)	(2,989)
	149,282	143,416
Total Combined Entity's retained profits	718,357	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

The amount of dividends on ordinary shares paid by the Company since 31 March 2015 were as follows:

<u>Final and Special Dividends paid</u>	RM000
Final dividend (35 sen per ordinary share of RM1.00)	21,261
Special dividend (92 sen per ordinary share of RM1.00)	55,886
<u>Interim Dividends paid</u>	
Interim dividend (15 sen per ordinary share of RM1.00)	9,112
Total	<u><u>86,259</u></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	
	31.03.2016 RM000	31.03.2015 RM000	31.03.2016 RM000	31.03.2015 RM000
Home Appliance products	535,810	456,575	96,329	72,371
Fan and other products	545,627	474,445	77,146	55,507
Total	1,081,437	931,020	173,475	127,878

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 March 2016 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 year ended 31 March 2016 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) 4th Quarter This Year vs 4th Quarter Last Year

The Company's revenue of RM249.7 million for the current quarter ended 31 March 2016 was higher by 38.6% or RM69.5 million as compared with the revenue of RM180.2 million registered in the previous year's corresponding quarter. The significant increase in revenue for the current quarter as compared to the previous year's corresponding quarter is due to the minimization of inventory levels by both sales companies and dealers prior to the implementation of Goods & Services Tax (GST) in April 2015.

Favourable currency exchange conditions also contributed to the increase in export revenue which was mainly quoted in US Dollars.

The Company's combined profit before tax of RM38.3 million for the current quarter ended 31 March 2016 was higher by 20.4% or RM6.5 million as compared to the previous year's corresponding quarter combined profit before tax of RM31.8 million. For the quarter under review, the Company recorded a derivative gain of RM6 million as compared to a derivative gain of RM1.7 million registered in the previous year corresponding quarter.

The Home Appliance products' profit before tax of RM19.2 million for the current quarter ended 31 March 2016 was higher by 35% or RM5 million as compared to the previous year's corresponding quarter profit before tax of RM14.2 million. The Fan and other products' profit before tax of RM16.5 million for the current quarter ended 31 March 2016 was higher by 126.5% or RM9.3 million as compared to the previous year's corresponding quarter profit before tax of RM7.1 million. The favorable variances for both product segments were mainly due to the higher revenue achieved and improved margins due to favorable currency exchange conditions.

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

The Company crossed the Ringgit 1 Billion sales mark for the first time in history.

Sales revenue recorded for the financial year ended 31 March 2016 was RM1.1 billion, an increase of RM155.7 million or 16.7% as compared to the previous year's corresponding year of RM931 million. The overall improvement in sales performance in the current year was mainly attributed to a favorable currency exchange condition, better performance from higher sales in domestic markets after the GST implementation and new transferred rice cooker models from Thailand.

In line with the higher revenue, the Company's combined profit before tax of RM185.2 million for the year ended 31 March 2016 was higher by 42.6% or RM55.4 million; as compared to the previous year's combined profit before tax of RM129.8 million.

The Home Appliance products' profit before tax of RM96.3 million for the year ended 31 March 2016 was higher by 33.1% or RM24 million as compared to the previous year's profit before tax of RM72.4 million. The Fan and other products' profit before tax of RM78.7 million for the year ended 31 March 2016 was higher by 41.8% or RM23.2 million as compared to the previous year's profit before tax of RM55.5 million.

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

The Company's revenue of RM249.7 million in the current quarter was lower by 13.6% or RM39.4 million over the revenue of RM289.1 million recorded in the preceding quarter due to higher festive seasons sales in the third quarter.

Corresponding to the lower revenue, the Company's combined profit before tax of RM38.3 million for the current quarter decreased by 30.1% or RM16.5 million as compared to combined profit before tax of RM54.8 million in the preceding quarter.

The Home Appliance products' profit before tax of RM19.2 million for the current quarter ended 31 March 2016 was lower by 40% or RM12.8 million as compared to the profit before tax of RM32 million in preceding quarter. The Fan and other products' profit before tax of RM16.7 million for the current quarter ended 31 March 2016 was lower by 8.4% or RM1.5 million as compared to the profit before tax of RM18.2 million in the preceding quarter.

Note 15. Prospects and Outlook

The international economic and financial landscape is likely to remain challenging in 2016 and will likely influence the prospects of the Malaysian economy. The Malaysian economy is expected to grow at a slower pace of 4 to 4.5% in 2016. In addition, a stronger Ringgit will have an impact on the Company's export revenue which is mainly denominated in US Dollars.

Recent changes in Government's policy on the hiring of foreign workers may have an unfavorable impact to production stability. As a result, the business environment is expected to become more challenging.

Nevertheless, the Company remains cautiously optimistic and will continue to focus on developing new products for its strategic markets whilst leveraging on its operational efficiency to reduce and minimize overall costs of production.

With these measures in place, the Company is committed to deliver satisfactory results for the financial year ending 31 March 2017.

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 31.03.2016 RM'000	Preceding Quarter Ended 31.03.2015 RM'000	Cumulative Year Ended 31.03.2016 RM'000	Cumulative Year Ended 31.03.2015 RM'000
Taxation charge:				
- current financial year	38	(2,714)	(34,447)	(26,418)
- prior financial year	(670)	(324)	(1,591)	(324)
	(632)	(3,038)	(36,038)	(26,742)
Deferred Tax:				
- current financial year	(1,466)	(5,432)	(2,234)	(4,076)
- prior financial year	-	523	-	523
	(1,466)	(4,909)	(2,234)	(3,553)
	(2,098)	(7,947)	(38,272)	(30,295)
Effective income tax rate	5.5%	25.0%	20.7%	23.3%

The Company's effective income tax rate for the cumulative year was lower than the statutory tax rate of 24% mainly due to certain tax incentives enjoyed in promotional activities to increase export sales. The effective income tax rate for the current quarter was lower due to an over provision of tax in a prior quarter.

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 March 2016, 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	50,719	4,982	0
Less than 1 year - Sell JPY	1,379	75	0
Less than 1 year - Buy JPY	2,143	0	(94)
Less than 1 year - Buy SGD	720	0	(26)
Less than 1 year - Sell Euro	1,541	94	0
		5,151	(120)

Note 20. Material Litigation

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

Note 21. Dividends

(a) In respect of the financial year ended 31 March 2016, a final dividend of 124 sen per ordinary share of RM1.00 was proposed by the Directors on 30 May 2016:

- (i) The final dividend shall be payable on 23 September 2016
- (ii) Entitlement to the dividends:

A Depositor shall qualify for entitlement to the dividend in respect of:

- Shares transferred into the Depositors Securities Account before 4.00 p.m. on 8 September 2016 in respect of ordinary transfers.
- Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

(b) The final and special dividends for the previous financial year ended 31 March 2015 amounted to 127 sen per ordinary share of RM1.00 was paid on 7 September 2015.

(c) Total dividends for the current financial year ended 31 March 2016 are:

- (i) Interim dividend of 15 sen per ordinary share of RM1.00 paid on 15 January 2016
- (ii) Final dividend of 124 sen per ordinary share of RM1.00, payable on 23 September 2016.

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

	Year Ended 31.03.2016	Year Ended 31.03.2015
Profit after taxation for the period (RM ϕ 00)	146,900	99,538
Weighted average number of ordinary shares in issue (ϕ 00)	60,746	60,746
Basic earnings per share (sen)	242	164

(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
Quarter 4	60	Not Applicable
Year-to-date	242	Not Applicable

Note 23. Commitments for Capital Expenditure

	As at 31.03.2016 RM'000	As at 31.03.2015 RM'000
Contracted	2,702	2,057
Not contracted	124	0
	2,826	2,057
Analysed as follows: Property, plant and equipment	2,826	2,057

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

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

	4 th Quarter ended		Cumulative year ended	
	31.03.2016 RM ϕ 00	31.03.2015 RM ϕ 00	31.03.2016 RM ϕ 00	31.03.2015 RM ϕ 00
Interest Income	5,964	5,196	22,410	19,273
Interest Expenses	-	-	-	-
Depreciation & Amortization	6,224	6,260	23,393	25,433
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	2,928	641	(300)	(2,071)
Gain/(Loss) on Derivatives	6,017	1,738	9,169	(4,300)

* N/A: Not Applicable to the Combined Entity

By Order of the Board

Leong Oi Wah
Company Secretary
30 May 2016