

Panasonic

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

Condensed Combined Entity Statement of Comprehensive Income for the 1st Quarter Ended 30 June 2016

	(Unaudited)		(Unaudited)	
	1 st Quarter ended		Cumulative period ended	
	30.06.2016 RM'000	30.06.2015 RM'000	30.06.2016 RM'000	30.06.2015 RM'000
Revenue	297,789	267,207	297,789	267,207
Operating expenses	(256,876)	(236,003)	(256,876)	(236,003)
Other operating income	10,399	6,548	10,399	6,548
Other derivative gain / (loss)	(4,471)	929	(4,471)	929
Profit from operations	46,841	38,681	46,841	38,681
Share of results of associated company (net of tax)	2,999	2,574	2,999	2,574
Profit before taxation	49,840	41,255	49,840	41,255
Taxation	(11,537)	(9,457)	(11,537)	(9,457)
Profit after taxation for the period	38,303	31,798	38,303	31,798
<u>Earnings per share</u> <u>attributable to equity holders:</u>				
Basic and diluted (sen)	63	52	63	52

(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 2016)

**Condensed Combined Entity Statement of Comprehensive Income
for the 1st Quarter Ended 30 June 2016**

	(Unaudited)		(Unaudited)	
	1 st Quarter ended		Cumulative period ended	
	30.06.2016 RM'000	30.06.2015 RM'000	30.06.2016 RM'000	30.06.2015 RM'000
Profit after taxation for the period	38,303	31,798	38,303	31,798
Other comprehensive income, net of taxation	-	-	-	-
Total Comprehensive Income for the period	38,303	31,798	38,303	31,798
Profit after taxation attributable to equity holders of the Company	38,303	31,798	38,303	31,798
Total Comprehensive Income attributable to equity holders of the Company	38,303	31,798	38,303	31,798

(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 2016)

Condensed Combined Entity Statement of Financial Position

	(Unaudited)	(Audited)
	As at 30.06.2016 RM'000	As at Preceding Financial Year End 31.03.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	63,161	62,030
Interest in associated company	154,281	151,282
Deferred tax assets	11,561	11,320
	229,003	224,632
Current assets		
Inventories	49,721	43,844
Trade and other receivables	115,002	110,952
Placement of funds with related company	594,504	599,934
Cash and bank balances	1,957	1,580
Derivative financial instruments	730	5,151
	761,914	761,461
Total assets	990,917	986,093
EQUITY		
Capital and reserves attributed to equity holders		
Share capital	60,746	60,746
Retained earnings	756,660	718,357
Total equity	817,406	779,103
LIABILITIES		
Non-current liability		
Provision for liabilities and charges	193	193
	193	193
Current liabilities		
Trade and other payables	152,904	188,253
Taxation	12,784	9,276
Provision for liabilities and charges	7,460	9,148
Derivative financial instruments	170	120
	173,318	206,797
Total liabilities	173,511	206,990
Total equity and liabilities	990,917	986,093
Net assets per share (RM)	13.46	12.83

(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 2016)

**Condensed Combined Entity Statement of Changes in Equity
For the 1st Quarter Ended 30 June 2016**

	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000
<u>Quarter Ended 30 June 2015</u>			
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
<u>Quarter Ended 30 June 2016</u>			
At 1 April 2016	60,746	718,357	779,103
Total comprehensive income for the period	-	38,303	38,303
At 30 June 2016	60,746	756,660	817,406

(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 2016)

Condensed Combined Entity Cash Flow Statement
For the 1st Quarter Ended 30 June 2016

	(Unaudited)	
	Period ended 30.06.2016 RM'000	Period ended 30.06.2015 RM'000
Profit after taxation	38,303	31,798
Adjustments for:		
Non Cash Flow Items	22,230	10,500
Share of results of associated company	(2,999)	(2,574)
Operating profit before working capital changes	57,534	39,724
Changes in working capital		
Net increase in current assets	(10,059)	(25,501)
Net decrease in current liabilities	(35,349)	(15,558)
Cash generated from operations	12,126	(1,335)
Other operating activities	(10,542)	(5,904)
Net cash flow from operating activities	1,584	(7,239)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,113)	(2,354)
Proceeds from disposal of property, plant and equipment	12	-
Interest received	5,935	5,361
Dividend received (net)	-	-
Net cash flow (used in)/from investing activities	(2,166)	3,007
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid	-	-
Net cash flow from financing activity	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(582)	(4,232)
CURRENCY TRANSLATION DIFFERENCES	(4,471)	393
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD	601,514	575,950
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	596,461	572,111
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	594,504	571,115
Cash and bank balances	1,957	996
	<u>596,461</u>	<u>572,111</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 2016)

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Notes to the Interim Financial Statements for 1st Quarter Ended 30 June 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 2016.

The audited financial statements of the Company for the year ended 31 March 2016 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 2016.

Note 2. Realised and Unrealised Profits / Losses

	Current Quarter Ended 30.06.2016 RM'000	Preceding Year Ended 30.06.2015 RM'000
Total retained profits of Company:		
- Realised profits	603,638	546,515
- Unrealised profits / (loss)	741	(2,991)
	604,379	543,524
Total share of retained profits from associated company:		
- Realised profits	161,880	149,985
- Unrealised loss	(9,599)	(3,995)
	152,281	145,990
Total Combined Entity’s retained profits	756,660	689,514

Note 3. Disclosure of Audit Report Qualification

The audit report of the Company’s annual financial statements for the financial year ended 31 March 2016 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 was no dividend paid in the current quarter ended 30 June 2016.

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	
	30.06.2016 RM'000	30.06.2015 RM'000	30.06.2016 RM'000	30.06.2015 RM'000
Home Appliance products	131,898	115,191	17,818	17,749
Fan and other products	165,891	152,016	29,850	22,621
Total	297,789	267,207	47,668	40,370

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 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 quarter ended 30 June 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 2016.

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

Note 13. Review of Performance

(a) 1st Quarter This Year vs 1st Quarter Last Year

The Company's revenue of RM297.8 million for the current quarter ended 30 June 2016 was higher by 11.4% or RM30.6 million as compared with the revenue of RM267.2 million registered in the previous year's corresponding quarter.

The higher revenue was led by stronger sales in domestic and export markets for both Home Appliances and Fan products. Sales of Home Appliances products grew by 15% as compared to the previous year's corresponding period mainly contributed by the introduction of new range of kitchen appliances namely the multi-food processor and juicer in this quarter and also sales from the transfer of rice cooker business from Thailand to Malaysia which commenced towards the second half of the previous financial year.

Fan sales grew by approximately 8% as compared to the previous year's corresponding period. The improvement in sales was mainly seen in ceiling fans products with the introduction of new DC and LED models in the domestic market. Revenue for the current quarter was also led by market expansion in Asian countries which contribute to higher export sales in Fan products.

With the improvement in revenue, the Company's combined profit before tax of RM49.8million for the current quarter ended 30 June 2016 was higher by 20.6% or RM8.5 million as compared to the previous year's corresponding quarter combined profit before tax of RM41.3 million.

In review of results by segments, Fan and other products' profit before tax of RM29.8 million for the current quarter ended 30 June 2016 was higher by 32% or RM7.2 million as compared to the previous year's corresponding quarter profit before tax of RM22.6 million; mainly due to increase in revenue.

However, the Home Appliance products' profit before tax of RM17.8 million for the current quarter ended 30 June 2016 was only marginally higher by 0.4% or RM0.1 million as compared to the previous year's corresponding quarter profit before tax of RM17.7 million. The moderate increase in profitability was attributed to higher development and tooling costs incurred from the introduction of new range of kitchen appliances and rice cooker products.

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

The Company's revenue of RM297.8 million in the current quarter was higher by 19.2% or RM48.1 million over the revenue of RM249.7 million recorded in the preceding quarter due to increase in domestic sales from both Home Appliance and Fan products in the current quarter.

The improved revenue was mainly from brisk sales of Fan products in the domestic market which recorded marked increases due to the El Nino heat wave phenomenon experienced in South East Asian countries during the first half of 2016.

Corresponding to the higher revenue, the Company's combined profit before tax of RM49.8 million for the current quarter increased by 30% or RM11.5 million as compared to combined profit before tax of RM38.3 million in the preceding quarter.

Note 15. Prospects and Outlook

The global economic and financial landscape remain challenging and will influence the prospects of the Malaysian economy. Gross Domestic Product is expected to grow at a slower pace of 4 to 4.5%.

In addition, given the current economic and political uncertainties in the Middle East region is expected to have an impact on the Company's export revenue as sales to the region contribute approximately 20% of Company's total revenue. The fluctuating Ringgit against the US Dollars will have an impact on the Company's export revenue.

The tight labor market, inflationary cost pressures and volatile foreign currency exchange continue to be key areas that the Company will actively monitor to mitigate any adverse impact on its global businesses.

Further, the Company will continue to focus on developing new products for its strategic markets and to streamline its operational processes to reduce and minimize overall costs of production.

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 30.06.2016 RM'000	Preceding Quarter Ended 30.06.2015 RM'000	Cumulative Period Ended 30.06.2016 RM'000	Cumulative Period Ended 30.06.2015 RM'000
Taxation charge:				
- current financial year	(11,778)	(10,601)	(11,778)	(10,601)
Deferred Tax:				
- current financial year	241	1,144	241	1,144
	(11,537)	(9,457)	(11,537)	(9,457)
Effective income tax rate	23.1%	22.9%	23.1%	22.9%

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 for the promotion of exports.

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 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	70,430	547	(169)
Less than 1 year - Sell JPY	16	0	(1)
Less than 1 year - Buy JPY	1,859	122	0
Less than 1 year - Buy SGD	697	7	0
Less than 1 year - Sell Euro	2,344	54	0
		730	(170)

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 2016 (2015: Nil)

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 2016 of 60,745,780 shares.

- (a) Basic earnings per share

	Period Ended 30.06.2016	Period Ended 30.06.2015
Profit after taxation for the period (RM'000)	38,303	31,798
Weighted average number of ordinary shares in issue ('000)	60,746	60,746
Basic earnings per share (sen)	63	52

(b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	63	Not Applicable
Year-to-date	63	Not Applicable

Note 23. Commitments for Capital Expenditure

Analysed as follows: Property, plant and equipment	As at 30.06.2016 RM'000	As at 30.06.2015 RM'000
Contracted	84,789	1,210
Not contracted	-	978
Total	84,789	2,188

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

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

	1 st Quarter ended		Cumulative period ended	
	30.06.2016 RM'000	30.06.2015 RM'000	30.06.2016 RM'000	30.06.2015 RM'000
Interest Income	5,803	5,312	5,803	5,312
Interest Expenses	-	-	-	-
Depreciation & Amortization	6,982	5,907	6,982	5,907
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	2,879	(1,480)	2,879	(1,480)
(Loss)/Gain on Derivatives	(4,471)	929	(4,471)	929

* N/A: Not Applicable to the Combined Entity

By Order of the Board

Leong Oi Wah
Company Secretary
24 August 2016