

# Panasonic

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

### Condensed Combined Entity Statement of Comprehensive Income for the 1st Quarter Ended 30 June 2018

	(Unaudited)		(Unaudited)	
	1st Quarter ended		Cumulative period ended	
	30.06.2018 RM'000	30.06.2017 RM'000	30.06.2018 RM'000	30.06.2017 RM'000
Revenue	305,568	327,846	305,568	327,846
Operating expenses	(269,781)	(284,435)	(269,781)	(284,435)
Other operating income	7,676	6,040	7,676	6,040
Other derivative gain / (loss)	(11,374)	1,040	(11,374)	1,040
Profit from operations	32,089	50,491	32,089	50,491
Share of results of associated company (net of tax)	870	(231)	870	(231)
Profit before taxation	32,959	50,260	32,959	50,260
Taxation	(7,820)	(10,684)	(7,820)	(10,684)
<b>Profit after taxation for the period</b>	<b>25,139</b>	<b>39,576</b>	<b>25,139</b>	<b>39,576</b>
<b>Earnings per share</b>				
<b>attributable to equity holders:</b>				
Basic and diluted (sen)	41	65	41	65

(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 2018)

**Condensed Combined Entity Statement of Comprehensive Income  
for the 1st Quarter Ended 30 June 2018**

	(Unaudited)		(Unaudited)	
	<b>1st Quarter ended</b>		<b>Cumulative period ended</b>	
	<b>30.06.2018</b>	<b>30.06.2017</b>	<b>30.06.2018</b>	<b>30.06.2017</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>	25,139	39,576	25,139	39,576
Other comprehensive income, net of taxation	-	-	-	-
<b>Total Comprehensive Income for the period</b>	25,139	39,576	25,139	39,576
<b>Profit after taxation attributable to equity holders of the Company</b>	25,139	39,576	25,139	39,576
<b>Total Comprehensive Income attributable to equity holders of the Company</b>	25,139	39,576	25,139	39,576

(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 2018)

**Condensed Combined Entity Statement of Financial Position**

	(Unaudited)	(Audited)
	<b>As at 30.06.2018 RM'000</b>	<b>As at Preceding Financial Year End 31.03.2018 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	101,702	97,185
Interest in associated company	132,729	131,859
Deferred tax assets	6,688	7,687
	<b>241,119</b>	<b>236,731</b>
<b>Current assets</b>		
Inventories	44,182	50,331
Trade and other receivables	123,594	125,630
Placement of funds with related company	660,368	650,323
Cash and bank balances	879	287
Derivative financial instruments	19	7,892
	<b>829,042</b>	<b>834,463</b>
<b>Total assets</b>	<b>1,070,161</b>	<b>1,071,194</b>
<b>EQUITY</b>		
Capital and reserves attributed to equity holders		
Share capital	60,746	60,746
Retained earnings	846,129	820,990
Total equity	<b>906,875</b>	<b>881,736</b>
<b>LIABILITIES</b>		
<b>Non-current liability</b>		
Provision for liabilities and charges	261	261
	<b>261</b>	<b>261</b>
<b>Current liabilities</b>		
Trade and other payables	154,633	181,919
Taxation	1,110	2,289
Provision for liabilities and charges	3,781	4,989
Derivative financial instruments	3,501	-
	<b>163,025</b>	<b>189,197</b>
<b>Total liabilities</b>	<b>163,286</b>	<b>189,458</b>
<b>Total equity and liabilities</b>	<b>1,070,161</b>	<b>1,071,194</b>
<b>Net assets per share (RM)</b>	<b>14.93</b>	<b>14.52</b>

(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 2018)

**Condensed Combined Entity Statement of Changes in Equity  
For the 1st Quarter Ended 30 June 2018**

	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000
<b><u>Quarter Ended 30 Jun 2017</u></b>			
At 1 April 2017	60,746	761,038	821,784
Total comprehensive income for the period	-	39,576	39,576
At 30 Jun 2017	60,746	800,614	861,360
<b><u>Quarter Ended 30 Jun 2018</u></b>			
At 1 April 2018	60,746	820,990	881,736
Total comprehensive income for the period	-	25,139	25,139
At 30 Jun 2018	60,746	846,129	906,875

(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 2018)

**Condensed Combined Entity Cash Flow Statement  
For the 1st Quarter Ended 30 June 2018**

	(Unaudited)	
	Period ended 30.06.2018 RM'000	Period ended 30.06.2017 RM'000
<b>Profit after taxation</b>	25,139	39,576
<b>Adjustments for:</b>		
Non Cash Flow Items	20,235	12,751
Share of results of associated company	(870)	231
<b>Operating profit before working capital changes</b>	44,504	52,558
<b>Changes in working capital</b>		
Net increase in current assets	9,657	2,775
Net decrease in current liabilities	(27,939)	(31,180)
<b>Cash generated from operations</b>	26,222	24,153
Other operating activities	(9,827)	(8,439)
<b>Net cash flow from operating activities</b>	16,395	15,714
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(12,007)	(2,975)
Proceeds from disposal of property, plant and equipment	90	17
Interest received	6,159	5,059
Dividend received (net)	-	-
<b>Net cash flow from investing activities</b>	(5,758)	2,101
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividends paid	-	-
<b>Net cash flow from financing activity</b>	-	-
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	10,637	17,815
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD</b>	650,610	602,431
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD</b>	661,247	620,246
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	660,368	619,590
Cash and bank balances	879	656
	<u>661,247</u>	<u>620,246</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 2018)

# Panasonic

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

## **Notes to the Interim Financial Statements for 1st Quarter Ended 30 June 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 2018.

The audited financial statements of the Company for the year ended 31 March 2018 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 2018.

MFRS 9 – Financial Instruments and MFRS 15 – Revenue from Contracts with Customers came into effect on 1<sup>st</sup> January 2018, however, based on the assessment, the Company does not expect the initial application of these two MFRSs to have a significant impact on its financial statements as at 1 April 2018.

### **Note 2. Disclosure of Audit Report Qualification**

The audit report of the Company’s annual financial statements for the financial year ended 31 March 2018 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

There was no dividend paid in the current quarter ended 30 June 2018.

## Note 8. Segmental Reporting

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

	Revenue for the period ended		Profit before tax for the period ended	
	30.06.2018 RM'000	30.06.2017 RM'000	30.06.2018 RM'000	30.06.2017 RM'000
Home Appliance products	139,318	146,871	13,585	19,807
Fan and other products	166,250	180,975	24,782	29,762
<b>Total</b>	<b>305,568</b>	<b>327,846</b>	<b>38,367</b>	<b>49,569</b>
Unallocated costs	-	-	(6,278)	922
Share of Results from Associated Companies	-	-	870	(231)
<b>Total</b>			<b>32, 959</b>	<b>50,260</b>

Revenue information based on geographical location is as follows:

	Revenue for the period ended	
	30.06.2018 RM'000	30.06.2017 RM'000
Malaysia	141,639	140,818
Japan	11,754	14,632
Asia (excluding Malaysia and Japan)	80,808	91,877
North America	209	457
Europe	184	973
Middle East	66,862	72,758
Others	4,112	6,331
<b>Total</b>	<b>305,568</b>	<b>327,846</b>

## 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 30 June 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 30 June 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 2018.

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

### Note 12. Review of Performance

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

	1st Quarter ended		change	Cumulative period ended		change
	30.06.2018 RM'000	30.06.2017 RM'000		30.06.2018 RM'000	30.06.2017 RM'000	
Revenue	305,568	327,846	-6.8%	305,568	327,846	-6.8%
Profit before taxation	32,959	50,260	-34.4%	32,959	50,260	-34.4%

The Company's revenue of RM305.6 million for the current quarter ended 30 June 2018 was lower by 6.8% or RM22.3 million as compared with the revenue of RM327.8 million registered in the previous year's corresponding quarter.

The lower revenue was attributed to lower sales in the export market for both Home Appliances and Fan products. Export sales of Fan products was lower by 12% as compared to the previous year's corresponding quarter. The export sales of Home appliances products was lower by 34% as compared to the previous year's corresponding quarter due to slowdown in demand especially in the Middle East market. However, the reduction in export sales was mitigated by increased sales of home shower products in both domestic market and the Asean countries such as Thailand and Philippines.

The Company's combined profit before tax of RM33 million for the current quarter ended 30 June 2018 was lower by 34.4% or RM17.3 million as compared to the previous year's corresponding quarter combined profit before tax of RM50.3 million. The decrease in profit was mainly contributed by the lower revenue as compared to the previous year's corresponding quarter, and a derivative loss amounting to RM11.3 million as compared to a derivative gain amounting to RM1.0 million in the previous year's corresponding quarter.

Analyzing the results by segments, Home Appliance's segment profit before tax of RM13.6 million for the current quarter ended 30 June 2018, was lower by 31.4% or RM6.2 million as compared to the previous year's corresponding quarter profit before tax of RM19.8 million, which was mainly contributed by the lower sales achieved and a stronger Ringgit against the US Dollar (current quarter against previous corresponding quarter) which has an impact on export revenue which was mainly denominated in US Dollar.

The Fan and other product's segment's achieved lower profit before tax of RM24.8 million for the current quarter ended 30 June 2018, a decreased of 16.7% or RM4.9 million as compared to the profit before tax in the previous year's corresponding quarter of RM29.7 million. The lower profitability in the current quarter was mainly attributed to lower revenue achieved and a stronger Ringgit against the US Dollars.

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

	Current Quarter	Preceding Quarter	Change
	30.06.2018 RM'000	31.03.2018 RM'000	%
Revenue	305,568	276,695	10.4%
Profit before taxation	32,959	33,631	-2.0%



The Company's revenue of RM305.6 million in the current quarter was higher of 10.4% or RM28.9 million over the revenue of RM276.7 million recorded in the preceding quarter. Compared to the previous quarter, the higher revenue was contributed mainly by domestic sales which had shown an increase after the abolishment of GST in May 2018.

The Company's combined profit before tax of RM32.9 million for the current quarter decreased by 2.0% or RM0.6 million as compared to combined profit before tax of RM33.6 million in the preceding quarter. This is mainly due to derivation loss amounting RM11.3 million as compared to the derivation gain of RM7.7 million registered in preceding quarter.

#### **Note 14. Prospects and Outlook**

The export market conditions are set to remain volatile and the performance of the Company could also be further impacted by the volatility of the Ringgit. However, the Company is committed to aggressively pursue its business strategy of prudent cost management to achieve satisfactory results for the financial year ending 31 March 2019.

#### **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**

	<b>Current Quarter Ended 30.06.2018 RM'000</b>	<b>Preceding Year's Quarter Ended 30.06.2017 RM'000</b>	<b>Cumulative period ended 30.06.2018 RM'000</b>	<b>Cumulative Period ended 30.06.2017 RM'000</b>
Taxation charge:				
- current financial year	(6,821)	(11,126)	(6,821)	(11,126)
- prior financial year	-	255	-	255
Deferred Tax:				
- current financial year	(999)	187	(999)	187
	(7,820)	(10,684)	(7,820)	(10,684)
Effective income tax rate	23.7%	21.3%	23.7%	21.3%

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 for the promotion of exports and double deduction from the research and development expenditures.

#### **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 30 June 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	129,975	0	3,462
<u>Less than 1 year</u> - Buy JPY	4,197	0	39
<u>Less than 1 year</u> - Buy SGD	373	1	0
<u>Less than 1 year</u> - Sell Euro	1,248	18	0
		19	3,501

## Note 19. Material Litigation

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

## Note 20. Dividends

No interim dividends have been declared or recommended for the current quarter ended 30 June 2018 (2017: Nil)

## 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 30 June 2018 of 60,745,780 shares.

(a) Basic earnings per share

	Period ended 30.06.2018	Period ended 30.06.2017
Profit after taxation for the period (RM'000)	25,139	39,576
Weighted average number of ordinary shares in issue ('000)	60,746	60,746
Basic earnings per share (sen)	41	65

(b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	41	Not Applicable
Year-to-date	41	Not Applicable

**Note 22. Commitments for Capital Expenditure**

Analysed as follows: Property, plant and equipment	As at 30.06.2018 RM'000	As at 30.06.2017 RM'000
Contracted	71,797	4,062
Not contracted	468	341
Total	72,265	4,403

**Note 23. Notes to the Condensed Combined Statement of Comprehensive Income**

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

	1st Quarter ended		Cumulative period ended	
	30.06.2018 RM'000	30.06.2017 RM'000	30.06.2018 RM'000	30.06.2017 RM'000
Interest Income	6,159	4,962	6,159	4,962
Interest Expenses	-	-	-	-
Depreciation & Amortization	7,453	7,727	7,453	7,727
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	8,520	(1,634)	8,520	(1,634)
(Loss)/Gain on Derivatives	(11,374)	1,040	(11,374)	1,040

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

**By Order of the Board**

Leong Oi Wah  
Company Secretary  
23 August 2018