

Panasonic

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

Condensed Combined Entity Statement of Comprehensive Income for the 4th Quarter Ended 31 March 2017

	(Unaudited)		(Unaudited)	
	4th Quarter ended		Financial year ended	
	31.03.2017 RM'000	31.03.2016 RM'000	31.03.2017 RM'000	31.03.2016 RM'000
Revenue	247,314	249,730	1,122,964	1,086,735
Operating expenses	(238,289)	(222,858)	(1,002,636)	(947,576)
Other operating income	7,690	5,217	29,566	27,793
Other derivative gain / (loss)	4,974	6,017	(4,807)	9,169
Profit from operations	21,689	38,106	145,087	176,121
Share of results of associated company (net of tax)	4,671	202	13,012	9,051
Profit before taxation	26,360	38,308	158,099	185,172
Taxation	405	(2,098)	(30,981)	(38,272)
Profit after taxation for the period	26,765	36,210	127,118	146,900
Earnings per share				
attributable to equity holders:				
Basic and diluted (sen)	44	60	209	242

(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 4th Quarter Ended 31 March 2017**

	(Unaudited)		(Unaudited)	
	4th Quarter ended		Cumulative period ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Profit after taxation for the period	26,765	36,210	127,118	146,900
Other comprehensive income, net of taxation	-	-	-	-
Total Comprehensive Income for the period	26,765	36,210	127,118	146,900
Profit after taxation attributable to equity holders of the Company	26,765	36,210	127,118	146,900
Total Comprehensive Income attributable to equity holders of the Company	26,765	36,210	127,118	146,900

(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 31.03.2017 RM'000	As at Preceding Financial Year End 31.03.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	74,981	62,030
Interest in associated company	151,553	151,282
Deferred tax assets	9,061	11,320
	235,595	224,632
Current assets		
Inventories	50,284	43,844
Trade and other receivables	116,863	110,952
Placement of funds with related company	601,426	599,934
Cash and bank balances	1,005	1,580
Derivative financial instruments	271	5,151
	769,849	761,461
Total assets	1,005,444	986,093
EQUITY		
Capital and reserves attributed to equity holders		
Share capital	60,746	60,746
Retained earnings	761,038	718,357
Total equity	821,784	779,103
LIABILITIES		
Non-current liability		
Provision for liabilities and charges	232	193
	232	193
Current liabilities		
Trade and other payables	175,546	188,253
Taxation	1,486	9,276
Provision for liabilities and charges	6,349	9,148
Derivative financial instruments	47	120
	183,428	206,797
Total liabilities	183,660	206,990
Total equity and liabilities	1,005,444	986,093
Net assets per share (RM)	13.53	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 4th Quarter Ended 31 March 2017**

	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000
<u>Financial Year 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
<u>Financial Year Ended 31 March 2017</u>			
At 1 April 2016	60,746	718,357	779,103
Total comprehensive income for the period	-	127,118	127,118
Dividends:			
- Final dividend for the financial year ended 31 March 2016	-	(75,325)	(75,325)
- Interim dividend for the financial year ended 31 March 2017	-	(9,112)	(9,112)
At 31 March 2017	60,746	761,038	821,784

(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 4th Quarter Ended 31 March 2017**

	(Unaudited)	
	Period ended 31.03.2017 RM'000	Period ended 31.03.2016 RM'000
Profit after taxation	127,118	146,900
Adjustments for:		
Non Cash Flow Items	44,680	19,147
Share of results of associated company	(13,012)	(9,051)
Operating profit before working capital changes	158,786	156,996
Changes in working capital		
Net increase in current assets	(12,685)	(38,521)
Net decrease in current liabilities	(12,604)	29,159
Cash generated from operations	133,497	147,634
Other operating activities	(41,174)	(36,123)
Net cash flow from operating activities	92,323	111,511
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(43,615)	(30,491)
Proceeds from disposal of property, plant and equipment	217	170
Interest received	23,688	22,249
Dividend received (net)	12,741	3,185
Net cash flow from investing activities	(6,969)	(4,887)
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid	(84,437)	(86,259)
Net cash flow from financing activity	(84,437)	(86,259)
NET DECREASE IN CASH AND CASH EQUIVALENTS	917	20,365
CURRENCY TRANSLATION DIFFERENCES	-	5,199
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD	601,514	575,950
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	602,431	601,514
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	601,426	599,934
Cash and bank balances	1,005	1,580
	<u>602,431</u>	<u>601,514</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 4th Quarter Ended 31 March 2017

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 31.03.2017 RM'000	Preceding Year Ended 31.03.2016 RM'000
Total retained profits of Company:		
- Realised profits	605,574	553,231
- Unrealised (loss) / profits	5,911	15,844
	611,485	569,075
Total share of retained profits from associated company:		
- Realised profits	158,274	157,393
- Unrealised loss	(8,696)	(8,111)
	149,578	149,282
Total Combined Entity’s retained profits	761,063	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

The amount of dividend on ordinary shares paid by the Company since 31 March 2016 were as follows:

<u>Final and Special Dividends paid</u>	RM'000
Final dividend (124 sen per ordinary share of RM1.00)	75,325
<u>Interim Dividends paid</u>	
Interim dividend (15 sen per ordinary share of RM1.00)	9,112
Total	<u>84,437</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	
	31.03.2017 RM'000	31.03.2016 RM'000	31.03.2017 RM'000	31.03.2016 RM'000
Home Appliance products	537,887	535,810	65,524	96,329
Fan and other products	585,077	545,627	94,662	77,146
Total	1,122,964	1,081,437	160,186	173,475

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 2017 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 March 2017 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) 4th Quarter This Year vs 4th Quarter Last Year

The Company's revenue of RM247.3 million for the current quarter ended 31 March 2017 was lower by 1.0% or RM2.4 million as compared with the revenue of RM249.7 million registered in the previous year's corresponding quarter.

Revenue for Home Appliances products was lower as compared to previous year's corresponding quarter mainly due to lower sales to the Middle East region. The impact was however mitigated by improved sales performance in the domestic market and other Asian markets.

In comparison, Fan products achieved marginal improvement in sales as compared to previous year's corresponding quarter with the sales momentum gained from project sales and sales from attributable to major housing development project from expanding market like South America.

The Company's combined profit before tax of RM26.4 million for the current quarter ended 31 March 2017 was lower by 31.1% or RM11.9 million as compared to the previous year's corresponding quarter combined profit before tax of RM38.3 million. The decrease in profit was mainly contributed by a derivative loss amounting to RM4.8 million as compared to the lower derivative loss registered in the previous year's corresponding quarter amounting to RM3.2 million.

Analyzing the results by segments, the Fan and other products segment achieved profit before tax of RM18.1 million for the current quarter ended 31 March 2017, which was marginally higher by 8.4% or RM1.4 million as compared to the profit before tax in the previous year's corresponding quarter of RM16.7 million, attributable to higher sales revenue from ceiling fan products.

The Home Appliance products segment achieved lower profit before tax of RM4.5 million for the current quarter ended 31 March 2017, a reduction of 76.6% or RM14.7 million as compared to the profit before tax in the previous year's corresponding quarter of RM19.2 million. The lower profitability was attributable to lower sales achieved and higher operational costs. Rising cost of raw materials such as steel, copper, resin and other major components have also contributed to the higher operational costs.

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

The Company's revenue of RM1.12 billion for the year ended 31 March 2017, was an increase of RM36.2 million or 3.3% as compared to the previous year's corresponding of RM1.09 billion. This was mainly due to higher sales in the export market for Fan products, sales recovery and contribution from project sales. 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 RM158.1 million for the year ended 31 March 2017, a decrease of RM27.1 million or 14.6% as compared to the previous year's corresponding of RM185.2 million due to higher operational expenses and other derivative losses.

With the increase in revenue, the Fan and other products segment's profit before tax of RM94.7 million for the year ended 31 March 2017 was higher by 22.7% or RM17.5 million as compared to the previous year's corresponding profit before tax of RM77.1 million.

However, the Home Appliance products segment recorded profit before tax of RM65.5 million for the year ended 31 March 2017, which was lower by 32.0% or RM30.8 million as compared to the profit before tax of RM96.3 million in the previous corresponding year. The decline in profit was mainly due to lower sales volume of certain products with higher profit margins in the current year as compared to the previous year.

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

The Company's revenue of RM247.3 million in the current quarter was lower by 13.6% or RM38.1 million over the revenue of RM285.4 million recorded in the preceding quarter due to slower demand for Home Appliances products for both domestic and export market. The slowdown in market demand was mainly due to volatility of Middle East region, shortfall from Thailand sales and stiffer competition.

Correspondingly, the Company's combined profit before tax of RM26.4 million for the current quarter decreased by 33.6% or RM13.4 million as compared to combined profit before tax of RM39.7 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 4.5%. The current economic and political uncertainties in the Middle East region are expected to continue to affect the Company's export revenue.

The Company operations remain affected by the on-going tight labour market, rising raw material prices and volatile foreign currency exchange rates. Nevertheless, the Company is cautiously optimistic of the economic prospects and maintained a positive outlook, going forward. The Company remains steadfast in its continued efforts to reduce overall production costs in order to increase productivity and achieve higher profitability for the financial year ending 31 March 2018.

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 31.03.2017 RM'000	Preceding Quarter Ended 31.03.2016 RM'000	Cumulative Period Ended 31.03.2017 RM'000	Cumulative Period Ended 31.03.2016 RM'000
Taxation charge:				
- current financial year	2,973	38	(28,731)	(34,447)
- prior financial year	-	(670)	9	(1,591)
Deferred Tax:				
- current financial year	(2,568)	(1,466)	(2,259)	(2,234)
	405	(2,098)	(30,981)	(38,272)
Effective income tax rate	-1.5%	5.5%	19.6%	20.7%

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 March 2017, 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	131,336	264	0
<u>Less than 1 year</u> - Sell JPY	328	0	(3)
<u>Less than 1 year</u> - Buy JPY	1,427	0	(44)
<u>Less than 1 year</u> - Buy SGD	395	7	0
<u>Less than 1 year</u> - Sell Euro	1,329	0	0
		271	(47)

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 2017, a final dividend of 102 sen per ordinary share has been proposed by the Directors on 30 May 2017 for the shareholders' approval at the forthcoming Annual General Meeting. The entitlement and payment date will be announced in due course.
- (b) The final dividends for the previous financial year ended 31 March 2016 amounted to 124 sen per ordinary share was paid on 23 September 2016.
- (c) Total dividends for the current financial year ended 31 March 2017 are:
- (i) Interim dividend of 15 sen per ordinary share paid on 18 January 2017
 - (ii) Proposed Final dividend of 102 sen per ordinary share.

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 31.03.2017	Period Ended 31.03.2016
Profit after taxation for the period (RM'000)	127,118	146,900
Weighted average number of ordinary shares in issue ('000)	60,746	60,746
Basic earnings per share (sen)	209	242

- (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
Quarter 4	44	Not Applicable
Year-to-date	209	Not Applicable

Note 23. Commitments for Capital Expenditure

Analysed as follows: Property, plant and equipment	As at 31.03.2017 RM'000	As at 31.03.2016 RM'000
Contracted	81,232	2,702
Not contracted	59	124
Total	81,291	2,826

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

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

	4th Quarter ended		Cumulative period ended	
	31.03.2017 RM'000	31.03.2016 RM'000	31.03.2017 RM'000	31.03.2016 RM'000
Interest Income	6,247	5,964	23,743	22,410
Interest Expenses	-	-	-	-
Depreciation & Amortization	7,492	6,224	30,549	23,393
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
Loss on Foreign Exchange	4,395	2,928	2,099	(300)
(Loss)/Gain on Derivatives	4,974	6,017	(4,807)	9,169

* N/A: Not Applicable to the Combined Entity

By Order of the Board

Leong Oi Wah
Company Secretary
30 May 2017