

# Panasonic

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

### Condensed Combined Entity Statement of Comprehensive Income for the 2nd Quarter Ended 30 September 2020

	(Unaudited)		(Unaudited)	
	2nd Quarter ended		Cumulative Period Ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Revenue	293,964	288,587	448,047	579,987
Operating expenses	(256,367)	(254,525)	(417,610)	(518,368)
Other operating income	1,572	2,526	3,099	6,296
Other derivative (loss)/gain	(264)	(944)	1,119	(1,839)
Result from operating activities	38,905	35,644	34,655	66,076
Finance cost	(2)	-	(5)	-
Finance Income	2,734	5,564	6,084	11,201
Share of results of associated company (net of tax)	5,980	(1,123)	3,124	(2,104)
Profit/(Loss) before taxation	47,617	40,085	43,858	75,173
Taxation	(7,578)	(9,297)	(6,379)	(17,295)
Profit/(Loss) after taxation for the period	40,039	30,788	37,479	57,878
Earning per share attributable to equity holders:				
Basic and diluted (sen)	66	51	62	95

(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 2nd Quarter Ended 30 September 2020**

	(Unaudited)		(Unaudited)	
	<b>2nd Quarter ended</b>		<b>Cumulative period ended</b>	
	<b>30.09.2020</b>	<b>30.09.2019</b>	<b>30.09.2020</b>	<b>30.09.2019</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>	40,039	30,788	37,479	57,878
Other comprehensive income, net of taxation	-	-	-	-
<b>Total Comprehensive income for the period</b>	40,039	30,788	37,479	57,878
<b>Profit after taxation attributable to equity holders of the Company</b>	40,039	30,788	37,479	57,878
<b>Total Comprehensive income attributable to equity holders of the Company</b>	40,039	30,788	37,479	57,878

(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 30.09.2020 RM'000	As at Preceding Financial Year End 31.03.2020 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	133,914	127,306
Intangible assets	6,562	7,687
Right-of-use assets	6,003	6,109
Interest in associated company	98,085	96,872
Deferred tax assets	16,024	12,871
	260,588	250,845
<b>Current assets</b>		
Inventories	70,087	73,164
Trade and other receivables	117,884	74,927
Placement of funds with related company	473,468	576,900
Cash and bank balances	620	812
Derivative financial instruments	57	94
	662,116	725,897
<b>Total assets</b>	922,704	976,742
<b>EQUITY</b>		
Capital and reserves attributed to equity holders		
Share capital	60,746	60,746
Retained earnings	682,109	755,795
<b>Total equity</b>	742,855	816,541
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Provision for liabilities and charges	540	540
Non-current lease payable	154	203
	694	743
<b>Current liabilities</b>		
Trade and other payables	155,159	136,714
Taxation	13,945	9,868
Lease liabilities	113	127
Provision for liabilities and charges	9,937	11,592
Derivative financial instruments	1	1,157
	179,155	159,458
<b>Total liabilities</b>	179,849	160,201
<b>Total equity and liabilities</b>	922,704	976,742
<b>Net assets per share (RM)</b>	12.23	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 2nd Quarter Ended 30 September 2020**

	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000
<b><u>Quarter Ended 30 September 2019</u></b>			
At 1 April 2019	60,746	776,092	836,838
Total comprehensive income for the period	-	57,878	57,878
Dividends:			
- Final dividend for the financial year ended 31 Mar 2019	-	(128,174)	(128,174)
At 30 September 2019	60,746	705,796	766,542
<b><u>Quarter Ended 30 September 2020</u></b>			
At 1 April 2020	60,746	755,795	816,541
Total comprehensive income for the period	-	37,479	37,479
Dividends:			
- Final dividend for the financial year ended 31 Mar 2020		(111,165)	(111,165)
At 30 September 2020	60,746	682,109	742,855

(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 2nd Quarter Ended 30 September 2020**

	(Unaudited)	
	Period ended 30.09.2020 RM'000	Period ended 30.09.2019 RM'000
<b>Profit after taxation</b>	37,479	57,878
Adjustments for:		
Non cash flow items	16,968	23,034
Share of results of associated company	(3,124)	2,104
<b>Operating profit before working capital changes</b>	<b>51,323</b>	<b>83,016</b>
<b>Changes in working capital</b>		
Net increase in current assets	(39,353)	(29,859)
Net decrease in current liabilities	18,163	15,095
<b>Cash generated from operations</b>	<b>30,133</b>	<b>68,252</b>
Other operating activities	(9,498)	(10,457)
<b>Net cash flow from operating activities</b>	<b>20,635</b>	<b>57,795</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(21,838)	(10,877)
Purchase of intangible asset	-	(6,730)
Proceeds from disposal of property, plant and equipment	168	226
Interest received	6,733	11,401
Dividend received (net)	1,911	1,911
<b>Net cash flow from operating activities</b>	<b>(13,026)</b>	<b>(4,069)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(111,165)	(128,174)
Repayment of lease liabilities	(68)	-
<b>Net cash flow from financing activities</b>	<b>(111,233)</b>	<b>(128,174)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(103,624)</b>	<b>(74,448)</b>
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD</b>	<b>577,712</b>	<b>623,312</b>
<b>Net cash flow from financing activities</b>	<b>474,088</b>	<b>548,864</b>
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	473,468	548,280
Cash and bank balances	620	584
	<u>474,088</u>	<u>548,864</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 2nd Quarter Ended 30 September 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

The final single tier dividend of 183 sen per ordinary share for the financial year ended 31 March 2020 was paid on 25 September 2020.

## 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	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Home Appliance products	213,662	271,369	23,623	33,849
Fan products	234,385	308,618	24,492	40,361
<b>Total</b>	<b>448,047</b>	<b>579,987</b>	<b>48,115</b>	<b>74,210</b>
Unallocated costs	-	-	(7,381)	3,067
Share of Results from Associated Companies	-	-	3,124	(2,104)
<b>Total</b>	<b>448,047</b>	<b>579,987</b>	<b>43,858</b>	<b>75,173</b>

Revenue information based on geographical location is as follows:

	Revenue for the period ended	
	30.09.2020 RM'000	30.09.2019 RM'000
Malaysia	154,853	262,055
Japan	20,522	20,547
Asia (excluding Malaysia and Japan)	155,547	186,200
North America	-	-
Europe	2,972	474
Middle East	103,885	97,025
Others	10,268	13,686
<b>Total</b>	<b>448,047</b>	<b>579,987</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 September 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 September 2020 in respect of which this announcement is made.

## Note 11. Contingent Liabilities

There were no contingent liabilities since the previous 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

#### 2<sup>nd</sup> Quarter This Year vs 2<sup>nd</sup> Quarter Previous Year

	2nd Quarter ended		Change	Cumulative Period Ended		Change
	30.09.2020 RM'000	30.09.2019 RM'000		%	30.09.2020 RM'000	
Revenue	293,964	288,587	+1.9%	448,047	579,987	(22.7%)
Profit before taxation	47,617	40,085	+18.8%	43,858	75,173	(41.7%)

The Company's revenue of RM294.0 million for the current quarter ended 30 September 2020 was higher by 1.9% or RM5.4 million as compared with the revenue of RM288.6 million registered in the previous year's corresponding quarter. The higher revenue was attributed to higher sales in both domestic and export market as compared to the previous year's corresponding quarter.

Revenue for the quarter for Fans products increased by approximately 7% as compared to the previous year's corresponding quarter arising from the recovery of both domestic and export sales to replenish depleted market inventory after the Movement Control Order (MCO). The promotional activities held for the Merdeka campaigns also contributed to higher domestic sales.

In comparison, Home Appliance products sales decreased by approximately 3% as compared to previous year's corresponding quarter. The reduction was mainly attributed to the lower sales in certain appliances products due to the slow recovery of domestic sales after the MCO. Fortunately, this was cushioned to a certain extent by higher export sales to the Middle East markets.

In line with the increase in revenue, the Company's combined profit before tax of RM47.6 million for the current quarter was higher by 18.8% or RM7.5 million as compared to the previous year's corresponding quarter combined profit before tax of RM40.1 million.

The increase in profitability was mainly attributable to the higher revenue and a higher share of profit from associated company amounting to RM6.0 million as compared to a loss of RM1.1 million in the previous year's corresponding quarter. However, the increase in profitability was offset by the reduction in interest income of RM2.8 million. This was mainly due to lower amount of deposit placements following the payment of dividend in the second quarter as well as lower interest rate as compared to previous year's corresponding quarter.

#### Review by Segment

Analyzing the results by segments, the Fan products segment achieved profit before tax of RM20.4 million for the current quarter ended 30 September 2020, which was higher by 15.3% or RM2.7 million as compared to the profit before tax in the previous year's corresponding quarter of RM17.7 million. This was attributable to higher revenue, lower material cost and reduced operating expenses.

The Home Appliance products' segment also achieved higher profit before tax of RM26.3 million for the current quarter ended 30 September 2020, an increase of 13.7% or RM3.2 million as compared to the profit before tax in the previous year's corresponding quarter of RM23.1 million. The higher profitability in the current quarter was mainly attributable to favorable product sales mix, lower material cost and reduced operating expenses.



## (b) Current Year to Date vs Previous Year to Date

The Company's revenue of RM448.0 million for the half year ended 30 September 2020 was lower by RM132.0 million or 22.7% as compared to the previous year's corresponding period of RM580.0 million. This was mainly due to lower domestic sales and lower export sales to the ASEAN market including Brunei, Thailand, Philippines & Vietnam as a result of the prolonged effect of the various lockdown measures of the Covid-19 pandemic. Domestic sales contribution dropped to 34% of total revenue in this first half year as compared to previous year's contribution of 45%.

Correspondingly, the Company achieved a lower combined profit before tax of RM43.9 million for the half year ended 30 September 2020, representing a decrease of RM31.3 million or 41.7% as compared to the previous year's corresponding period of RM75.2 million.

The Home Appliances products segment's profit before tax of RM23.6 million for the half year ended 30 September 2020 decreased by 30.2% or RM10.2 million as compared to the previous year's corresponding period profit before tax of RM33.8 million.

The Fan products segment also recorded lower profit before tax of RM24.5 million for the half year ended 30 September 2020, a decrease of 39.3% or RM15.9 million as compared to the profit before tax in the previous year's corresponding period of RM40.4 million.

The lower sales in both segments was the main cause of the poorer performance. The Company's prudent management of the cost of materials and fixed cost reduction strategy coupled with higher USD exchange gain assisted to moderate the impact from the lower sales.

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

	Current	Preceding	Difference	
	2nd Quarter	1st Quarter		
	30.09.2020	30.06.2020	RM'000	%
	RM'000	RM'000		
Revenue	293,964	154,083	139,881	90.8%
Operating expenses	(256,367)	(161,243)	(95,124)	(59.0%)
Other operating income	1,572	1,527	45	2.9%
Other operating income/expenses:				
- Fair value gain/(loss) on derivative financial instruments	(264)	1,383	(1,647)	(119.1%)
<b>Results from operating activities</b>	<b>38,905</b>	<b>(4,250)</b>	<b>43,155</b>	<b>1,015.4%</b>
Finance cost	(2)	(3)	1	(33.3%)
Finance income	2,734	3,350	(616)	(18.4%)
Share of results of associated company (net of tax)	5,980	(2,856)	8,836	309.4%
<b>Profit before taxation</b>	<b>47,617</b>	<b>(3,759)</b>	<b>51,376</b>	<b>1,366.7%</b>

The Company's revenue of RM294.0 million in the current quarter increased by 90.8% or RM139.9 million compared to the revenue of RM154.1 million recorded in the preceding quarter following the recovery in both domestic and export sales. The current quarter saw dealers replenishing depleted market inventory on resumption of business. With the plant in full operation since early May 2020 the backlog orders were fulfilled. Significant increase was seen in domestic sales as contribution doubled to 41% of total revenue in this quarter as compared to preceding quarter's contribution of 21%.

The Company turned around from its loss position of RM3.8 million in the preceding quarter to a combined profit before tax of RM47.6 million for the current quarter, an increase of RM51.4 million. The higher revenue achieved and higher share of profit of associated company's results amounting to RM6.0 million for current quarter as compared to the loss of RM2.9 million in the

preceding quarter were the main drivers. The performance of the associated company in the preceding quarter was significantly affected by the implementation of MCO.

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

According to Bank Negara's latest report, the global economy started to recover in the third quarter of 2020, with the resumption in production and trade activities which led to an improvement in labour market conditions, and consequently private sector expenditure.

In Malaysia, the economy recorded a smaller contraction of 2.7% in the third quarter. This is in line with the reopening of the economy from earlier COVID-19 containment measures and improving external demand conditions.

However, the growth may be affected in the fourth quarter with the resurgence of COVID-19 globally. In Malaysia, though the ongoing CMCOs to curb the third wave virus infection could affect the momentum of recovery in the final quarter; the impact is expected to be lower than experienced in the past MCO.

The Company recorded higher sales in both domestic and export markets in the current quarter which is in line with the gradual recovery of progressive economic activities. Nevertheless, the Company needs to be cautious on the uncertain resurgence of COVID-19 globally which will affect the Company's sales and growth in the next quarter.

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.

In view of current COVID-19 situation, the Company continues to operate by following and complying with the Standard Operating Procedures (SOP) as instructed by the Government.

#### **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 30.09.2020 RM'000</b>	<b>Preceding Year's Quarter Ended 30.09.2019 RM'000</b>	<b>Cumulative period ended 30.09.2020 RM'000</b>	<b>Cumulative Period ended 30.09.2019 RM'000</b>
Taxation charge:				
- current financial year	(9,532)	(9,490)	(9,532)	(17,626)
- prior financial year	-	-	-	-
Deferred Tax:				
- origination of temporary differences (current financial year)	1,954	193	3,153	331
- prior financial year	-	-	-	-
	<b>(7,578)</b>	<b>(9,297)</b>	<b>6,379</b>	<b>(17,295)</b>
Effective income tax rate	15.9%	23.2%	14.5%	23.0%

## Note 17. Corporate Proposals

On 27 September 2019, the Company announced the related party transaction with Panasonic Life Solution Sdn Bhd on the purchase and installation of 4,872 pieces of 325 Watt/pc solar panels with solar capacity of 1,583.4 kilowatt peak for the Company's rooftop solar panel project at its Shah Alam Plant for a total cash consideration of RM7,950,000. The rooftop solar project was originally estimated to be completed by 31 March 2020 but due to the MCO, it was delayed and completed in July 2020.

## 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 previous financial year.

As at 30 September 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
<u>Less than 1 year</u> - Sell USD	56,619	29	-
<u>Less than 1 year</u> - Buy JPY	-	-	-
<u>Less than 1 year</u> - Buy SGD	164	-	-
<u>Less than 1 year</u> - Sell Euro	1,071	28	(1)
		<b>57</b>	<b>(1)</b>

## Note 19. Material Litigation

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

## Note 20. Dividends

The Board has declared an interim single tier dividend of 15 sen per ordinary share for the financial year ending 31 March 2021 payable on 22 January 2021 to the shareholders registered in the Record of Depositors on the entitlement date of 23 December 2020.

## 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 September 2020 of 60,745,780 shares.

(a) Basic earnings per share

	Period ended 30.09.2020	Period ended 30.09.2019
Profit after taxation for the period (RM'000)	37,479	57,878
Weighted average number of ordinary shares in issue (RM'000)	60,746	60,746
Basic earnings per share (sen)	62	95

(b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	(4)	Not Applicable
Quarter 2	66	Not Applicable
Year-to-date	62	Not Applicable

**Note 22. Commitments for Capital Expenditure**

Analyzed as follows: Property, plant and equipment	As at 30.09.2020 RM'000	As at 30.09.2019 RM'000
Contracted	25,929	56,724
Not contracted	4	153
<b>Total</b>	<b>25,933</b>	<b>56,877</b>

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

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

	2nd Quarter ended		Cumulative period ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Interest Income	2,734	5,564	6,084	11,201
Interest Expenses	-	-	-	-
Depreciation & Amortization	8,103	7,934	16,048	15,548
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	(3,529)	863	(5,754)	2,978
(Loss)/Gain on Derivatives	(264)	(944)	1,119	(1,839)

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

**By Order of the Board**

Leong Oi Wah  
Company Secretary  
30 November 2020