

Panasonic

Panasonic Manufacturing Malaysia Berhad (6100-K)

(Incorporated in Malaysia)

Condensed Combined Entity Statement of Comprehensive Income for the 1st Quarter Ended 30 June 2020

| | (Unaudited) | | (Unaudited) | |
|---|----------------------|----------------------|-------------------------|----------------------|
| | 1st Quarter ended | | Cumulative Period Ended | |
| | 30.06.2020 RM'000 | 30.06.2019 RM'000 | 30.06.2020 RM'000 | 30.06.2019 RM'000 |
| Revenue | 154,083 | 291,400 | 154,083 | 291,400 |
| Operating expenses | (161,243) | (263,844) | (161,243) | (263,844) |
| Other operating income | 1,527 | 3,770 | 1,527 | 3,770 |
| Other derivative gain / (loss) | 1,383 | (894) | 1,383 | (894) |
| Result from operating activities | (4,250) | 30,432 | (4,250) | 30,432 |
| Finance cost | (3) | - | (3) | - |
| Finance Income | 3,350 | 5,637 | 3,350 | 5,637 |
| Share of results of associated company (net of tax) | (2,856) | (981) | (2,856) | (981) |
| (Loss) / Profit before taxation | (3,759) | 35,088 | (3,759) | 35,088 |
| Taxation | 1,199 | (7,998) | 1,199 | (7,998) |
| (Loss) / Profit after taxation for the period | (2,560) | 27,090 | (2,560) | 27,090 |
| Earning per share attributable to equity holders: | | | | |
| Basic and diluted (sen) | <u>(4)</u> | <u>45</u> | <u>(4)</u> | <u>45</u> |

(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 2020)

**Condensed Combined Entity Statement of Comprehensive Income
for the 1st Quarter Ended 30 June 2020**

| | (Unaudited) | | (Unaudited) | |
|---|------------------------------|------------------------------|--------------------------------|------------------------------|
| | 1st Quarter ended | | Cumulative period ended | |
| | 30.06.2020 RM'000 | 30.06.2019 RM'000 | 30.06.2020 RM'000 | 30.06.2019 RM'000 |
| (Loss) / Profit after taxation for the period | (2,560) | 27,090 | (2,560) | 27,090 |
| Other comprehensive income, net of taxation | - | - | - | - |
| Total Comprehensive (expense) / income for the period | (2,560) | 27,090 | (2,560) | 27,090 |
| (Loss) / Profit after taxation attributable to equity holders of the Company | (2,560) | 27,090 | (2,560) | 27,090 |
| Total Comprehensive (expense) / income attributable to equity holders of the Company | (2,560) | 27,090 | (2,560) | 27,090 |

(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 2020)

Condensed Combined Entity Statement of Financial Position

| | (Unaudited) | (Audited) |
|---|-------------------------------|---|
| | As at 30.06.2020 RM'000 | As at Preceding Financial Year End 31.03.2020 RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 124,488 | 127,306 |
| Intangible assets | 7,124 | 7,687 |
| Right-of-use assets | 6,056 | 6,109 |
| Interest in associated company | 94,016 | 96,872 |
| Deffered tax assets | 14,070 | 12,871 |
| | 245,754 | 250,845 |
| Current assets | | |
| Inventories | 78,716 | 73,164 |
| Trade and other receivables | 121,388 | 74,927 |
| Placement of funds with related company | 528,494 | 576,900 |
| Cash and bank balances | 446 | 812 |
| Derivative financial instruments | 320 | 94 |
| | 729,364 | 725,897 |
| Total assets | 975,118 | 976,742 |
| EQUITY | | |
| Capital and reserves attributed to equity holders | | |
| Share capital | 60,746 | 60,746 |
| Retained earnings | 753,235 | 755,795 |
| Total equity | 813,981 | 816,541 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Provision for liabilities and charges | 540 | 540 |
| Non-current lease payable | 203 | 203 |
| | 743 | 743 |
| Current liabilities | | |
| Trade and other payables | 143,480 | 136,714 |
| Taxation | 4,413 | 9,868 |
| Lease liabilities | 96 | 127 |
| Provision for liabilities and charges | 12,405 | 11,592 |
| Derivative financial instruments | - | 1,157 |
| | 160,394 | 159,458 |
| Total liabilities | 161,137 | 160,201 |
| Total equity and liabilities | 975,118 | 976,742 |
| Net assets per share (RM) | 13.40 | 13.44 |

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 2020)

**Condensed Combined Entity Statement of Changes in Equity
for the 1st Quarter Ended 30 June 2020**

| | Attributable to equity holders | | |
|--|--------------------------------|-------------------|--------------|
| | Share Capital | Retained Earnings | Total Equity |
| | RM'000 | RM'000 | RM'000 |
| Quarter Ended 30 June 2019 | | | |
| At 1 April 2019 | 60,746 | 776,092 | 836,838 |
| Total comprehensive income / (loss) for the period | - | 27,090 | 27,090 |
| At 30 June 2019 | 60,746 | 803,182 | 863,928 |
| Quarter Ended 30 June 2020 | | | |
| At 1 April 2020 | 60,746 | 755,795 | 816,541 |
| Total comprehensive (loss) / income for the period | - | (2,560) | (2,560) |
| At 30 June 2020 | 60,746 | 753,235 | 813,981 |

(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 2020)

**Condensed Combined Entity Cash Flow Statement
For the 1st Quarter Ended 30 June 2020**

| | (Unaudited) | |
|--|--------------------------------------|--------------------------------------|
| | Period ended 30.06.2020 RM'000 | Period ended 30.06.2019 RM'000 |
| (Loss)/Profit after taxation | (2,560) | 27,090 |
| Adjustments for: | | |
| Non cash flow items | 3,094 | 8,684 |
| Share if results of associated company | 2,856 | 981 |
| Operating profit before working capital changes | 3,390 | 36,755 |
| Changes in working capital | | |
| Net increase in current assets | (50,206) | 13,889 |
| Net decrease in current liabilities | 6,307 | (31,449) |
| Cash generated from operations | (40,509) | 19,195 |
| Other operating activities | (6,881) | (4,982) |
| Net cash flow from operating activities | (47,390) | 14,213 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (5,214) | (5,100) |
| Purchase of intangible asset | - | - |
| Proceeds from disposal of property, plant and equipment | 94 | 28 |
| Interest received | 3,772 | 5,637 |
| Dividend received (net) | - | - |
| Net cash flow from investing activities | (1,348) | 565 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid | - | - |
| Repayment of lease liabilities | (34) | - |
| Net cash flow from financing activities | (34) | - |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | (48,772) | 14,778 |
| CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD | 577,712 | 623,312 |
| Net cash flow from financing activities | 528,940 | 638,090 |
| <u>Cash and cash equivalents comprise:</u> | | |
| Placement of funds with related company | 528,494 | 637,760 |
| Cash and bank balances | 446 | 330 |
| | <u>528,940</u> | <u>638,090</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 2020)

Panasonic

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

Notes to the Interim Financial Statements for 1st Quarter Ended 30 June 2020

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 2020.

The audited financial statements of the Company for the year ended 31 March 2020 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 2020.

Note 2. Disclosure of Audit Report Qualification

The audit report of the Company’s annual financial statements for the financial year ended 31 March 2020 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 2020.

Note 8. Segmental Reporting

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

| | Revenue for the period ended | | Profit / (loss) before tax for the period ended | |
|---|---------------------------------|----------------------|--|----------------------|
| | 30.06.2020 RM'000 | 30.06.2019 RM'000 | 30.06.2020 RM'000 | 30.06.2019 RM'000 |
| Home Appliance products | 63,538 | 117,167 | (2,634) | 10,752 |
| Fan products | 90,545 | 174,233 | 4,138 | 22,705 |
| Total | 154,083 | 291,400 | 1,504 | 33,457 |
| Unallocated costs | - | - | (2,407) | 2,612 |
| Share of Results from Associated Companies | - | - | (2,856) | (981) |
| Total | 154,083 | 291,400 | (3,759) | 35,088 |

Revenue information based on geographical location is as follows:

| | Revenue for the period ended | |
|-------------------------------------|---------------------------------|----------------------|
| | 30.06.2020 RM'000 | 30.06.2019 RM'000 |
| Malaysia | 32,277 | 142,483 |
| Japan | 7,802 | 9,369 |
| Asia (excluding Malaysia and Japan) | 62,806 | 87,996 |
| North America | - | - |
| Europe | 616 | 93 |
| Middle East | 46,184 | 44,980 |
| Others | 4,398 | 6,479 |
| Total | 154,083 | 291,400 |

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 2020 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 2020 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 2020.

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 |
|---------------------------------|----------------------|----------------------|----------|-------------------------|----------------------|----------|
| | 30.06.2020 RM'000 | 30.06.2019 RM'000 | | % | 30.06.2020 RM'000 | |
| Revenue | 154,083 | 291,400 | (47.1%) | 154,083 | 291,400 | (47.1%) |
| (Loss) / Profit before taxation | (3,759) | 35,088 | (110.7%) | (3,759) | 35,088 | (110.7%) |

The Company's revenue of RM154.1 million for the current quarter ended 30 June 2020 was significantly lower by 47.1% or RM137.3 million as compared with the revenue of RM291.4 million registered in the previous year's corresponding quarter. Some of the sales orders for this period could not be met due to the shutdown of the plant from 18 March 2020 till early May 2020 on the Malaysian Government's implementation of the Movement Control Order (MCO). Domestic sales was most impacted, contributing only 21% of total revenue in this quarter as compared to previous year's contribution of 49%.

Consequently, the Company's results from operating activities registered a loss of RM4.2 million as compared to a profit of RM 30.4 million registered the previous year's corresponding quarter.

At the Company's combined profit before tax level, the current quarter registered a loss before tax of RM3.8 million, a decrease of RM38.9 million as compared to the previous year's corresponding quarter profit of RM35.1 million. This was attributed mainly to:-

- (i) lower revenue as mentioned above,
- (ii) the reduction in interest income by RM2.3 million as interest rates and placement amount was lower, and;
- (iii) a higher share of losses of associated company's results amounting to RM2.9 million as compared to a lower loss of RM1.0 million in the previous year's corresponding quarter. The performance of the associated company was also affected by the implementation of MCO.

Review by Segment

Both segments' revenue have been significantly impacted by the MCO with Home Appliance products segment and Fan products segment achieving only 54% and 52% of the revenue recorded in the previous year's corresponding quarter respectively.

With the lower sales achieved, the Home Appliance products segment recorded a loss before tax of RM2.6 million for the current quarter ended 30 June 2020 as compared to a profit before tax of RM 10.8 million in the previous year's corresponding quarter.

Fan products segment was able to record a marginal profit before tax of RM4.1 million for the current quarter ended 30 June 2020, a decrease of 81.8% or RM18.6 million as compared to the profit before tax in the previous year's corresponding quarter profit before tax of RM22.7 million.

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

| | Current | Preceding | Difference | |
|--|--------------------|--------------------|-------------------|-----------------|
| | 1st Quarter | 4th Quarter | | |
| | 30.06.2020 | 31.03.2020 | RM'000 | % |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 154,083 | 204,650 | (50,567) | (24.7%) |
| Operating expenses | (161,243) | (185,783) | 24,540 | 13.2% |
| Other operating income | 1,527 | 9,982 | (8,455) | (84.7%) |
| Other operating income/expenses: | | | | |
| - Fair value gain/(loss) on derivative financial instruments | 1,383 | (3,322) | 4,705 | 141.6% |
| Results from operating activities | (4,250) | 25,527 | (29,777) | (116.6%) |
| Finance cost | (3) | (9) | (6) | (66.7%) |
| Finance income | 3,350 | 4,346 | (996) | (22.9%) |
| Share of results of associated company (net of tax) | (2,856) | 4,046 | (6,902) | (170.6%) |
| Profit before taxation | (3,753) | 33,928 | (37,681) | (111.1%) |

The Company's revenue of RM154.1 million in the current quarter was lower by 24.7% or RM50.6 million compared to the revenue of RM204.7 million recorded in the preceding quarter. The lower revenue was mainly due to the prolonged effect of the MCO.

The Company's combined loss before tax of RM3.8 million for the current quarter decreased by RM37.7 million as compared to the combined profit before tax of RM33.9 million in the preceding quarter; mainly attributable to lower revenue achieved, foreign exchange losses and other operating costs incurred during the current quarter under review. In addition, the associated company incurred losses as compared to profits in the preceding quarter.

Note 14. Prospects and Outlook

The COVID-19 pandemic that the world is facing now is unprecedented and its impact on the global economy is severe. Global growth is projected to be negative for 2020 due to various containment measures implemented by many major economies to limit the spread of the virus.

Several major economies have begun relaxing measures to contain the spread of COVID-19 leading to resumption of economic activity. However, downside risks to the global outlook remain, especially if a resurgence in the pandemic necessitates the reintroduction of containment measures.

In Malaysia, Bank Negara recently announced that the economy contracted by 17.1% in the second quarter of 2020 arising from weak external demand and strict containment measures imposed. Despite this, economic activities have begun to recover following the gradual and progressive re-opening of the economy since early May 2020.

The stimulus packages announced by the Malaysian Government are also positive factors to improve the economic outlook in the country. Businesses look towards the strong government machinery to ensure these initiatives and other incentive packages offered are delivered in a timely manner.

Recovery of sales for both the Company's Home Appliance products and Fan products is seen in both the domestic and certain export markets to replenish depleted stock available in the market. The Company is cautiously optimistic that sales will improve in the following quarter of the financial year 2021 as the economic activities move back to normalcy.

Nevertheless, the Company will continue with its efforts to maintain its business competitiveness by introducing more quality and friendly products with special features. To further strengthen its

manufacturing capabilities, the Company will forge ahead with its digitalization and automation plans.

With these measures in place, the Company will be able to meet any challenges ahead with agility and resilience with adequate support from the Government for more certainties in the economy.

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 30.06.2020 RM'000 | Preceding Year's Quarter Ended 30.06.2019 RM'000 | Cumulative period ended 30.06.2020 RM'000 | Cumulative Period ended 30.06.2019 RM'000 |
|---|--|---|--|--|
| Taxation charge: | | | | |
| - current financial year | - | (8,136) | - | (8,136) |
| - prior financial year | - | - | - | - |
| Deferred Tax: | | | | |
| - origination of temporary differences (current financial year) | 1,199 | 138 | 1,199 | 138 |
| - prior financial year | - | - | - | - |
| | 1,199 | (7,998) | 1,199 | (7,998) |
| Effective income tax rate | NIL | 22.8% | NIL | 22.8% |

There is no income tax charge for current quarter due to operating losses incurred.

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 2020, 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 |
|---------------------------------|-------------------------------------|--------------------------------|-------------------------------------|
| Less than 1 year - Sell USD | 10,423 | 320 | - |
| Less than 1 year - Buy JPY | - | - | - |
| Less than 1 year - Buy SGD | 46 | - | - |
| Less than 1 year - Sell Euro | - | - | - |
| | | 320 | - |

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 2020 (2019: 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 2020 of 60,745,780 shares.

(a) Basic earnings per share

| | Period ended 30.06.2020 | Period ended 30.06.2019 |
|--|----------------------------|----------------------------|
| (Loss)/Profit after taxation for the period (RM'000) | (2,560) | 27,090 |
| Weighted average number of ordinary shares in issue (RM'000) | 60,746 | 60,746 |
| Basic earnings per share (sen) | (4) | 45 |

(b) Summary of earnings per share

| | Basic (sen) | Diluted (sen) |
|--------------|-------------|----------------|
| Quarter 1 | (4) | Not Applicable |
| Year-to-date | (4) | Not Applicable |

Note 22. Commitments for Capital Expenditure

| Analyzed as follows: Property, plant and equipment | As at 30.06.2020 RM'000 | As at 30.06.2019 RM'000 |
|---|--|--|
| Contracted | 38,434 | 56,553 |
| Not contracted | - | - |
| Total | 38,434 | 56,553 |

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 | |
|--|------------------------------|------------------------------|--------------------------------|------------------------------|
| | 30.06.2020 RM'000 | 30.06.2019 RM'000 | 30.06.2020 RM'000 | 30.06.2019 RM'000 |
| Interest Income | 3,350 | 5,637 | 3,350 | 5,637 |
| Interest Expenses | - | - | - | - |
| Depreciation & Amortization | 7,945 | 7,614 | 7,945 | 7,614 |
| 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)/Gain on Foreign Exchange | (2,225) | 2,115 | (2,225) | 2,115 |
| Gain/(Loss) on Derivatives | 1,383 | (787) | 1,383 | (787) |

* N/A: Not Applicable to the Combined Entity

By Order of the Board

Leong Oi Wah
Company Secretary
21 Aug 2020