

# Panasonic

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

### Condensed Combined Entity Statement of Comprehensive Income for the 1st Quarter Ended 30 June 2019

	(Unaudited)		(Unaudited)	
	1st Quarter ended		Cumulative period ended	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Revenue	291,400	305,568	291,400	305,568
Operating expenses	(263,843)	(269,781)	(263,843)	(269,781)
Other operating income	9,407	7,676	9,407	7,676
Other derivative gain / (loss)	(895)	(11,374)	(895)	(11,374)
Profit from operations	36,069	32,089	36,069	32,089
Share of results of associated company (net of tax)	(981)	870	(981)	870
Profit before taxation	35,088	32,959	35,088	32,959
Taxation	(7,998)	(7,820)	(7,998)	(7,820)
<b>Profit after taxation for the period</b>	<b>27,090</b>	<b>25,139</b>	<b>27,090</b>	<b>25,139</b>
<b>Earnings per share</b>				
<b>attributable to equity holders:</b>				
Basic and diluted (sen)	45	41	45	41

(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 2019)

**Condensed Combined Entity Statement of Comprehensive Income  
for the 1st Quarter Ended 30 June 2019**

	(Unaudited)		(Unaudited)	
	<b>1st Quarter ended</b>		<b>Cumulative period ended</b>	
	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>30.06.2019</b>	<b>30.06.2018</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>	27,090	25,139	27,090	25,139
Other comprehensive income, net of taxation	-	-	-	-
<b>Total Comprehensive Income for the period</b>	27,090	25,139	27,090	25,139
<b>Profit after taxation attributable to equity holders of the Company</b>	27,090	25,139	27,090	25,139
<b>Total Comprehensive Income attributable to equity holders of the Company</b>	27,090	25,139	27,090	25,139

(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 2019)

## Condensed Combined Entity Statement of Financial Position

	(Unaudited)	(Audited)
	As at 30.06.2019 RM'000	As at Preceding Financial Year End 31.03.2019 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	119,903	122,544
Interest in associated company	99,369	100,350
Deferred tax assets	7,918	7,780
	227,190	230,674
<b>Current assets</b>		
Inventories	46,349	49,580
Trade and other receivables	95,906	105,240
Placement of funds with related company	637,760	623,226
Cash and bank balances	330	86
Derivative financial instruments	138	923
	780,483	779,055
<b>Total assets</b>	1,007,673	1,009,729
<b>EQUITY</b>		
Capital and reserves attributed to equity holders		
Share capital	60,746	60,746
Retained earnings	803,182	776,092
Total equity	863,928	836,838
<b>LIABILITIES</b>		
<b>Non-current liability</b>		
Provision for liabilities and charges	443	443
	443	443
<b>Current liabilities</b>		
Trade and other payables	131,270	162,973
Taxation	8,240	4,179
Provision for liabilities and charges	3,545	5,159
Derivative financial instruments	247	137
	143,302	172,448
<b>Total liabilities</b>	143,745	172,891
<b>Total equity and liabilities</b>	1,007,673	1,009,729
<b>Net assets per share (RM)</b>	14.22	13.78

(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 2019)

**Condensed Combined Entity Statement of Changes in Equity  
For the 1st Quarter Ended 30 June 2019**

	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000
<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
<b><u>Quarter Ended 30 Jun 2019</u></b>			
At 1 April 2019	60,746	776,092	836,838
Total comprehensive income for the period	-	27,090	27,090
At 30 Jun 2019	60,746	803,182	863,928

(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 2019)

**Condensed Combined Entity Cash Flow Statement  
For the 1st Quarter Ended 30 June 2019**

	(Unaudited)	
	Period ended 30.06.2019 RM'000	Period ended 30.06.2018 RM'000
<b>Profit after taxation</b>	27,090	25,139
<b>Adjustments for:</b>		
Non Cash Flow Items	8,684	20,235
Share of results of associated company	981	(870)
<b>Operating profit before working capital changes</b>	36,755	44,504
<b>Changes in working capital</b>		
Net increase in current assets	13,889	9,657
Net decrease in current liabilities	(31,449)	(27,939)
<b>Cash generated from operations</b>	19,195	26,222
Other operating activities	(4,982)	(9,827)
<b>Net cash flow from operating activities</b>	14,213	16,395
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(5,100)	(12,007)
Proceeds from disposal of property, plant and equipment	28	90
Interest received	5,637	6,159
Dividend received (net)	-	-
<b>Net cash flow from investing activities</b>	565	(5,758)
<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>	14,778	10,637
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD</b>	623,312	650,610
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD</b>	638,090	661,247
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	637,760	660,368
Cash and bank balances	330	879
	<u>638,090</u>	<u>661,247</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 2019)

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

**Notes to the Interim Financial Statements for 1st Quarter Ended 30 June 2019**

**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 2019.

The audited financial statements of the Company for the year ended 31 March 2019 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 2019.

MFRS 16 – Leases came into effect on 1<sup>st</sup> January 2019, however, based on the assessment, the Company does not expect the initial application of this MFRS to have a significant impact on its financial statements as at 1 April 2019.

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

The audit report of the Company’s annual financial statements for the financial year ended 31 March 2019 was not qualified. 31

**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 2019.

## 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	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Home Appliance products	117,167	139,318	10,752	13,585
Fan and other products	174,233	166,250	22,951	24,782
<b>Total</b>	<b>291,400</b>	<b>305,568</b>	<b>33,703</b>	<b>38,367</b>
Unallocated costs	-	-	2,366	(6,278)
Share of Results from Associated Companies	-	-	(981)	870
<b>Total</b>	<b>291,400</b>	<b>305,568</b>	<b>35,088</b>	<b>32,959</b>

Revenue information based on geographical location is as follows:

	Revenue for the period ended	
	30.06.2019 RM'000	30.06.2018 RM'000
Malaysia	142,483	141,639
Japan	9,369	11,754
Asia (excluding Malaysia and Japan)	87,996	80,808
North America	-	209
Europe	93	184
Middle East	44,980	66,862
Others	6,479	4,112
<b>Total</b>	<b>291,400</b>	<b>305,568</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

In the interval between 30 June 2019 and the date of this announcement, there has not been 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 2019 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 2019.

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

### Note 12. Review of Performance

#### 1st Quarter This Year vs 1st Quarter Last Year

	1st Quarter Ended		Change	Cumulative Period Ended		Change
	30.06.2019 RM'000	30.06.2018 RM'000		%	30.06.2019 RM'000	
Revenue	291,400	305,568	(4.6%)	291,400	305,568	(4.6%)
Profit before taxation	35,088	32,959	+6.5%	35,088	32,959	+6.5%

The Company's revenue of RM291.4 million for the current quarter ended 30 June 2019 was lower by 4.6% or RM14.2 million as compared with the revenue of RM305.6 million registered in the previous year's corresponding quarter.

The lower revenue was attributed mainly to the lower sales in the export market for Home Appliances products. The exports to the Middle East market has been affected by trade sanctions imposed by the US government on certain Middle East countries; coupled with liquidity issues faced by a major distributor in a certain country within this region.

However, the effect of lower sales to the Middle East market was cushioned to a certain extent, by increases in exports to other Asean countries such as Vietnam, Philippines and Brunei.

In addition, the domestic sales for Fan products increased due to promotional activities held for the Hari Raya festive season and increased purchases at distributor's level pending a possible price adjustment in the following quarter.

Despite the lower revenue, the Company's combined profit before tax of RM35.1 million for the current quarter ended 30 June 2019 was higher by 6.5% or RM2.1 million as compared to the previous year's corresponding quarter combined profit before tax of RM33.0 million.

The increase in profitability was mainly attributable to lower derivative loss amounting to RM 0.9 million as compared to derivative loss of RM 11.4 million in the previous year's corresponding quarter. However, the increase in profitability was partially offset by the share of associate loss of RM 1.0 million as compared to a profit of RM 0.9 million registered in the previous year's corresponding quarter.

Analyzing the results by segments, Home Appliance product's segments profit before tax of RM10.8 million for the current quarter ended 30 June 2019, was lower by 20.9% or RM2.8 million as compared to the previous year's corresponding quarter profit before tax of RM13.6 million.

The Fan and other product's segments achieved lower profit before tax of RM23.0 million for the current quarter ended 30 June 2019, a decrease of 7.4% or RM1.8 million as compared to the profit before tax in the previous year's corresponding quarter of RM24.8 million.



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

	<b>Current Quarter</b>	<b>Preceding Quarter</b>	<b>Change</b>
	30.06.2019 RM'000	31.03.2019 RM'000	%
Revenue	291,400	225,637	29.1%
Profit before taxation	35,088	24,689	42.1%

The Company's revenue of RM291.4 million in the current quarter was higher by 29.1% or RM65.8 million compared to the revenue of RM225.6 million recorded in the preceding quarter. The higher revenue was attributable mainly to the increase in the domestic sales of both Home Appliances and Fan products arising from the Hari Raya festive promotions and increased export sales of home shower products to Asean countries such as Vietnam, Philippines and Brunei.

The Company's combined profit before tax of RM35.1 million for the current quarter increased by 42.1% or RM10.4 million as compared to the combined profit before tax of RM24.7 million in the preceding quarter. This was mainly due to an increase in sales as compared to the preceding quarter.

**Note 14. Prospects and Outlook**

The global economy is projected to expand moderately, following slower growth in both advanced and major emerging market economies. The Company recognizes that the slowing down of global economy, escalating trade tensions as well as geo political risks, if unresolved, will have a significant impact on global trade and investments.

Nevertheless, the Company is cautiously optimistic with regards to its prospects despite the current challenging environment. The Company will continue to strengthen its manufacturing capabilities through the continued expansion of robotic and automation systems in its facilities. The enhancement in the IT system as well as the ongoing training programs for the operational staff within the Company will further improve the Company's productivity.

The Company remains positive and will strive to ensure that the Company continues to achieve satisfactory performance.

**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 30.06.2019 RM'000	Preceding Year's Quarter Ended 30.06.2018 RM'000	Cumulative period ended 30.06.2019 RM'000	Cumulative Period ended 30.06.2018 RM'000
Taxation charge:				
- current financial year	(8,136)	(6,821)	(8,136)	(6,821)
- prior financial year	-	-	-	-
Deferred Tax:				
- current financial year	138	(999)	138	(999)
	(7,998)	(7,820)	(7,998)	(7,820)
Effective income tax rate	22.8%	23.7%	22.8%	23.7%

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 2019, 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	121,219	0	234
<u>Less than 1 year</u> - Buy JPY	6,080	135	0
<u>Less than 1 year</u> - Buy SGD	726	3	0
<u>Less than 1 year</u> - Sell Euro	1,379	0	13
		138	247

## 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 2019 (2018: 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 2019 of 60,745,780 shares.

**(a) Basic earnings per share**

	Period ended 30.06.2019	Period ended 30.06.2018
Profit after taxation for the period (RM'000)	27,090	25,139
Weighted average number of ordinary shares in issue ('000)	60,746	60,746
Basic earnings per share (sen)	45	41

**(b) Summary of earnings per share**

	Basic (sen)	Diluted (sen)
Quarter 1	45	Not Applicable
Year-to-date	45	Not Applicable

**Note 22. Commitments for Capital Expenditure**

Analysed as follows: Property, plant and equipment	As at 30.06.2019 RM'000	As at 30.06.2018 RM'000
Contracted	56,553	71,797
Not contracted	-	468
Total	56,553	72,265

**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	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Interest Income	5,637	6,159	5,637	6,159
Interest Expenses	-	-	-	-
Depreciation & Amortization	7,614	7,453	7,614	7,453
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	2,115	8,520	2,115	8,520
(Loss)/Gain on Derivatives	(787)	(11,374)	(787)	(11,374)

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

**By Order of the Board**

Leong Oi Wah  
Company Secretary  
27 August 2019