

# 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 2016

	(Unaudited)		(Unaudited)	
	3 <sup>rd</sup> Quarter ended		Cumulative period ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Revenue	285,443	289,133	875,650	837,005
Operating expenses	(252,010)	(251,087)	(764,347)	(724,717)
Other operating income	7,056	9,040	21,876	22,576
Other derivative gain / (loss)	(3,242)	7,667	(9,781)	3,151
Profit from operations	37,247	54,753	123,398	138,015
Share of results of associated company (net of tax)	2,490	94	8,341	8,849
Profit before taxation	39,737	54,847	131,739	146,864
Taxation	(8,470)	(16,251)	(31,386)	(36,174)
<b>Profit after taxation for the period</b>	<b>31,267</b>	<b>38,596</b>	<b>100,353</b>	<b>110,690</b>
<hr/>				
<u>Earnings per share</u> <u>attributable to equity holders:</u>				
Basic and diluted (sen)	51	63	165	182

(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 3<sup>rd</sup> Quarter Ended 31 December 2016**

	(Unaudited)		(Unaudited)	
	<b>3<sup>rd</sup> Quarter ended</b>		<b>Cumulative period ended</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>31.12.2015</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>	31,267	38,596	100,353	110,690
Other comprehensive income, net of taxation	-	-	-	-
<b>Total Comprehensive Income for the period</b>	31,267	38,596	100,353	110,690
<b>Profit after taxation attributable to equity holders of the Company</b>	31,267	38,596	100,353	110,690
<b>Total Comprehensive Income attributable to equity holders of the Company</b>	31,267	38,596	100,353	110,690

(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)
	<b>As at 31.12.2016 RM'000</b>	<b>As at Preceding Financial Year End 31.03.2016 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	65,343	62,030
Interest in associated company	148,156	151,282
Deferred tax assets	11,629	11,320
	225,128	224,632
<b>Current assets</b>		
Inventories	50,066	43,844
Trade and other receivables	110,296	110,952
Placement of funds with related company	585,365	599,934
Cash and bank balances	742	1,580
Derivative financial instruments	8	5,151
	746,477	761,461
<b>Total assets</b>	971,605	986,093
<b>EQUITY</b>		
Capital and reserves attributed to equity holders		
Share capital	60,746	60,746
Retained earnings	743,385	718,357
Total equity	804,131	779,103
<b>LIABILITIES</b>		
<b>Non-current liability</b>		
Provision for liabilities and charges	193	193
	193	193
<b>Current liabilities</b>		
Trade and other payables	143,706	188,253
Taxation	11,959	9,276
Provision for liabilities and charges	6,858	9,148
Derivative financial instruments	4,758	120
	167,281	206,797
<b>Total liabilities</b>	167,474	206,990
<b>Total equity and liabilities</b>	971,605	986,093
<b>Net assets per share (RM)</b>	13.24	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 3<sup>rd</sup> Quarter Ended 31 December 2016**

	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000
<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
<b><u>Cumulative Period Ended 31 December 2016</u></b>			
At 1 April 2016	60,746	718,357	779,103
Total comprehensive income for the period	-	100,353	100,353
Dividends:			
- Final dividend for the financial year ended 31 March 2016	-	(75,325)	(75,325)
At 31 December 2016	60,746	743,385	804,131

(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 3<sup>rd</sup> Quarter Ended 31 December 2016

	(Unaudited)	
	Period ended 31.12.2016 RM'000	Period ended 31.12.2015 RM'000
<b>Profit after taxation</b>	100,353	110,690
<b>Adjustments for:</b>		
Non Cash Flow Items	51,659	36,967
Share of results of associated company	(8,341)	(8,849)
<b>Operating profit before working capital changes</b>	143,671	138,808
<b>Changes in working capital</b>		
Net increase in current assets	(5,608)	(38,999)
Net decrease in current liabilities	(44,547)	(4,758)
<b>Cash generated from operations</b>	93,516	95,051
Other operating activities	(33,066)	(25,030)
<b>Net cash flow from operating activities</b>	60,450	70,021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(24,942)	(15,436)
Proceeds from disposal of property, plant and equipment	155	170
Interest received	17,538	16,231
Dividend received (net)	11,467	1,911
<b>Net cash flow from investing activities</b>	4,218	2,876
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividends paid	(75,325)	(77,147)
<b>Net cash flow from financing activity</b>	(75,325)	(77,147)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(10,657)	(4,250)
<b>CURRENCY TRANSLATION DIFFERENCES</b>	(4,750)	3,151
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD</b>	601,514	575,950
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD</b>	586,107	574,851
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	585,365	573,968
Cash and bank balances	742	883
	<u>586,107</u>	<u>574,851</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)

# 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 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 31.12.2016 RM'000	Preceding Year Ended 31.03.2016 RM'000
Total retained profits of Company:		
- Realised profits	606,515	553,231
- Unrealised (loss) / profits	(9,286)	15,844
	597,229	569,075
Total share of retained profits from associated company:		
- Realised profits	153,397	157,393
- Unrealised loss	(7,241)	(8,111)
	146,156	149,282
Total Combined Entity’s retained profits	743,385	718,357

#### 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**

An interim dividend of 15 sen per share was declared on 29 November 2016 and paid on 18 January 2017.

#### **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>	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Home Appliance products	429,054	422,580	61,039	77,135
Fan and other products	446,596	414,425	76,595	62,027
Total	875,650	837,005	137,634	139,162

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

The Company's revenue of RM285.4 million for the current quarter ended 31 December 2016 was lower by 1.3% or RM3.7 million as compared with the revenue of RM289.1 million registered in the previous year's corresponding quarter.

Revenue for the quarter for Fan products decreased marginally due to lower sales revenue for export market that was affected by the volatile market conditions in the Middle East region. Only ceiling fan sales for domestic market has improved as compared to previous year's corresponding quarter with the introduction of new DC and LED models. Sales of other Home Appliances products continue to decline as it was affected by the Middle East economic slowdown and lower demands from Asian markets.

The Company's combined profit before tax of RM39.7 million for the current quarter ended 31 December 2016 was lower by 27.5% or RM15.1 million as compared to the previous year's corresponding quarter combined profit before tax of RM54.8 million. The decrease in profit was mainly contributed by a derivative loss amounting to RM3.2 million as compared to a derivative gain registered in the previous corresponding quarter amounting to RM7.7 million.

Analyzing the results by segments, the Fan and other products segment achieved profit before tax of RM16.6 million for the current quarter ended 31 December 2016, which was lower by 8.8% or RM1.6 million as compared to the profit before tax in the previous year's corresponding quarter of RM18.2 million; mainly due to lower revenue from the Middle East market.

The Home Appliance products segment also achieved lower profit before tax of RM25.4 million for the current quarter ended 31 December 2016, a reduction of 20.6% or RM6.6 million as compared to the profit before tax in the previous year's corresponding quarter of RM32.0 million. The decline in profit was attributable to lower sales volume which has an impact on operational cost efficiencies.



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

The Company's revenue of RM875.7 million for the nine months ended 31 December 2016, was an increase of RM38.7 million or 4.6% as compared to the previous year's corresponding period of RM837.0 million. This was mainly due to higher sales in the domestic market for Fan products contributed from sales momentum gained from various promotional campaigns of Year End Festival Sales and Cooking Caravan road shows which featured LED and DC Fan products that were well received. 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.

Although there was higher revenue, the Company achieved combined profit before tax of RM131.7 million for the nine months ended 31 December 2016, a decrease of RM15.2 million or 10.3% as compared to the previous year's corresponding period of RM146.9 million due to higher operational expenses and other derivative losses.

The Fan and other products segment's profit before tax of RM76.6 million for the nine months ended 31 December 2016 was higher by 23.5% or RM14.6 million as compared to the previous year's corresponding period profit before tax of RM62.0 million.

However, the Home Appliance products segment recorded profit before tax of RM61.0 million for the nine months ended 31 December 2016, which was lower by 20.9% or RM16.1 million as compared to the profit before tax in the previous year's corresponding period of RM77.1 million. The decline in profit was mainly due to lower sales volume of certain products with higher profit margins in the current financial period as compared to the last financial period.

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

The Company's revenue of RM285.4 million in the current quarter was lower by 2.4% or RM7.0 million over the revenue of RM292.4 million recorded in the preceding quarter due to lower Fan sales for both domestic and export market. Fan sales decreased by RM43.0 million which was mitigated by an increase in seasonal sales for Home Shower products and recovery sales from Electric iron products from Middle East market.

Correspondingly, the Company's combined profit before tax of RM39.7 million for the current quarter decreased by 5.9% or RM2.5 million as compared to combined profit before tax of RM42.2 million in the preceding quarter.

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

The global economic and financial landscape remains challenging and will influence the prospects of the Malaysian economy. Gross Domestic Product is expected to grow at a slower pace of 4.3% to 4.5%. The current economic and political uncertainties in the Middle East region are expected to affect the Company's export revenue.

The ongoing tight labour market, rising oil prices and volatile foreign currency exchange rates will contribute to a challenging environment. The Company will actively monitor and mitigate any adverse impact on its global businesses. Continuous efforts are made to reduce overall costs of production and to remain profitable 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

	<b>Current Quarter Ended 31.12.2016 RM'000</b>	<b>Preceding Quarter Ended 31.12.2015 RM'000</b>	<b>Cumulative Period Ended 31.12.2016 RM'000</b>	<b>Cumulative Period Ended 31.12.2015 RM'000</b>
Taxation charge:				
- current financial year	(8,418)	(13,507)	(31,704)	(34,485)
- prior financial year	9	(921)	9	(921)
Deferred Tax:				
- current financial year	(61)	(1,823)	309	(768)
	(8,470)	(16,251)	(31,386)	(36,174)
Effective income tax rate	21.3%	27.9%	23.8%	24.0%

The Company's effective income tax rate for the cumulative period 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 31 December 2016, the details of derivative financial instruments outstanding measured at fair values together with their corresponding contract / notional values are as follows:-

<b>Type of Derivatives</b>	<b>Contract / Notional Value RM'000</b>	<b>Fair Value of Assets RM'000</b>	<b>Fair Value of Liabilities RM'000</b>
<u>Less than 1 year</u> - Sell USD	62,897	0	(4,459)
<u>Less than 1 year</u> - Buy JPY	5,314	0	(268)
<u>Less than 1 year</u> - Buy SGD	352	8	0
<u>Less than 1 year</u> - Sell Euro	1,402	0	(31)
		8	(4,758)

## 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 2016 of 60,745,780 shares.

### (a) Basic earnings per share

	Period Ended 31.12.2016	Period Ended 31.12.2015
Profit after taxation for the period (RM'000)	100,353	110,690
Weighted average number of ordinary shares in issue ('000)	60,746	60,746
Basic earnings per share (sen)	165	182

### (b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	63	Not Applicable
Quarter 2	51	Not Applicable
Quarter 3	51	Not Applicable
Year-to-date	165	Not Applicable

## Note 23. Commitments for Capital Expenditure

Analysed as follows: Property, plant and equipment	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
Contracted	91,690	7,918
Not contracted	287	0
Total	91,977	7,918

**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>	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Interest Income	5,928	5,515	17,496	16,415
Interest Expenses	-	-	-	-
Depreciation & Amortization	7,492	5,566	21,588	17,169
Provision For/Write Off of Receivables	-	-	-	-
Provision For/Write Off of Inventories	-	(4)	-	1,919
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
Loss on Foreign Exchange	(1,263)	(3,112)	(2,296)	(8,999)
(Loss)/Gain on Derivatives	(3,242)	7,667	(9,781)	3,151

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

**By Order of the Board**

Leong Oi Wah  
Company Secretary  
28 February 2016