

Panasonic

Panasonic Manufacturing Malaysia Berhad (6100-K)

(Incorporated in Malaysia)

Condensed Combined Entity Statement of Comprehensive Income for the 4th Quarter Ended 31 March 2018

	(Unaudited)		(Unaudited)	
	4th Quarter ended		Cumulative year ended	
	31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
Revenue	276,695	247,314	1,199,120	1,122,964
Operating expenses	(252,894)	(238,289)	(1,070,597)	(1,002,636)
Other operating income	5,645	7,690	24,332	29,566
Other derivative gain / (loss)	1,414	4,974	7,668	(4,807)
Profit from operations	30,860	21,689	160,523	145,087
Share of results of associated company (net of tax)	2,762	4,671	5,780	13,012
Profit before taxation	33,622	26,360	166,303	158,099
Taxation	(8,474)	405	(35,287)	(30,981)
Profit after taxation for the period	25,148	26,765	131,016	127,118
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<u>Earnings per share</u> <u>attributable to equity holders:</u>				
Basic and diluted (sen)	42	44	216	209

(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 2017)

**Condensed Combined Entity Statement of Comprehensive Income
for the 4th Quarter Ended 31 March 2018**

	(Unaudited)		(Unaudited)	
	4th Quarter ended		Cumulative year ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Profit after taxation for the period	25,148	26,765	131,016	127,118
Other comprehensive income, net of taxation	-	-	-	-
Total Comprehensive Income for the period	25,148	26,765	131,016	127,118
Profit after taxation attributable to equity holders of the Company	25,148	26,765	131,016	127,118
Total Comprehensive Income attributable to equity holders of the Company	25,148	26,765	131,016	127,118

(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 2017)

Condensed Combined Entity Statement of Financial Position

	(Unaudited)	(Audited)
	As at 31.03.2018 RM'000	As at Preceding Financial Year End 31.03.2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	97,185	74,981
Interest in associated company	131,850	151,553
Deferred tax assets	7,687	9,061
	236,722	235,595
Current assets		
Inventories	50,331	50,284
Trade and other receivables	125,630	116,863
Placement of funds with related company	650,323	601,426
Cash and bank balances	287	1,005
Derivative financial instruments	7,892	271
	834,463	769,849
Total assets	1,071,185	1,005,444
EQUITY		
Capital and reserves attributed to equity holders		
Share capital	60,746	60,746
Retained earnings	820,981	761,038
Total equity	881,727	821,784
LIABILITIES		
Non-current liability		
Provision for liabilities and charges	261	232
	261	232
Current liabilities		
Trade and other payables	181,919	175,546
Taxation	2,289	1,486
Provision for liabilities and charges	4,989	6,349
Derivative financial instruments	-	47
	189,197	183,428
Total liabilities	189,458	183,660
Total equity and liabilities	1,071,185	1,005,444
Net assets per share (RM)	14.51	13.53

(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 2017)

**Condensed Combined Entity Statement of Changes in Equity
For the 4th Quarter Ended 31 March 2018**

	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000
<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
<u>Financial Year ended 31 March 2018</u>			
At 1 April 2017	60,746	761,038	821,784
Total comprehensive income for the period	-	131,016	131,016
Dividends:			
- Final dividend for the financial year ended 31 March 2017	-	(61,961)	(61,961)
- Interim dividend for the financial year ended 31 March 2018	-	(9,112)	(9,112)
At 31 March 2018	60,746	820,981	881,727

(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 2017)

**Condensed Combined Entity Cash Flow Statement
For the 4th Quarter Ended 31 March 2018**

	(Unaudited)	
	Year ended 31.03.2018 RM'000	Year ended 31.03.2017 RM'000
Profit after taxation	131,016	127,118
Adjustments for:		
Non Cash Flow Items	42,420	44,680
Share of results of associated company	(5,780)	(13,012)
Operating profit before working capital changes	167,656	158,786
Changes in working capital		
Net increase in current assets	(11,021)	(12,740)
Net decrease in current liabilities	7,028	(12,604)
Cash generated from operations	163,663	133,442
Other operating activities	(36,463)	(41,174)
Net cash flow from operating activities	127,200	92,268
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(53,522)	(43,615)
Proceeds from disposal of property, plant and equipment	276	217
Interest received	19,815	23,743
Dividend received (net)	25,483	12,741
Net cash flow from investing activities	(7,948)	(6,914)
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid	(71,073)	(84,437)
Net cash flow from financing activity	(71,073)	(84,437)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	48,179	917
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD	602,431	601,514
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	650,610	602,431
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	650,323	601,426
Cash and bank balances	287	1,005
	<u>650,610</u>	<u>602,431</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 2017)

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Notes to the Interim Financial Statements for 4th Quarter Ended 31 March 2018

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 2017.

The audited financial statements of the Company for the year ended 31 March 2017 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 2017.

Note 2. Disclosure of Audit Report Qualification

The audit report of the Company’s annual financial statements for the financial year ended 31 March 2017 was not qualified.

Note 3. 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 4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

Note 5. 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 6. 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 7. Dividends Declared / Paid

The amount of dividend on ordinary shares paid by the Company since 31 March 2017 were as follows:

<u>Final Dividend paid</u>	RM'000
Final dividend (102 sen per ordinary share)	61,961
<u>Interim Dividend paid</u>	
Interim dividend (15 sen per ordinary share)	9,112
Total	<u>84,437</u>

Note 8. Segmental Reporting

Analysis of the Company's segment information is as follows:

	Revenue for the year ended		Profit before tax for the year ended	
	31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
Home Appliance products	614,905	537,887	101,039	65,524
Fan and other products	584,215	585,077	90,266	94,662
Total	1,199,120	1,122,964	191,305	160,186

Revenue information based on geographical location is as follows:

	Revenue for the year ended	
	31.03.2018 RM'000	31.03.2017 RM'000
Malaysia	456,393	444,194
Japan	46,115	44,369
Asia (excluding Malaysia and Japan)	375,496	365,209
North America	2,302	2,452
Europe	2,205	3,195
Middle East	289,875	229,727
Others	26,734	33,818
Total	1,199,120	1,122,964

Note 9. Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment for the period under review.

Note 10. Significant Post Balance Sheet Events

There has not arisen in the interval between 31 March 2018 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 2018 in respect of which this announcement is made.

Note 11. Contingent Liabilities

There were no contingent liabilities since the last financial year ended 31 March 2017.

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

Note 12. Review of Performance

(a) 4th Quarter This Year vs 4th Quarter Last Year

	4th Quarter ended		Change	Cumulative period ended		Change
	31.03.2018 RM'000	31.03.2017 RM'000	%	31.03.2018 RM'000	31.03.2017 RM'000	%
Revenue	276,695	247,314	11.9%	1,199,120	1,122,964	6.8%
Profit before taxation	33,622	26,360	27.5%	166,303	158,099	5.2%

The Company's revenue of RM276.7 million for the current quarter ended 31 March 2018 was higher by 12% or RM29.4 million as compared with the revenue of RM247.3 million registered in the previous year's corresponding quarter.

The higher revenue was attributed to stronger sales in both domestic and export markets for both Home Appliances and Fan products. Sales of Home Appliances products grew by 16% as compared to the previous year's corresponding quarter mainly attributable to marketing and various aggressive year end promotional activities in the domestic market. Cooler weather in this region also contributed to higher sales of home shower products especially in the Vietnam and Malaysia markets. Fan products sales grew by approximately 10% as compared to the previous year's corresponding quarter. The improvement in sales was seen mainly in the export markets for ceiling fans following a recovery in sales in the Middle East region.

With the improvement in revenue, the Company's combined profit before tax of RM33.6 million for the current quarter ended 31 March 2018 was higher by 27% or RM7.2 million as compared to the previous year's corresponding quarter combined profit before tax of RM26.4 million. The increase in profit was mainly contributed by higher revenue as compared to the previous year's corresponding quarter.

Analyzing the results by segments, Fan and other products' segment achieved profit before tax of RM21.5 million for the current quarter ended 31 March 2018, which was higher by 19% or RM3.4 million as compared to the previous year's corresponding quarter profit before tax of RM18.1 million, which was mainly contributed by the higher sales achieved .

The Home Appliance products' segment achieved higher profit before tax of RM16.5 million for the current quarter ended 31 March 2018, an increase of 267% or RM12.0 million as compared to the profit before tax in the previous year's corresponding quarter of RM4.5 million. The higher profitability in the current quarter was mainly attributed to higher revenue achieved and favorable sales model mix.

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

The Company's revenue of RM1,199.1 million for the year ended 31 March 2018 was higher by 7% or RM76.1 million as compared with the revenue of RM1,123.0 million registered in the previous year's corresponding period. This was mainly due to higher sales from Vacuum Cleaner and Ceiling Fan products, attributable to the sales recovery gained from Middle East markets and an increase in demand for Home Shower products arising from the prolonged rainy season.

In line with the higher revenue, the Company achieved a higher combined profit before tax of RM166.3 million for the year ended 31 March 2018, representing an increase of RM8.2 million or 5% as compared to the previous year's corresponding period of RM158.1 million. The increase in profit was mainly contributed by:-

- i. Increase in sales revenue;
- ii. Derivative gain amounting to RM7.7 million in this year as compared to the derivative loss of RM4.8 million registered last year ; offset by
- iii. Lower share of results of associated company by RM7.2 million in the current year as compared to previous year.

The Fan and other products segment's profit before tax of RM90.3 million for the year ended 31 March 2018 was lower by 5% or RM4.4 million as compared to the previous year's corresponding period profit before tax of RM94.7 million. The lower profitability was attributed to an unfavorable sales model mix and higher cost of raw material.

Nevertheless, the Home Appliances products' segment recorded better profit before tax of RM101.0 million for the year ended 31 March 2018, which was higher by 54% or RM35.5 million as compared to the profit before tax in the previous year's corresponding period of RM65.5 million. The higher profitability recorded was mainly contributed by the higher revenue achieved and favorable sales model mix.

Note 13. Material Changes in Quarterly Results Compared to Preceding Quarter

	Current Quarter	Preceding Quarter	Change
	31.03.2018 RM'000	31.12.2017 RM'000	%
Revenue	276,695	317,050	-12.7%
Profit before taxation	33,622	50,861	-33.9%

The Company's revenue of RM276.7 million in the current quarter was a decrease of 13% or RM40.4 million over the revenue of RM317.1 million recorded in the preceding quarter. The decrease was mainly due to lower sales from Home Shower products which was seasonally higher in the preceding quarter.

Corresponding to the higher revenue, the Company's combined profit before tax of RM33.6 million for the current quarter decreased by 34% or RM17.3 million as compared to combined profit before tax of RM50.9 million in the preceding quarter.

Note 14. Prospects and Outlook

The Malaysian economy expanded by 5.4% in the first quarter of 2018, driven by continued growth in private sector spending and strong growth in net exports Whilst some economic recovery has been seen in the Middle East markets that the Company deals with, the political uncertainties in the Gulf region could affect the economic outlook in the region and may have an impact on the Company's export revenue.

The Company's operations remain affected by the rising raw materials prices and volatile foreign currency exchange rates. Continuous efforts are being made to reduce the overall costs of production in order to remain competitive. The Company expects to achieve satisfactory results for the coming financial year.

Note 15. 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 16. Taxation

	Current Quarter Ended 31.03.2018 RM'000	Preceding Quarter Ended 31.03.2017 RM'000	Cumulative Year ended 31.03.2018 RM'000	Cumulative Year ended 31.03.2017 RM'000
Taxation charge:				
- current financial year	(4,114)	2,973	(32,089)	(28,731)
- prior financial year	(2,079)	-	(1,824)	9
Deferred Tax:				
- current financial year	(2,281)	(2,568)	(1,374)	(2,259)
	(8,474)	405	(35,287)	(30,981)
Effective income tax rate	25.2%	-1.5%	21.2%	19.6%

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 17. Corporate Proposals

There were no corporate proposals announced but not completed as at the date of the issuance of this interim financial report.

Note 18. 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.

In general, the Company's policy is to enter into foreign currency forward contracts to mitigate foreign exchange risk of highly probable forecasted transactions, such as anticipated future export sales, purchases of equipment and raw materials, as well as payment on services and other related expenditure. There is no change to the Company's policy in managing these derivatives since the last financial year.

As at 31 March 2018, 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	154,569	7,859	0
<u>Less than 1 year</u> - Buy JPY	2,818	-	0
<u>Less than 1 year</u> - Buy SGD	337	8	0
<u>Less than 1 year</u> - Sell Euro	953	25	0
		7,892	0

Note 19. Material Litigation

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

Note 20. Dividends

- (a) In respect of the financial year ended 31 March 2018, a final dividend of 133 sen per ordinary share and special dividend of 100 sen per ordinary share has been proposed by the Board for the shareholders' approval at the forthcoming Annual General Meeting. The entitlement and payment date will be announced later.
- (b) The final dividends for the previous financial year ended 31 March 2017 amounted to 102 sen per ordinary share was paid on 23 September 2017.
- (c) Total dividends for the current financial year ended 31 March 2018 are:
- (i) Interim dividend of 15 sen per ordinary share paid on 18 January 2018
 - (ii) Proposed Final dividend of 233 sen per ordinary share.

Note 21. 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 2017 of 60,745,780 shares.

- (a) Basic earnings per share

	Year ended 31.03.2018	Year ended 31.03.2017
Profit after taxation for the period (RM'000)	131,016	127,118
Weighted average number of ordinary shares in issue ('000)	60,746	60,746
Basic earnings per share (sen)	216	209

- (b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	65	Not Applicable
Quarter 2	39	Not Applicable
Quarter 3	70	Not Applicable
Quarter 4	42	Not Applicable
Year-to-date	216	Not Applicable

Note 22. Commitments for Capital Expenditure

Analysed as follows: Property, plant and equipment	As at 31.03.2018 RM'000	As at 31.03.2017 RM'000
Contracted	82,668	81,232
Not contracted	-	59
Total	82,668	81,291

Note 23. 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 year ended	
	31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
Interest Income	4,538	6,247	19,815	23,743
Interest Expenses	-	-	-	-
Depreciation & Amortization	7,712	7,492	31,064	30,549
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	3,198	4,395	(1,955)	2,099
(Loss)/Gain on Derivatives	1,414	4,974	7,668	(4,807)

* N/A: Not Applicable to the Combined Entity

By Order of the Board

Leong Oi Wah
Company Secretary
21 May 2018