

# Panasonic

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

### Condensed Combined Entity Statement of Comprehensive Income for the 3rd Quarter Ended 31 December 2020

	(Unaudited)		(Unaudited)	
	3rd Quarter ended		Cumulative Period Ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Revenue	260,950	267,343	708,997	847,330
Operating expenses	(230,633)	(242,441)	(648,243)	(760,810)
Other operating income	1,491	1,594	4,590	7,890
Other derivative gain / (loss)	576	3,311	1,695	1,473
Result from operating activities	32,384	29,807	67,039	95,883
Finance cost	(2)	-	(7)	-
Finance Income	2,066	4,572	8,150	15,773
Share of results of associated company (net of tax)	3,844	(2,235)	6,968	(4,339)
Profit/(Loss) before taxation	38,292	32,144	82,150	107,317
Taxation	(4,888)	(3,332)	(11,267)	(20,627)
Profit after taxation for the period	33,404	28,812	70,883	86,690
Earning per share attributable to equity holders:				
Basic and diluted (sen)	<u>55</u>	<u>47</u>	<u>117</u>	<u>143</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 3rd Quarter Ended 31 December 2020**

	(Unaudited)		(Unaudited)	
	<b>3rd Quarter ended</b>		<b>Cumulative period ended</b>	
	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>31.12.2019</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>	33,404	28,812	70,883	86,690
Other comprehensive income, net of taxation	-	-	-	-
<b>Total Comprehensive income for the period</b>	33,404	28,812	70,883	86,690
<b>Profit after taxation attributable to equity holders of the Company</b>	33,404	28,812	70,883	86,690
<b>Total Comprehensive income attributable to equity holders of the Company</b>	33,404	28,812	70,883	86,690

(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 31.12.2020 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	138,990	127,306
Intangible assets	6,110	7,687
Right-of-use assets	5,950	6,109
Interest in associated company	101,929	96,872
Deferred tax assets	14,624	12,871
	267,603	250,845
<b>Current assets</b>		
Inventories	78,378	73,164
Trade and other receivables	92,276	74,927
Placement of funds with related company	485,398	576,900
Cash and bank balances	498	812
Derivative financial instruments	673	94
	657,223	725,897
<b>Total assets</b>	924,826	976,742
<b>EQUITY</b>		
Capital and reserves attributed to equity holders		
Share capital	60,746	60,746
Retained earnings	715,513	755,795
<b>Total equity</b>	776,259	816,541
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Provision for liabilities and charges	540	540
Non-current lease payable	133	203
	673	743
<b>Current liabilities</b>		
Trade and other payables	128,740	136,714
Taxation	8,698	9,868
Lease liabilities	103	127
Provision for liabilities and charges	10,312	11,592
Derivative financial instruments	41	1,157
	147,894	159,458
<b>Total liabilities</b>	148,567	160,201
<b>Total equity and liabilities</b>	924,826	976,742
<b>Net assets per share (RM)</b>	12.78	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 3rd Quarter Ended 31 December 2020**

	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000
<b><u>Quarter Ended 31 December 2019</u></b>			
At 1 April 2019	60,746	776,092	836,838
Total comprehensive income for the period	-	86,690	86,690
Dividends:			
- Final dividend for the financial year ended 31 Mar 2019	-	(128,174)	(128,174)
At 31 December 2019	60,746	734,608	795,354
<b><u>Quarter Ended 31 December 2020</u></b>			
At 1 April 2020	60,746	755,795	816,541
Total comprehensive income for the period	-	70,883	70,883
Dividends:			
- Final dividend for the financial year ended 31 Mar 2020		(111,165)	(111,165)
At 31 December 2020	60,746	715,513	776,259

(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 3rd Quarter Ended 31 December 2020**

	(Unaudited)	
	Period ended 31.12.2020 RM'000	Period ended 31.12.2019 RM'000
<b>Profit after taxation</b>	70,883	86,690
Adjustments for:		
Non cash flow items	28,002	28,296
Share of results of associated company	(6,968)	4,339
<b>Operating profit before working capital changes</b>	<b>91,917</b>	<b>119,325</b>
<b>Changes in working capital</b>		
Net decrease in current assets	(21,762)	(49)
Net decrease in current liabilities	(8,484)	(25,359)
<b>Cash generated from operations</b>	<b>61,671</b>	<b>93,917</b>
Other operating activities	(18,719)	(19,797)
<b>Net cash flow from operating activities</b>	<b>42,952</b>	<b>74,120</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(34,338)	(30,959)
Purchase of intangible asset	(114)	(5,155)
Proceeds from disposal of property, plant and equipment	170	301
Interest received	8,869	16,215
Dividend received (net)	1,911	1,911
<b>Net cash flow from investing activities</b>	<b>(23,502)</b>	<b>(17,687)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(111,165)	(128,174)
Repayment of lease liabilities	(101)	-
<b>Net cash flow from financing activities</b>	<b>(111,266)</b>	<b>(128,174)</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(91,816)</b>	<b>(71,741)</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>485,896</b>	<b>551,571</b>
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	485,398	551,328
Cash and bank balances	498	243
	<u>485,896</u>	<u>551,571</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 3rd Quarter Ended 31 December 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

An interim dividend of 15 sen per share was declared to depositors registered on the record of depositors as at 23 December 2020 and paid on 22 January 2021.

## 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	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Home Appliance products	360,498	426,139	49,257	57,615
Fan products	348,499	421,191	37,141	50,652
<b>Total</b>	<b>708,997</b>	<b>847,330</b>	<b>86,398</b>	<b>108,267</b>
Unallocated costs	-	-	(11,216)	3,389
Share of Results from Associated Companies	-	-	6,968	(4,339)
<b>Total</b>	<b>708,997</b>	<b>847,330</b>	<b>82,150</b>	<b>107,317</b>

Revenue information based on geographical location is as follows:

	Revenue for the period ended	
	31.12.2020 RM'000	31.12.2019 RM'000
Malaysia	256,312	358,052
Japan	30,271	30,393
Asia (excluding Malaysia and Japan)	254,515	294,898
North America	-	-
Europe	5,354	1,346
Middle East	145,783	142,091
Others	16,762	20,550
<b>Total</b>	<b>708,997</b>	<b>847,330</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 31 December 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 31 December 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

#### 3rd Quarter This Year vs 3rd Quarter Previous Year

	3rd Quarter ended		Change	Cumulative Period Ended		Change
	31.12.2020 RM'000	31.12.2019 RM'000	%	31.12.2020 RM'000	31.12.2019 RM'000	%
Revenue	260,950	267,343	(2.4%)	708,997	847,330	(16.3%)
Profit before taxation	38,292	32,144	+19.1%	82,150	107,317	(23.5%)

The Company's revenue of RM260.9 million for the current quarter ended 31 December 2020 was lower by 2.4% or RM6.4 million as compared with the revenue of RM267.3 million registered in the previous year's corresponding quarter. The lower revenue was attributed to a temporary closure of factory operations for 7 days in December 2020 as part of the COVID-19 preventive measures; which resulted in production and sales delays from December 2020 to January 2021. As a result, the sales of Home Appliances products was impacted by RM21 million and a further RM16.7 million for the Fan products.

In addition, the Company also encountered shipment delay issues arising from global tight supply of vessels for export shipments and port congestion as vessels faced delays at preceding ports. This has resulted in lower sales recognized during the quarter and a higher finished goods in transit sales amounting to approximately RM 4.1 million as at the end 31 December 2020.

Despite the challenges faced as mentioned above, revenue for Fan products increased marginally for the quarter under review as compared to the previous year's corresponding quarter arising from the higher government school project sales.

However, sales of Home Appliances products decreased by approximately 5% as compared to the sales in the previous year's corresponding quarter. The reduction was mainly attributed to factory closure and shipment delay as mentioned above, coupled with a slowdown in demand especially in the Middle East and Asia markets particularly the Philippines and Thailand. The lower export sales was cushioned to a certain extent, by higher domestic sales for kitchen appliances products.

Despite a reduction in the revenue by 2.4%, the Company's results from operating activities was higher by 8.7% or RM2.6 million at RM32.4 million. This was achieved through lower operating expenses of RM11.8 million following effective cost reduction exercise in lowering the cost of materials and other fixed costs.

The Company's combined profit before tax of RM38.3 million for the current quarter was higher by 19.1% or RM6.2 million as compared to the previous year's corresponding quarter combined profit before tax of RM32.1 million. This was attributed mainly to:

- (i) Lower operating expenses as mentioned above,
- (ii) A higher share of profit from associated company amounting to RM3.8 million as compared to a loss of RM2.2 million in the previous year's corresponding quarter, and
- (iii) Offset by the reduction in interest income of RM2.5 million as interest rates and placement amounts were lower



### Review by Segment

Analyzing the results by segments, the Fan products segment achieved profit before tax of RM12.6 million for the current quarter ended 31 December 2020, which was higher by 22.9% or RM2.4 million as compared to the profit before tax in the previous year's corresponding quarter of RM10.3 million. This was attributable to higher revenue and lower cost of materials.

The Home Appliance products' segment also achieved higher profit before tax of RM25.6 million for the current quarter ended 31 December 2020, an increase of 7.9% or RM1.8 million as compared to the profit before tax in the previous year's corresponding quarter of RM23.8 million. The higher profitability in the current quarter was mainly attributable to lower cost of materials, favorable product sales mix and lower operating expenses.

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

The Company's revenue of RM709.0 million for the nine months ended 31 December 2020 was lower by RM138.3 million or 16.3% as compared to the previous year's corresponding period of RM847.3 million.

This reduction in revenue for the period to date was mainly due (i) lower production and sales following the complete shutdown of the plant due to the implementation of the Movement Control Order (MCO) for the period 18 March 2020 till early May 2020; (ii) the temporary closure of factory operations for 7 days in December 2020 as part of the COVID-19 preventive measures as a result of COVID-19 outbreak amongst the Company's workers; (iii) lower export sales to the Middle East and certain countries in the Asia market due to prolonged effect of various lockdown measures implemented to curb the spread of COVID-19 pandemic globally.

Correspondingly, the Company achieved a lower combined profit before tax of RM82.1 million for the nine months ended 31 December 2020, representing a decrease of RM25.2 million or 23.5% as compared to the previous year's corresponding period of RM107.3 million.

The Home Appliances products segment's profit before tax of RM49.3 million for the nine months ended 31 December 2020 decreased by 14.5% or RM8.3 million as compared to the previous year's corresponding period profit before tax of RM57.6 million.

The Fan products segment also recorded lower profit before tax of RM37.1 million for the nine months ended 31 December 2020, a decrease of 26.7% or RM13.5 million as compared to the profit before tax in the previous year's corresponding period of RM50.6 million.

The lower sales from prolonged effect of MCO in both segments has significantly contributed to lower profitability recorded for the nine months under review. The Company's prudent management of the cost of materials and fixed cost reduction strategy assisted to moderate the impact from the lower sales.

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

	Current	Preceding	Difference	
	3rd Quarter 31.12.2020 RM'000	2nd Quarter 30.09.2020 RM'000	RM'000	%
Revenue	260,950	293,964	(33,014)	(11.2%)
Operating expenses	(230,633)	(256,367)	25,734	10.0%
Other operating income	1,491	1,572	(81)	(5.2%)
Other operating income/expenses:				
- Fair value gain/(loss) on derivative financial instruments	576	(264)	840	318.2%
<b>Results from operating activities</b>	<b>32,384</b>	<b>38,905</b>	<b>(6,521)</b>	<b>(16.8%)</b>
Finance cost	(2)	(2)	-	-
Finance income	2,066	2,734	(668)	(24.4%)
Share of results of associated company (net of tax)	3,844	5,980	(2,136)	(35.7%)
<b>Profit before taxation</b>	<b>38,292</b>	<b>47,617</b>	<b>(9,325)</b>	<b>(19.6%)</b>

The Company's revenue of RM261.0 million in the current quarter was lower by 11.2% or RM33.0 million compared to the revenue of RM294.0 million recorded in the preceding quarter mainly due to the closure of both production plants of the Company during the current quarter to curb the spread of COVID-19 amongst its employees. The loss of sales arising from the shutdown amounted to approximately RM 36 million.

The Company's combined profit before tax of RM38.3 million for the current quarter was lower by 19.6% or RM9.3 million compared to preceding quarter. This was mainly due to lower revenue achieved and a lower share of profit of associated company's results amounting to RM3.8 million for current quarter as compared to the RM5.9 million in the preceding quarter.

**Note 14. Prospects and Outlook**

In view of the recent resurgence of COVID-19 cases globally and particularly in Malaysia, the Company opines that the outlook will be challenging for the remaining quarter of the financial year as business activities will be impacted amidst stricter lockdown measures and weaker consumer demand.

The Company will continue to be vigilant by ensuring that all SOPs to curb the spread of COVID-19 are followed and complied with. Ensuring the health and safety of all employees are the Company's utmost priorities now, so that business activities may be carried on as usual.

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. The Company also look forward to 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 31.12.2020 RM'000	Preceding Year's Quarter Ended 31.12.2019 RM'000	Cumulative period ended 31.12.2020 RM'000	Cumulative Period ended 31.12.2019 RM'000
Taxation charge:				
- current financial year	(3,487)	(4,831)	(13,019)	(22,457)
- prior financial year	-	-	-	-
Deferred Tax:				
- origination of temporary differences (current financial year)	(1,401)	1,499	1,752	1,830
- prior financial year	-	-	-	-
	<b>(4,888)</b>	<b>(3,332)</b>	<b>(11,267)</b>	<b>(20,627)</b>
Effective income tax rate	12.8%	10.4%	13.7%	19.2%

## 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 previous financial year.

As at 31 December 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	54,966	672	-
<u>Less than 1 year</u> - Buy JPY	2,430	-	(17)
<u>Less than 1 year</u> - Buy SGD	220	1	-
<u>Less than 1 year</u> - Sell Euro	1,872	-	(24)
		<b>673</b>	<b>(41)</b>

## Note 19. Material Litigation

The Company made an announcement on 21 December 2020 on a news report regarding Crestronics (M) Sdn Bhd ("CMSB") (a wholly owned subsidiary of BSL Corporation Berhad ("BSL")) having filed an originating summons ("OS") against the Company on 18 December 2020 ("Suit") ("Media Report") alleging import duties and sales tax owed by the Company to CMSB. The Company had on 21 December 2020 stated that it has no knowledge nor received the OS claimed to be served against the Company by BSL and/or CMSB.

Subsequently on 29 December 2020, CMSB had served the OS on the Company's solicitors and followed by the Affidavit In Support on 5 January 2020. At the first case management, the High Court Registrar found that the OS should have been filed in the Civil Division of the Kuala Lumpur High Court rather than the Commercial Division and proceeded to transfer the suit to the Civil Division for further case management.

At the Case Management on 26 January 2021, the Court directed as follows:-

- a. Crestronics to re-file the Affidavit in Support under the current case number WA-24NCVC-9-01/2021 before the Civil Division as only the OS was transferred from the Commercial Division where it was filed before;
- b. The Company is to file its Affidavit in Reply and any interlocutory application(s) on or before **15 February 2021**; and
- c. Crestronics to file its Affidavit in Reply on or before **1 March 2021**;

The next Case Management will be held on 4 March 2021.

## Note 20. Dividends

The Board is not recommending any dividend for the quarter under review.

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

(a) Basic earnings per share

	Period ended 31.12.2020	Period ended 31.12.2019
Profit after taxation for the period (RM'000)	70,883	86,690
Weighted average number of ordinary shares in issue (RM'000)	60,746	60,746
Basic earnings per share (sen)	117	143

(b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	(4)	Not Applicable
Quarter 2	66	Not Applicable
Quarter 3	55	Not Applicable
Year-to-date	117	Not Applicable

**Note 22. Commitments for Capital Expenditure**

<b>Analyzed as follows: Property, plant and equipment</b>	<b>As at 31.12.2020 RM'000</b>	<b>As at 31.12.2019 RM'000</b>
Contracted	28,440	44,888
Not contracted	900	699
<b>Total</b>	<b>29,340</b>	<b>45,587</b>

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

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

	<b>3rd Quarter ended</b>		<b>Cumulative period ended</b>	
	<b>31.12.2020 RM'000</b>	<b>31.12.2019 RM'000</b>	<b>31.12.2020 RM'000</b>	<b>31.12.2019 RM'000</b>
Interest Income	2,066	4,572	8,150	15,773
Interest Expenses	-	-	-	-
Depreciation & Amortization	8,043	8,265	24,091	23,813
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	(3,137)	(3,757)	(8,891)	(778)
Gain/(Loss) on Derivatives	576	3,311	1,695	1,473

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

**By Order of the Board**

Leong Oi Wah  
Company Secretary  
22 February 2021