Panasonic Manufacturing Malaysia Berhad (6100-K)

Annual Report 2010

For the financial year ended 31 March 2010

Panasonic
ideas for life

Cover rationale

The cover symbolises how we, the Panasonic Group of Companies lead the way with “eco ideas”. As we recognise the importance of preserving the natural environment that sustains life on earth for future generations, we are committed to saving the world by taking pro-active steps in conservation activities, in addition to manufacturing environmental-friendly and energy-efficient products. It is our dream to help humanity lead a happy life in a healthy environment.

Contents

Corporate Information

BOARD OF DIRECTORS

Tan Sri Datuk Asmat bin Kamaludin *(Chairman)*
Masahiko Yamaguchi *(Managing Director)*
Raja Dato' Seri Abdul Aziz bin Raja Salim
Dr. Ramanaidu a/l Semenchalam
Soh Beng Kuan
Chen Ah Huat
Razman Hafidz bin Abu Zarim
Nobuyuki Kochi
Datuk Supperamaniam a/l Manickam
Lee Wee Leong
Toshihiro Ukita

AUDIT COMMITTEE

Raja Dato' Seri Abdul Aziz bin Raja Salim *(Chairman)*
(Independent Non-Executive Director)

Razman Hafidz bin Abu Zarim
(Independent Non-Executive Director)

Datuk Supperamaniam a/l Manickam
(Independent Non-Executive Director)

REMUNERATION COMMITTEE

Raja Dato' Seri Abdul Aziz bin Raja Salim *(Chairman)*
(Independent Non-Executive Director)

Razman Hafidz bin Abu Zarim
(Independent Non-Executive Director)

Nobuyuki Kochi
(Executive Director)

NOMINATION COMMITTEE

Raja Dato' Seri Abdul Aziz bin Raja Salim *(Chairman)*
(Independent Non-Executive Director)

Razman Hafidz bin Abu Zarim
(Independent Non-Executive Director)

Lee Wee Leong
(Non-Independent Non-Executive Director)

COMPANY SECRETARIES

Leong Oi Wah (MAICSA 7023802)
Pang Chia Tyng (MAICSA 7034545)

SOLICITORS

Shook Lin & Bok
Ramadass & Associates

REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6 Symphony House
Block D13 Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 - 7841 8000
Fax : +603 - 7841 8008

PRINCIPAL BANKERS

Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad
Malayan Banking Berhad

AUDITORS

Jaffar Hussein & Co.
Chartered Accountants
Kuala Lumpur

REGISTERED OFFICE

No. 3 Jalan Sesiku 15/2
Section 15
Shah Alam Industrial Site
40200 Shah Alam
Selangor Darul Ehsan
Tel : +603 - 5891 5000
Fax : +603 - 5891 5101
Email : ir.pmma@my.panasonic.com

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad
Sector : Consumer Products
Stock Code : PANAMY 3719

Chairman's Statement

Tan Sri Datuk Asmat bin Kamaludin
(Chairman)

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the Annual Report and Annual Audited Financial Statements of the Company for the financial year ended 31 March 2010.

OVERVIEW

The Malaysian economy experienced the full impact of the global recession in the first quarter of 2009, declining by 6.2%. However, as a result of the accelerated implementation of the fiscal stimulus measures by the Malaysian Government, the Malaysian economy resumed its growth momentum in the fourth quarter of 2009, growing by 4.5%, with strengthened domestic and external demand. When facing the economic uncertainties, the Company had doubled up its efforts in strengthening frontline capabilities, product competitiveness and customer service infrastructure. Hence, the Company was able to deliver a commendable performance for the financial year ended 31 March 2010.

FINANCIAL REVIEW

For the financial year ended 31 March 2010, the Company's revenue of RM679.8 million increased by RM78.9 million or 13.1% compared with RM600.9 million recorded in the previous financial year.

The Company achieved better operational results this financial year, recording a combined profit before taxation for the financial year ended 31 March 2010 of RM79.3 million, which was higher by 30.4% or RM18.5 million compared to the combined profit before taxation of RM60.8 million reported in the previous financial year.

ASSOCIATED COMPANY

Panasonic Malaysia Sdn Bhd recorded its consolidated revenue of RM1.8 billion for the financial year ended 31 March 2010; an improvement of 12.5% or RM0.2 billion over the previous financial year's consolidated revenue of RM1.6 billion. The pre-tax and post-tax profits from its group operations were RM23.0 million (2009: RM29.1 million) and RM17.0 million (2009: RM22.3 million) respectively. The Company's share of its associated company's post-tax profit was RM6.8 million (2009: RM8.9 million).

Chairman's Statement

DIVIDENDS

In respect of the financial year ended 31 March 2010, the Board of Directors is pleased to recommend a final dividend of 35 sen (2009: 35 sen) per ordinary share and a special dividend of 70 sen (2009: 55 sen) per ordinary share less 25% income tax, payable on 13 October 2010. Together with an interim dividend of 15 sen (2009: 15 sen) per ordinary share which was paid on 20 January 2010, this brings to total gross dividends of 120 sen (2009: 105 sen) per ordinary share for the financial year ended 31 March 2010.

OPERATIONS REVIEW

The Company had transformed and improved in many areas during the last financial year. The Management has implemented many new innovative changes in the manufacturing processes, information technology innovations, human resources system together with stringent cost reduction activities and prudent fund management to achieve its business targets.

With the application of flexible manufacturing concept to meet market demand, the Company had increased the assembly block cells which enable simultaneous production of different product models. It has improved daily production capacity and helped to reduce product model changing time. With this flexibility, the Company was able to run the production with minimum manpower without incurring unnecessary loss cost during the non-seasonal or low-sales period.

The Company continued to monitor and manage inventory levels closely. For the management of finished goods inventory, the Company increased flexibility in production and manpower planning to meet as much as possible the sales and delivery plan. In the case of raw material inventory, the Company implemented a few activities which contributed to the reduction in inventory levels. Amongst the activities implemented was the drive to increase the number of suppliers under the Vendor Managed Inventory program where the suppliers consigned their goods to our factory location and arrangement of shipment consolidation to designated hubs in a few overseas destinations was made to maximise delivery load per container. It reduced logistic costs and at the same time improved logistic arrangement that led to a lower inventory level.

The Company was able to achieve significant cost reduction during the financial year. Even though the easing of raw material prices contributed partially to the achievement, the Company's efforts especially in the concentration of cost reduction from engineering change process during new model development stage played a pivotal role in reducing material costs. Continuous efforts were made to replace imported or expensive raw materials to local or common type and re-sourcing of suppliers for key parts were carried out throughout the year.

In order to strengthen product competitiveness, the Company with the manpower of approximately 80 research and development engineers, managed to develop a total of 140 new product models that match customer lifestyles. Out of this, 27 product models were full model change. In the development stage, almost 100% new product models had achieved the scheduled delivery dates as well as costing target. At the same time, with the strengthened development capability, the Company was able to support new product development and provide technical support for Panasonic factory in India.

For the financial year under review, the Company launched 2 new products, namely Bidet and Dish Dryer into the domestic market as well as introduced several new Vacuum Cleaner, Home Shower, Blender and Ceiling Fan models with new or enhanced features to domestic and export markets. In addition, the Company had also embarked on the transfer project for the transfer of manufacture and sale of Food Processor and Juicer export models from Japan to Malaysia.

The production activities were strongly supported by aggressive marketing activities. To secure consistent sales growth, the Company will continue to collaborate with local and overseas marketing arms to strengthen its presence in both the domestic and export markets. In March 2010, the Equator Volume Zone project was launched; which was a collaboration project between Panasonic companies in Asia and Oceania region, the Middle East, Africa and Latin America to spread the horizontal expansion of volume zone products in the equatorial belt zone.

In pursuit of eco-manufacturing objectives, CO_2 emission reduction has become a very important subject in Panasonic worldwide. For the financial year under review, the Company managed to achieve approximately 1,000 ton CO_2 emission reduction through various activities, to name a few, installation of reactive power energy saver for all heavy machines, installation of inverters to machineries, change to high frequency light, installation of e-clean power line saving and room temperature control. We have also invited a few specialists from Japan to help us study ways to further enhance the CO_2 emission reduction activities.

In consideration that the environment is an important issue in all aspects of the Company's operation under the "eco-ideas for manufacturing" concept, the Company actively carried out pollution prevention activities such as the installation of mist and air pollution cyclone filters for newly installed die-casting machines, and continuous monitoring of wastewater discharge to ensure full compliance with Department of Environment's standard.

Cost buster activity is another cost reduction activity that is deeply embedded in the Company's corporate culture. The essential point of cost buster is to reduce unnecessary waste and expenses. For the financial year ended 31 March 2010, the Company achieved significant savings arising from approximately 800 cost buster ideas. The Management has fully implemented the cost buster ideas horizontally within the Company, and even to other Panasonic companies. The Management will continuously challenge to eliminate all non-value added jobs towards "zero waste", thus achieving better productivity.

The Company is currently in the process of implementing a new Enterprise Resource Planning System called the Oracle System which will fully integrate the financial, distribution and manufacturing systems under one single platform. This is a major transformational phase for the Company, not only from the information technology perspective but also from the point of view of transforming the fundamentals of how the Company should be operating from silos to a fully optimised and harmonised operating model under a single application. The system, when fully implemented in the next financial year, will improve overall operational efficiency of the Company.

HUMAN RESOURCE CAPITAL REVIEW

In order to revitalise the organisation and to maintain a lean and agile organisation, transparent and fast in decision making, the Company had appointed an additional 14 young and dynamic Group Managers and Team Leaders within 2 years. This new appointment will enhance the organisational vitality and also to expedite self-realisation of individual capabilities.

Under the succession plan, the Human Resource Department has identified and is monitoring the 1st and 2nd level successors for almost 80% of the departments. As for the localisation process, the Company has reduced the number of Japanese expatriates to make way for locals to take over. The Company will continue to accelerate the succession planning and localisation by identifying key staff including female staff and assigning new responsibilities to them to gain experience and wisdom in order to move to higher position.

In 2009, the Company participated in the Employees Opinion Survey where employees expressed and identified the weaknesses of the organisation and this will allow the Management to make improvement thus making the organisation stronger.

ACHIEVEMENTS AND ACCOMPLISHMENTS

On 5 August 2009, the Company was awarded the Clean Factory Award 2009 by Panasonic Corporation, Japan Head Office acknowledging the Company's outstanding achievement and continued efforts in environment impact reduction.

In recognition of the Panasonic Group's corporate responsibility accomplishment, the Company was honoured to receive the StarBiz ICR Malaysia Corporate Responsibility Awards 2009 among the 20 finalists of public listed companies. This Corporate Responsibility Award was jointly organised by The Star and The Institute of Corporate Responsibilities Malaysia and supported by the Securities Commission as well as Bursa Malaysia Securities Berhad.

We are also pleased to inform that for the 13th consecutive year, the Company had been awarded the prestigious Malaysia Good Design Mark by Malaysia Design Council for various product categories. This year, our new products, bidet and dish dryer, 1 ceiling fan model, 2 home shower models and 3 blender models were accredited with Good Design Mark.

Panasonic brand is ranked the No. 1 brand in Malaysia by GfK Group which is one of the largest market research companies in the world, for the Company's products namely rice cooker, blender, vacuum cleaner and 8 other Panasonic products based on GfK's retail audit data of Malaysia unit sales from January to December 2009 and total service networks around Malaysia. On 24 June 2010, the Company has also received the GfK Award for Home Shower No. 1 Market Share in Thailand. These GfK Awards represent an endorsement on the sales achievement in 2009 as well as Panasonic reputation and brand image.

Chairman's Statement

INDUSTRY OUTLOOK AND PROSPECTS FOR 2010

There were signs of stabilisation towards the end of the year 2009 as global economic conditions and external demand started to improve. The recovery in the global economy will provide a further impetus for growth in 2010. In view of the above, consumer confidence is likely to be sustained in 2010.

However, 2010 economic conditions will remain challenging with the escalating raw material prices and the strengthening of Ringgit Malaysia against other major currencies such as US Dollars and Japanese Yen in which export sales are mainly denominated.

Nevertheless, the Company will be able to pursue better operational performance at lower costs by using its well-developed resources and strong fundamentals. It is the commitment of the Company to improve its earnings growth and manufacturing capabilities under the Company's mid-term plan that focuses on sales expansion of its existing products to the equatorial zone countries and the continued increase of sales derived from transfer of certain product models to the Company, which are currently produced by other manufacturing companies in Japan and China.

With these forward thinking strategies, the Board is optimistic that the Company will be able to achieve another year of success in the financial year ending 31 March 2011.

DIRECTORATE

The Board bade farewell to our former Managing Director, Mr Naoya Nishiwaki and Director, Mr Takeo Endo who resigned on 31 March 2010 and recorded our sincere thanks and appreciation to them for their significant contributions to the Company and associated company.

The Board is pleased to welcome the Company's new Managing Director, Mr Masahiko Yamaguchi on 1 April 2010 as well as new Directors, Mr Lee Wee Leong and Mr Toshihiro Ukita who were appointed as new Members of the Board on 1 April 2010 and 1 June 2010 respectively.

ACKNOWLEDGEMENT

I would like to express my gratitude to our stakeholders - the Malaysian Government, our shareholders, regulators, business associates, customers and the media for the continuous support and confidence in the Company. My sincere appreciation also goes to our Board of Directors and all employees for their commitment and contributions towards achieving continued growth and success of the Company.

Tan Sri Datuk Asmat bin Kamaludin
Chairman

Corporate Responsibility Report

Knowing that Corporate Responsibility is an integrated part of our plans to deliver sustainable growth in shareholders' values and in line with the late founder's Management Philosophy of "contributing to society through its business activities", the Company has carried out various Corporate Responsibility activities focused on Environment, Community, Workplace and Marketplace.

In the 2nd year collaboration with the Klang City Council, the Company was involved in Klang Town Clean-up Campaign to cultivate greater awareness of the cleanliness and green activities in line with our eco ideas declaration. To support the aspiration of Port Klang declared as Clean Zone, we had contributed 50 polyethylene garbage bins that will be placed at the premises along the roads. Over 700 staff from Panasonic Group of Companies and Port Klang communities participated in this program.

The Panasonic Group of Companies in Malaysia and its employees have collectively contributed generously in aid of major catastrophes such as earthquake in Padang, Indonesia, the donations of which were channeled directly to the affected Panasonic employees and their immediate families in Indonesia.

The Company continued to emphasise a high priority of having a safe and healthy workplace, and promoting occupational health and safety activities in its business activities. During the financial year ended 31 March 2010, the Company organised monthly Top Management Safety and Health Patrol and conducted training and programs that focused on safety awareness and highlighting accident report and prevention, and promoting measures to counter noise and harmful substance in the working environment, including potential health hazards from the use of chemicals.

The Company has also embarked on human resources development activities by actively promoting three-party cooperation between industry, academia and skills-centre. The Company offered internship and carried out "action-learning" for student from local universities and skills centre such as Selangor Human Resource Development Centre and Sunrise Institute under Strategic Upgrading and Re-skilling for Employees Program.

During the financial year, the Company has teamed-up and supported Panasonic Malaysia Sdn Bhd, the associated company's various activities i.e. Eco Exhibition, Mottanai (Do Not Waste) Program, Marine Conservation Project at Redang Island, Panasonic Scholarship and "Kids Witness News" Educational Program for Children.

Based on the abovementioned activities that we had carried out during the financial year, we are proud to announce that the Company has won the StarBiz-ICR Malaysia Corporate Responsibility Awards 2009 among the 20 finalists of public listed companies.

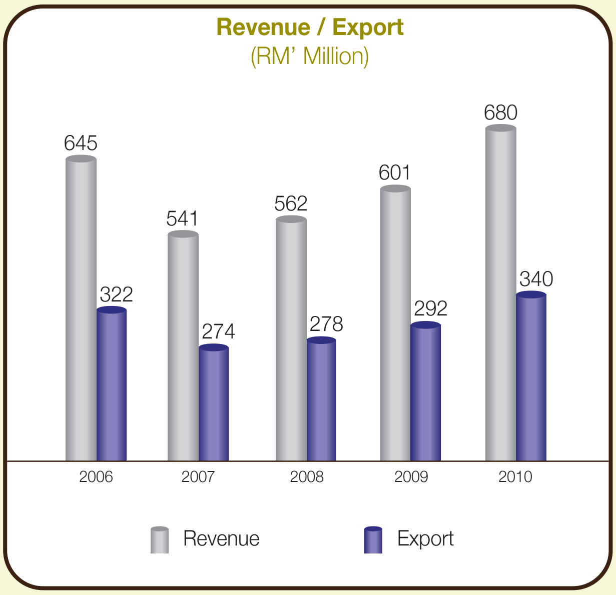
StarBiz-ICR Malaysia Corporate Responsibility Awards 2009

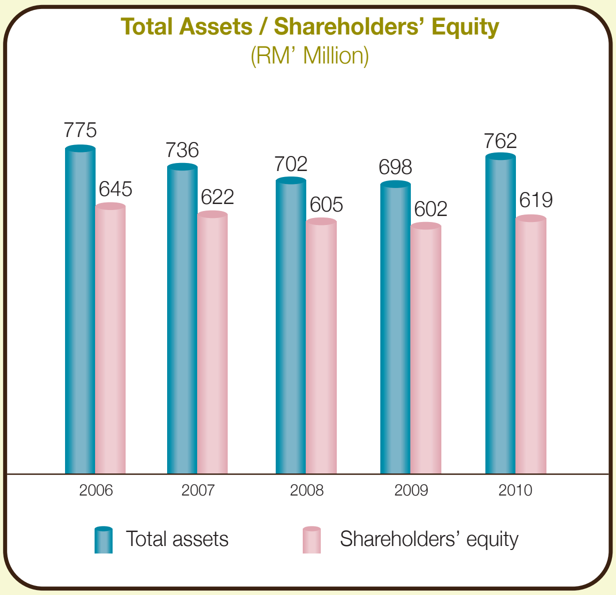
Panasonic Scholarship Award Ceremony 2009

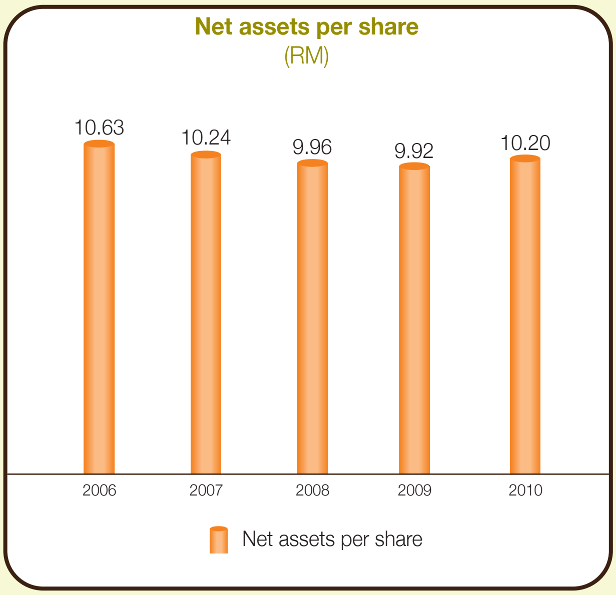
Klang Town Clean-up Campaign

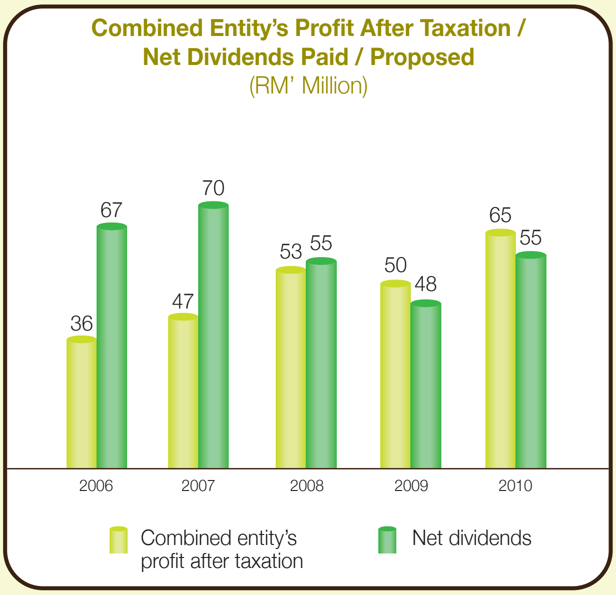
"Kids Witness News" Educational Program for Children

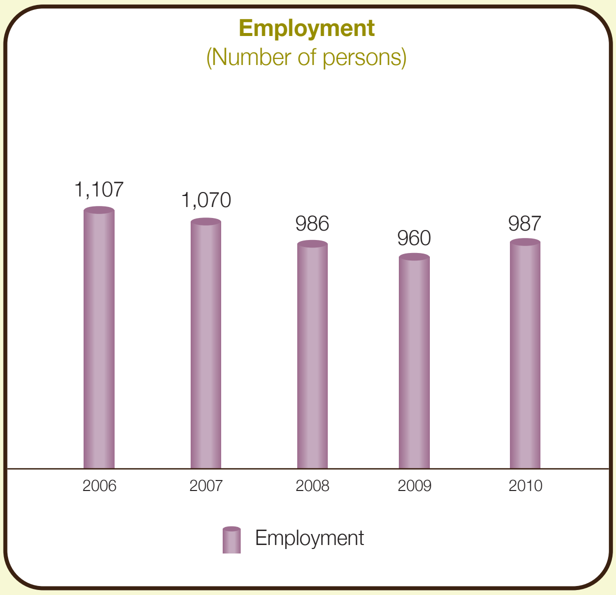
Five-Year Trend











Five-Year Financial Summary

Financial Data (Combined Basis)		2006	2007	2008	2009	2010
INCOME STATEMENTS						
Revenue	RM'000	644,872	541,115	562,490	600,868	679,764
Profit before taxation *	RM'000	48,590	57,556	64,923	60,818	79,318
Profit after taxation *	RM'000	35,554	46,589	52,630	49,776	64,849
Net dividends paid / proposed	RM'000	67,306	69,858	54,671	47,837	54,671
BALANCE SHEETS						
Total assets *	RM'000	774,885	736,285	702,299	697,961	761,601
Share capital	RM'000	60,746	60,746	60,746	60,746	60,746
Shareholders' equity *	RM'000	645,429	622,160	604,932	602,315	619,327
FINANCIAL RATIOS						
Return on shareholders' equity	%	5.5	7.5	8.7	8.3	10.5
Earnings per share	sen	59	77	87	82	107
Net assets per share	RM	10.63	10.24	9.96	9.92	10.20
Dividend rate	%	115	115	115	105	120
Dividend cover	times	0.5	0.7	1.0	1.0	1.2

Note:

* In accordance with FRS 128 "Investment in Associates", associates are accounted for using the equity method, which has been applied retrospectively.

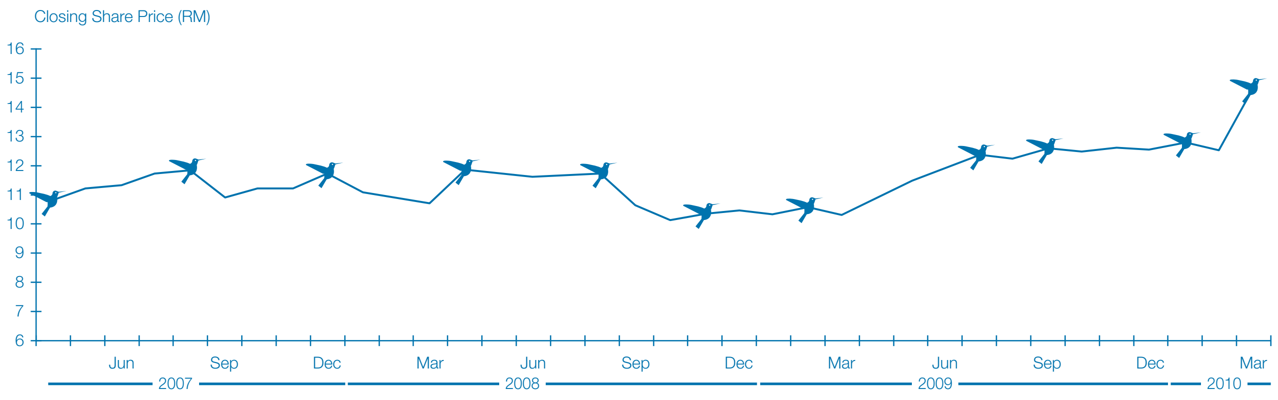
Financial Highlights

Financial Data (Combined Basis)		Year Ended 31 March 2010	Year Ended 31 March 2009
Revenue	RM'000	679,764	600,868
Profit before taxation	RM'000	79,318	60,818
Profit after taxation	RM'000	64,849	49,776
Percentage of turnover	%	9.5	8.3
Return on shareholders' equity	%	10.5	8.3
Earnings per share	sen	107	82
Dividend rate	%	120	105
Dividend cover	times	1.2	1.0
Shareholders' equity	RM'000	619,327	602,315
Net assets per share	RM	10.20	9.92
Total assets	RM'000	761,601	697,961
Capital expenditure	RM'000	24,470	18,098

Financial Calendar

Financial Year Ended	31 March 2010
Announcement of Results	
- First Quarter	19 August 2009
- Second Quarter	19 November 2009
- Third Quarter	24 February 2010
- Fourth Quarter / Annual	20 May 2010
Issuance of 2010 Annual Report and Financial Statements	30 July 2010
45th Annual General Meeting	3 September 2010
Interim Dividend	
- Notice of Dividend Entitlement	19 November 2009
- Entitlement Date	31 December 2009
- Payment Date	20 January 2010
Proposed Final and Special Dividends	
- Notice of Dividend Entitlement	30 July 2010
- Entitlement Date	22 September 2010
- Payment Date	13 October 2010

Share Performance



	2009									2010		
	Apr	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**
High (RM)	11.00	11.50	12.00	12.40	12.90	13.00	12.70	12.80	12.86	12.92	12.80	14.60
Low (RM)	10.30	10.80	11.40	11.60	11.98	12.20	12.36	12.20	12.40	12.40	12.50	12.74
Closing Share Price (RM)	10.80	11.40	11.90	12.30	12.20	12.54	12.44	12.58	12.52	12.74	12.50	14.60
Lots Traded (100 shares)	2,291	3,310	4,756	6,674	4,738	2,744	2,888	750	1,302	1,610	440	3,662

	2008									2009		
	Apr	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**
High (RM)	11.80	12.00	11.90	11.70	11.80	11.90	10.70	10.60	10.50	10.50	10.60	10.50
Low (RM)	10.70	11.50	11.50	11.20	11.50	10.30	10.00	10.30	10.20	10.20	10.20	10.20
Closing Share Price (RM)	11.80	11.70	11.60	11.60	11.70	10.60	10.10	10.30	10.40	10.30	10.50	10.30
Lots Traded (100 shares)	2,412	3,308	2,553	4,486	3,510	8,572	12,413	2,217	2,578	3,715	3,787	3,510

	2007									2008		
	Apr	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**
High (RM)	10.80	11.40	11.90	11.80	11.80	11.80	11.30	11.40	12.00	11.90	12.00	11.00
Low (RM)	9.75	10.80	11.10	11.10	10.80	10.40	10.70	11.10	11.00	10.50	10.90	10.40
Closing Share Price (RM)	10.70	11.20	11.30	11.70	11.80	10.90	11.20	11.20	11.70	11.10	10.90	10.70
Lots Traded (100 shares)	7,244	11,547	8,253	12,100	12,119	7,368	4,266	3,786	2,079	5,947	1,805	6,340

Board of Directors’ Profile

TAN SRI DATUK ASMAT BIN KAMALUDIN

Aged 66. Malaysian. Tan Sri Datuk Asmat is the Senior Independent Non-Executive Director and Chairman of the Board since 29 August 2001. Tan Sri Datuk Asmat obtained a Bachelor of Arts (Hons) Degree in Economics from the University of Malaya in 1966 and subsequently obtained a Diploma in European Economic Integration from the University of Amsterdam in 1970. He had a distinguished career with the Ministry of International Trade and Industry, Malaysia (“MITI”) for 35 years until his retirement as Secretary-General in January 2001. Tan Sri Datuk Asmat also had wide exposure in both domestic and international trade sectors whilst at MITI. He had served as Economic Counsellor for Malaysia in Brussels and worked with international bodies such as ASEAN, WTO and APEC and was actively involved in national organisations such as Johor Corporation, SMIDEC and MATRADE.

Currently, Tan Sri Datuk Asmat is the Group Chairman of UMW Holdings Berhad, Scomi Group Berhad, Scomi Marine Berhad, Symphony House Berhad, TASCO Berhad (formerly known as Trans-Asia Shipping Corporation Berhad) and Compugates Holdings Berhad and is a Non-Executive Vice-Chairman of YTL Cement Berhad. He also sits on the Board of Malaysian Pacific Industries Berhad, Lion Industries Corporation Berhad, Permodalan Nasional Berhad, The Royal Bank of Scotland Berhad and JACTIM Foundation. In 2008, he was appointed by MITI to represent Malaysia as Governor on the Governing Board of The Economic Research Institute for ASEAN and East Asia.

Tan Sri Datuk Asmat has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no convictions for any offences within the past 10 years, other than traffic offences, if any.

MASAHIKO YAMAGUCHI

Aged 51. Japanese. Mr Yamaguchi was appointed the Managing Director of the Company on 1 April 2010. Mr Yamaguchi graduated with a Bachelor’s Degree in Engineering from Kansai University (Faculty of Engineering) in March 1982.

Mr Yamaguchi joined Panasonic Corporation (formerly known as Matsushita Electric Industrial Co., Ltd.) in April 1982 and since then has held various positions in the quality control, quality assurance, purchasing and planning sections for Electric Heating Appliance, Kitchen Appliance, Rice Cooker and Cooking System Divisions.

From 2004 to 2008, he was promoted to the position of General Manager of Quality Group in Cooking System Division and Hygiene Toilet Seat & Heating Equipment Business Unit (HHBU). In June 2008, he was assigned the General Manager of Business Strategy Group in HHBU prior to joining the Company as Managing Director. Mr Yamaguchi has 28 years working experience in Panasonic Corporation, mainly involved with products quality and business strategy.

Mr Yamaguchi has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. Mr Yamaguchi has no convictions for any offences within the past 10 years other than traffic offences, if any.

Board of Directors' Profile

RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM

Aged 71. Malaysian. Raja Dato' Seri Abdul Aziz was appointed an Independent Non-Executive Director of the Company on 1 April 2002. He is also the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. Raja Dato' Seri Abdul Aziz is a Chartered Accountant and also an Honorary Fellow Member of the Chartered Tax Institute of Malaysia, the Chartered Association of Certified Accountants UK, the Chartered Institute of Management Accountants UK and Member of the Malaysian Institute of Accountants.

Raja Dato' Seri Abdul Aziz began his service with the Malaysian Government as an accountant in 1965. He was appointed the Deputy Accountant-General of Malaysia from 1974 to 1979 and subsequently served as Director-General of Inland Revenue Board of Malaysia for a period of over 10 years. Raja Dato' Seri then held the position of Accountant-General of Malaysia from 1990 and retired from service in 1994.

Raja Dato' Seri Abdul Aziz currently holds directorships in Jerneh Asia Berhad, Jerneh Insurance Berhad, K & N Kenanga Holdings Berhad, Gamuda Berhad, PPB Group Berhad, Southern Steel Berhad, Hong Leong Industries Berhad, Amanah Saham Mara Berhad, Kenanga Fund Management Berhad and Kenanga Investment Bank Berhad.

Raja Dato' Seri Abdul Aziz has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. Raja Dato' Seri attended all the Board Meetings held during the financial year and has no convictions for any offences within the past 10 years other than traffic offences, if any.

DR. RAMANAIDU A/L SEMENCHALAM

Aged 59. Malaysian. Dr. Ramanaidu was appointed an Executive Director of the Company on 5 April 2004. He graduated with a Bachelor of Laws (LLB) in 1994 and Doctorate in Business Administration, majoring in Organisational Development in 2007. He joined the Company in 1973 and has 37 years experience in the Human Resource and Industrial Relations functions of the Company. Dr. Ramanaidu is a Council Member of Selangor Human Resource Development Centre (SHRDC), Federation of Malaysian Manufacturers (FMM), Electrical Industry Employers' Group (EIEG) and the Chairman of Panasonic Human Resource Managers Group in Malaysia. Currently, he is responsible for the Human Resource and Corporate Affairs functions of the Company. He also oversees the Risk Management and Information Security Management functions of the Company.

Dr. Ramanaidu has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no convictions for any offences within the past 10 years other than traffic offences, if any.

SOH BENG KUAN

Aged 52. Malaysian. Ms Soh was appointed an Executive Director of the Company on 5 April 2004. She is an Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators since 1994 and an Associate Member of the Institute of Internal Auditors Malaysia since 2008. She is also a Certified Member of the Financial Planning Association of Malaysia. Ms Soh joined the Company in February 1978 and has 30 years experience in finance and accounting functions of the Company. She was also the Joint Company Secretary of the Company from 2004 to 2007. Currently, she is responsible for management control systems review and the risk management function of the Company since October 2007.

Ms Soh has no shareholdings in the Company and its associated company. She has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. Ms Soh attended all the Board Meetings held during the financial year and has no convictions for any offences within the past 10 years other than traffic offences, if any.

Board of Directors' Profile

CHEN AH HUAT

Aged 50. Malaysian. Mr Chen was appointed an Executive Director of the Company on 5 April 2004. Mr Chen holds a Certificate in Mechanical Engineering from Polytechnic Kuantan in 1981. He joined the Company in 1981 and has 29 years experience in the manufacturing operations of various home appliances products. Currently, he is responsible for the factory operation management and procurement functions of the Company's Home Appliances Division. Mr Chen also oversees the Internal Audit functions of the Company.

Mr Chen has indirect interest in the shares of the Company by virtue of his spouse's interest in 2,000 shares in the Company but has no shareholdings in the associated company. He has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. Mr Chen attended 3 out of 4 Board Meetings held during the financial year and has no convictions for any offences within the past 10 years other than traffic offences, if any.

RAZMAN HAFIDZ BIN ABU ZARIM

Aged 55. Malaysian. Encik Razman was appointed an Independent Non-Executive Director of the Company on 21 June 2004. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. Encik Razman graduated with a Joint-Honours Degree in Economics and Accounting, BSc (Econ) from University College, Cardiff, University of Wales. He is a Chartered Accountant and is a Fellow Member of the Institute of Chartered Accountants in England and Wales and a Member of the Malaysian Institute of Accountants.

Encik Razman has more than 32 years experience in the fields of auditing, mergers and acquisitions, corporate finance and management consulting. He has worked with chartered accountancy firms in UK and Malaysia and was the Partner-in-charge of the Management Consulting Practice of Price Waterhouse, Malaysia (now known as PricewaterhouseCoopers). In 1994, he established Norush Sdn Bhd, an investment holding and business advisory firm where he is the Chairman. He is currently the Managing Director/Chief Executive Officer of Mithril Berhad and holds independent directorships in several public companies, namely Malaysian Oxygen Berhad, eBworx Berhad, Yeo Hiap Seng (Malaysia) Berhad and J.P. Morgan Chase Bank Berhad.

Encik Razman has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. Encik Razman attended 2 out of 4 Board Meetings held during the financial year and has no convictions for any offences within the past 10 years other than traffic offences, if any.

NOBUYUKI KOCHI

Aged 46. Japanese. Mr Kochi was appointed an Executive Director of the Company and a member of the Remuneration Committee on 28 June 2007. Mr Kochi graduated with a Bachelor Degree in Business Administration from Kobe University in March 1986. He joined Panasonic Corporation ("PC"), Japan in April 1986 and has held various positions in the Accounting Department of the Electronic Equipment Division, Matsushita Industrial Equipment Co. Ltd. ("MIECO") which was a subsidiary of PC from November 1991 to February 1995.

Mr Kochi was posted to PC's subsidiary in UK, Matsushita Industrial Equipment Co. (U.K.) Ltd. as the Accounting General Manager in February 1995 and also the Administration General Manager in April 1999. In April 2002, he was assigned as Assistant Councilor of Headquarter Accounting Department in MIECO/PC. In February 2004, Mr Kochi joined the Human Resources Development Team of Corporate Accounting Group, PC and was promoted to Councilor prior to joining the Company in June 2007. Mr Kochi has 24 years experience in the accounting, administration and human resources functions. Currently, he is responsible for the Finance functions of the Company.

Mr Kochi has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. Mr Kochi attended all the Board Meetings held during the financial year and has no convictions for any offences within the past 10 years other than traffic offences, if any.

Board of Directors' Profile

DATUK SUPPERAMANIAM A/L MANICKAM

Aged 65. Malaysian. Datuk Supperamaniam was appointed an Independent Non-Executive Director of the Company and a member of Audit Committee on 1 January 2008. Datuk Supperamaniam graduated with a Bachelor of Arts (Hons) Degree in Economics from University of Malaya in 1970. He joined the Malaysian Administrative and Diplomatic Service in October 1970 and was posted to the MITI as Assistant Director. He served in the civil service for 33 years in various capacities and held position as Deputy Secretary-General of MITI from 1997 until his official retirement in March 2000.

In May 2000, he was appointed by the Government of Malaysia to be the Ambassador / Permanent Representative of Malaysia to the World Trade Organisation in Geneva, Switzerland and held the position until September 2003. Since his retirement from public service, he has been invited to participate as a resource person in workshops and conferences organised by United Nations agencies, regional and international organisations and foreign governments. He has also been appointed to serve on several national committees of the Government relating to trade and investment policy issues and negotiations. He has been appointed a member of the Trade Advising Council of Malaysia. Currently, he is the Independent Non-Executive Director of Shangri-La Hotels (Malaysia) Berhad and also Distinguished Fellow of Institute of Strategic and International Studies (ISIS) Malaysia. Besides the aforesaid, he also serves as an Adjunct Professor to the International Islamic University of Malaysia and a Visiting Professor of Macau University of Science and Technology (Faculty of Law) and Science and Management University, Kuala Lumpur.

Datuk Supperamaniam has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. Datuk Supperamaniam attended all the Board Meetings held during the financial year and has no convictions for any offences within the past 10 years other than traffic offences, if any.

LEE WEE LEONG

Aged 53. Malaysian. Mr Lee was appointed a Non-Independent Non-Executive Director of the Company and a member of Nomination Committee on 1 April 2010. He graduated with a Bachelor of Science (Biochemistry & Biology) from University of Malaya in 1979.

He joined Panasonic Malaysia Sdn Bhd (PM) in 1983 as a marketing executive in the Special Product department and was promoted as Assistant Manager in the Home Appliance department in 1991. He was then assigned to the Audio/Visual department as Manager and promoted as Assistant General Manager in Audio/Visual & Technics Musical Instruments department in 1996. He was subsequently promoted as General Manager in the Sales Division in 1999 and made the Department Head of the Consumer Products Division in 2001. Mr Lee was appointed a Director of PM in 2008 and was promoted to the position of Managing Director of PM with effect from 1 April 2010.

Mr Lee has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. Mr Lee has no convictions for any offences within the past 10 years other than traffic offences, if any.

TOSHIHIRO UKITA

Aged 47. Japanese. Mr Ukita was appointed an Executive Director of the Company on 1 June 2010. He graduated with a Bachelor's Degree from Doshisha University, Kyoto Japan (Faculty of Commerce).

Mr Ukita joined Panasonic Corporation in April 1986 as an accounting staff. He was promoted to the position of coordinator in 1991 and in October 1995, he was posted to an American subsidiary of Panasonic Corporation holding the position of treasurer. In May 2002, he returned to Japan and was assigned to Internal Audit Department of Corporate Audit Group as a Councillor. Since then he has been a Councillor in Corporate Cost Busters Project and Management Support Team of Corporate Accounting Group. Mr Ukita has 23 years working experience in Panasonic Corporation, mainly involved with accounting, treasury, audit and project management. Currently, he is responsible for the Finance, Information Systems, Administration, Risk Management and Internal Audit functions of the Company.

Mr Ukita has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. Mr Ukita has no convictions for any offences within the past 10 years other than traffic offences, if any.

Statement on Corporate Governance

INTRODUCTION

The Board of Directors of the Company ("the Board") adopted the core values of the Malaysian Code on Corporate Governance ("the Code"), Bursa Malaysia Securities Berhad's Corporate Governance Guide – Towards Board Excellence, Panasonic Code of Conduct and Panasonic Basic Business Philosophy to ensure that its business and affairs are effectively managed in order to deliver long term value to all stakeholders.

The Board would like to assure our shareholders of its commitment in maintaining the highest standards of corporate governance throughout the Company and the adherence to the principles and best practices of corporate governance, as visualised in this Statement on Corporate Governance.

THE BOARD STRUCTURE, DUTIES AND EFFECTIVENESS

Board Size, Leadership and Competencies

The current Board has 11 members, comprising 4 Independent Non-Executive Directors (including the Chairman), 6 Executive Directors and 1 Non-Independent Non-Executive Director. The composition of the Board meets the criteria on one-third independent directorship as set out in the Main Market Listing Requirements and fairly reflects the investment by minority shareholders through Independent Directors.

The Board provides entrepreneurial leadership of the Company within a framework of prudent and effective controls. The Board which comprises of members from various professions possesses personal quality, expertise, skills and relevant market and industry knowledge and ensures at all times that necessary financial and human resources are in place for the Company to meet its strategic objectives.

The Independent Non-Executive Directors act independently from Management and do not participate in the Company's business dealings to ensure that the varied competing interests of all stakeholders are respected without sacrificing financial performance and accountability. There is a balance of Executive Directors and Non-Executive Directors so that no individual or small group of individuals can dominate the Board's decision making.

The Chairman of the Board, Tan Sri Datuk Asmat bin Kamaludin, is the Senior Independent Non-Executive Director to whom concerns relating to the Company may be conveyed by shareholders and other stakeholders.

The Board will review and ensure that any appointment, resignation/termination of Directors, Company Secretaries and Auditors are duly executed and documented.

The profile of each Director is summarised on pages 12 to 15 of the Annual Report.

Board Duties and Responsibilities

The Board acknowledges that though it acts collectively, fiduciary duties are owed individually by each Director who shall exercise reasonable care, skill and diligence at all times. The Board adopts strategic and business plans aligned to ensure obligations to all stakeholders are met. The Board fulfils its oversight responsibility for financial and operational results, legal-ethical compliance and risk management. The Board is also responsible for reviewing the adequacy and integrity of the Company's internal controls systems and management information systems and ensure that investor relations and succession planning programme are implemented.

Duties and responsibilities of the Chairman and the Managing Director are distinct and separate to ensure a balance of power and authority. The Independent Non-Executive Chairman is responsible to ensure the Board's effectiveness and facilitate the constructive deliberation on all matters presented. The Managing Director is tasked to provide high-level business judgement and wisdom and has overall responsibility for the operating units, organisational effectiveness and implementation of Board's policies and decisions to meet immediate and mid-term performance targets for long-term sustainability of the Company.

Conduct of Meetings

The Board met 4 times during the financial year under review to approve, amongst others, the quarterly and annual financial results, business strategies and business plans, to review business performance of the Company and to ensure that the proper internal control systems are in place. Board and Board Committees meeting papers accompanying notes and explanations for agenda items were sent to the Directors at least 7 days before the meeting. Time is allocated for Directors to raise other matters not covered by the formal agenda.

The summary of attendance of the Directors at the Board Meetings held during the financial year ended 31 March 2010 was as follows:

Name of Directors	Meeting Attendance	% of Attendance
Tan Sri Datuk Asmat bin Kamaludin	4/4	100
Raja Dato' Seri Abdul Aziz bin Raja Salim	4/4	100
Dr. Ramanaidu a/l Semenchalam	4/4	100
Soh Beng Kuan	4/4	100
Chen Ah Huat	3/4	75
Razman Hafidz bin Abu Zarim	2/4	50
Nobuyuki Kochi	4/4	100
Datuk Supperamaniam a/l Manickam	4/4	100
Naoya Nishiwaki (resigned on 31.03.2010)	4/4	100
Takeo Endo (resigned on 31.03.2010)	2/4	50
Hironori Otsuka (resigned on 29.04.2009)	N/A	N/A

All proceedings, deliberations and conclusions of the Board and Board Committees Meetings are clearly recorded in the minutes of meetings by the Company Secretaries, confirmed by the Board and signed as correct record by the Chairman of the Meeting.

The Board also exercises control on routine matters that require the Board's approval through the circulation of Directors' Resolutions In Writing as allowed under the Company's Articles of Association.

In furtherance of their duties, the Directors have full and unrestricted access to any information pertaining to the Company, the advice and services of the Company Secretaries. Independent professional or other advice is also made available to Directors at the Company's expense and in accordance with decision of the Board as a whole should such advice is required.

Minutes of each Board and Board Committees Meeting are circulated to Chairman of Meeting for perusal prior to confirmation of the minutes at the following meetings. The Company Secretaries attend all Board and Board Committees Meetings and ensure that accurate and proper records of the proceedings of meetings and resolutions passed are properly kept at the registered office.

Re-election and Re-appointment

In accordance with the Company's Articles of Association, all Directors appointed by the Board are subject to retirement and re-election by shareholders at the first opportunity after their appointment. It also provides that at least one-third of the remaining Directors including the Managing Director, are subject to retirement by rotation at each Annual General Meeting ("AGM"). All Directors shall retire from office at least once in every 3 years and shall be eligible for re-election.

Directors who are due for re-election pursuant to the Company's Articles of Association at the forthcoming AGM are Tan Sri Datuk Asmat bin Kamaludin, Razman Hafidz bin Abu Zarim, Masahiko Yamaguchi, Lee Wee Leong and Toshihiro Ukita. Raja Dato' Seri Abdul Aziz bin Raja Salim is also retiring pursuant to Section 129 of the Companies Act, 1965 at the forthcoming AGM. These Directors have been recommended by the Nomination Committee and Board for re-election or re-appointment to the Board.

Directors' Continuing Education

All Directors including the newly appointed Directors have completed the Mandatory Accreditation Programme. Newly appointed Directors have also undergone a formalised orientation and education programme including factory visits guided by other Directors and senior management.

During the financial year, the Directors have attended the following trainings, conferences, seminars and briefings relevant to their functional duties:

No.	Continuing Education Programme Attended	Date Attended	Duration
1.	**Tan Sri Datuk Asmat bin Kamaludin**		
	• Financial Institutions Directors Education Programme (FIDE) Module 1	17~18.04.2009	2 days
	• Outsourcing World Summit Conference Series	12~13.05.2009	2 days
	• FIDE Module 2	12~13.06.2009	2 days
	• FIDE Module 3	10~11.07.2009	2 days
	• FIDE Module 4	12~13.01.2010	2 days
	• The Challenges of Implementing FRS 139	06.01.2010	½ day
2.	**Naoya Nishiwaki**		
	• Raising the Bar for Corporate Directors Toward Global Competitiveness	11.06.2009	1 hour
	• Panasonic Asia and Oceania Region's Managing Directors Conference (Home Appliance Group) in Singapore	20.10.2009	1 day
	• 2nd Panasonic Manufacturing Innovation Managing Directors Meeting & Cost Itakona Implementation Workshop in Thailand	01~02.12.2009	2 days
3.	**Raja Dato' Seri Abdul Aziz bin Raja Salim**		
	• FRS 139 Financial Instruments (Recognition and Measurement) and FRS 7 Financial Instruments (Disclosure)	14.06.2009	1 day
	• World CIMA Management Accounting Conference	13~14.07.2009	2 days
	• The Non-Executive Director Development Series – Is It Worth the Risk?	29.10.2009	1 day
4.	**Dr. Ramanaidu a/l Semenchalam**		
	• Panasonic Corporation's 90th Anniversary Basic Business Philosophy Seminar	03.04.2009	½ day
	• Global & Group Risk Management Guidelines Briefing by Panasonic Asia Legal Director	21.05.2009	2 hours
	• Towards Enhancing Corporate Integrity – From Roots to Fruits	10.06.2009	1 ½ hours
	• 9th Panasonic Asia Pacific Regional Human Resource Conference 2009 in Singapore	05~06.10.2009	2 days
	• 2nd Panasonic Asia Pacific Legal Network Enhancement Meeting in Singapore	21.10.2009	½ day
5.	**Soh Beng Kuan**		
	• Panasonic Corporation's 90th Anniversary Basic Business Philosophy Seminar	03.04.2009	½ day
	• Bank of Tokyo Mitsubishi UFJ Malaysia Berhad's Forex & Economic Outlook Seminar	15.05.2009	½ day
	• Global & Group Risk Management Guidelines Briefing by Panasonic Asia Legal Director	21.05.2009	2 hours
	• Governance and Sustainability Reporting: Is there a link?	10.06.2009	1 ½ hours
	• Governance in Action in Today's World	10.06.2009	1 ½ hours
	• Oracle Executive Seminar: Position for the Recovery	19.11.2009	½ day
	• PricewaterhouseCoopers Goods and Services Tax Overview Briefing	30.11.2009	2 hours
	• Sunway Executive Roundtable Investing in that "Ounce of Prevention": Disaster Avoidance Rather Than Disaster Recovery	09.12.2009	½ day
	• Transition to IFRS Convergence: Impact & Implications	25.02.2010	½ day
6.	**Chen Ah Huat**		
	• Panasonic Corporation's 90th Anniversary Basic Business Philosophy Seminar	03.04.2009	½ day
	• Global & Group Risk Management Guidelines Briefing by Panasonic Asia Legal Director	21.05.2009	2 hours
	• Internal Auditing: Assurance and Value Creation	11.06.2010	1 ½ hours
	• Finance for Directors and Executive Management	04~05.02.2010	2 days

No.	Continuing Education Programme Attended	Date Attended	Duration
7.	**Razman Hafidz bin Abu Zarim**		
	• Bursa Malaysia's Corporate Governance Forum	12.05.2009	½ day
	• Global Macroeconomics	14.05.2009	½ day
	• Corporate Governance Guide - Towards Boardroom Excellence	02.07.2009	1 day
	• Audit Committee International Roundtable (KPMG)	28.07.2009	½ day
	• The Challenges of Implementing FRS 139	05.10.2009	½ day
	• Corporate Governance Talk	28.10.2009	½ day
	• Bank Negara Malaysia Financial Industry Conference	17~18.11.2009	2 days
8.	**Nobuyuki Kochi**		
	• Panasonic Corporation's 90th Anniversary Basic Business Philosophy Seminar	03.04.2009	½ day
	• Raising the Bar for Corporate Directors Toward Global Competitiveness	11.06.2009	1 hour
	• 15th Asia & Oceania Accounting Conference in Singapore	29.06.2009	1 day
	• Budget 2010 Seminar	30.10.2009	½ day
	• PricewaterhouseCoopers Goods and Services Tax Overview Briefing	30.11.2009	2 hours
9.	**Datuk Supperamaniam a/l Manickam**		
	• The Challenges of Implementing FRS 139	05.10.2009	½ day
	• Macroeconomic Outlook – Recovery Arrives, But Risks Remain		
	• Malaysia Strategy – Making Bold Changes		
	• Review & Outlook of the Ringgit Bond Market		
	• Briefing on Flour Milling Industry in Indonesia and FFM Berhad's Investment in the Industry	06.10.2009	1 day
	• Briefing on Wilmar International Limited		
	• Manage Memory with Creativity		
10.	**Takeo Endo**		
	• Panashop Conference	23.07.2009	1 day
	• Marketing Seminar	15.09.2009	1 day
	• Sales Convention	01.10.2009	1 day
	• Panashop Gen2 Conference	02.10.2009	1 day
	• Customer Service Convention	04.11.2009	1 day
	• Air-cond Convention	09.12.2009	1 day
	• Panashop Conference	04.01.2010	1 day
	• Basic Business Philosophy Strategic Planning Workshop	25.01.2010	1 day
	• Sales Convention	25.03.2010	1 day

Note: The former Director, Mr Hironori Otsuka has not attended any continuing education programme during the financial year under review as he resigned on 29 April 2009.

BOARD COMMITTEES

The Board has established several Board Committees whose compositions and terms of reference are drawn up in accordance with the best practices prescribed by the Code. The functions as well as authority delegated to the Board Committees are clearly defined in their terms of reference.

The Board Committees of the Company consist of the Audit Committee, Nomination Committee and Remuneration Committee. The Chairman of the respective Board Committees reports the outcome of the Board Committee Meetings to the Board, and if required, further deliberations are made at Board level.

Audit Committee

The Audit Committee provides independent review of the Company's financial results and internal control system to ensure compliance with the statutory and accounting policy disclosures requirements and to maintain a sound system of internal control. A full Audit Committee Report enumerating its membership, terms of reference and summary of activities is set out on pages 23 to 27 of the Annual Report.

Nomination Committee

The Nomination Committee comprises entirely of Non-Executive Directors with the majority being Independent Directors, which are as follows:

No.	Name	Designation
1.	Raja Dato' Seri Abdul Aziz bin Raja Salim (Chairman)	Independent Non-Executive Director
2.	Razman Hafidz bin Abu Zarim (Member)	Independent Non-Executive Director
3.	Lee Wee Leong (Member) – appointed on 01.04.2010	Non-Independent Non-Executive Director
4.	Takeo Endo (ex-Member) – resigned on 01.04.2010	Non-Independent Non-Executive Director

Pursuant to the terms of reference of the Nomination Committee, the main responsibilities of the Nomination Committee include:

- Recommend new nominees to the Board as well as Board Committees for the Board's consideration;
- Annually review the Board's required mix of skills, experience and other qualities, including core competencies, which the Non-Executive Directors should bring to the Board; and
- Annually assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.

On 27 May 2009, the Nomination Committee had reviewed the Board's size, composition, mix of skills, experience and qualities of the Board and was satisfied that there is a balance of Executive Directors and Non-Executive Directors and the current Board composition is effective in leading and controlling the Company.

The Nomination Committee also conducted a formal assessment of performance for the Board effectiveness as a whole and the individual Directors and confirmed that the Board was functioning effectively as a whole having indicated a high level of compliance in the different functional areas.

On the assessment on the performance and effectiveness of the Audit Committee and its members, the Nomination Committee confirmed that the Audit Committee has generally performed their duties in accordance with its term of reference in an effective manner and viewed that the individual Audit Committee members have generally carried out their duties and responsibilities effectively.

On 19 March 2010 and 20 May 2010, the Nomination Committee had recommended for the Board's approval on the appointment of new Directors, Masahiko Yamaguchi, Lee Wee Leong and Toshihiro Ukita to the Board and changes to the membership of the Nomination Committee.

Remuneration Committee

The current Remuneration Committee comprises of the following members, the majority of whom are Independent Directors:

No.	Name	Designation
1.	Raja Dato' Seri Abdul Aziz bin Raja Salim (Chairman)	Independent Non-Executive Director
2.	Razman Hafidz bin Abu Zarim (Member)	Independent Non-Executive Director
3.	Nobuyuki Kochi (Member)	Executive Director

At a meeting held on 25 May 2009, the Remuneration Committee made recommendation to the Board for payment of Directors' fees not exceeding RM228,000 in aggregate for the financial year ended 31 March 2010 to the Independent Non-Executive Directors.

The remuneration package of the Non-Executive Directors including the Non-Executive Chairman was determined by linking their remuneration to their experience and level of responsibilities undertaken and is a matter of the Board as a whole. The Non-Executive Directors do not participate in discussions on their remuneration. The Remuneration Committee also received the guidelines on remuneration package applied to the Executive Directors of the Company.

Directors' Remuneration

The details of the remuneration of the Directors of the Company for the financial year ended 31 March 2010 are as follows:

Descriptions	Executive Director RM	Non-Executive Director RM	Total RM
Fees	-	228,000	228,000
Meeting allowance	-	16,000	16,000
Salary and other remuneration	3,162,658	-	3,162,658
Benefits-in-kind (BIK)	143,534	-	143,534
Total	3,306,192	244,000	3,550,192
Total (excluding BIK)	3,162,658	244,000	3,406,658

The remuneration of the Directors for the financial year ended 31 March 2010 in the respective bands of RM50,000 is as follows:

Range of Remuneration	Executive Director	Non-Executive Director	Total
RM0 to 50,000	-	1	1
RM50,001 to RM100,000	-	4	4
RM300,001 to RM350,000	1	-	1
RM400,001 to RM450,000	3	-	3
RM700,001 to RM750,000	1	-	1
RM900,001 to RM950,000	1	-	1

The Company, Directors and officers have jointly contributed to a Directors and Officers Elite Insurance Policy since 2002. However, the said insurance policy does not indemnify a Director or officer for any offence or conviction involving negligence, fraud, dishonesty or breach of duty or trust.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The communication of clear, relevant and comprehensive information which is timely and readily accessible by all stakeholders is important to shareholders and investors for informed investment decision making. The means of communication with shareholders and investors are as follows:

Investor Relations

In line with the Main Market Listing Requirements, effort is channelled to improve the investor relations via the enhancement of the Company's website to allow the direct and easy access by the shareholders, investors and members of public to the Company's announcements, quarterly financial results, Annual Reports, Circulars to Shareholders etc released through Bursa Link and corporate videos presented to the shareholders during the AGM.

The Executive Director and Management held meetings with institutional shareholders, fund managers and investment analysts, at their request, to enable them to gain a better understanding of the Company's business and operational activities to make informed investment decisions. Nevertheless, information is disseminated in strict adherence to the corporate disclosure requirements of Bursa Malaysia Securities Berhad.

Annual General Meeting

An active communication session was held with individual shareholders, proxies and corporate representatives who raised questions and concerns at the AGM. All resolutions put to the vote at the AGM were decided on show of hands.

The Chairman and Managing Director are delegated with the authority to speak on behalf of the Company to members of the Press. A press statement was released to the Media after the conclusion of the AGM.

Statement on Corporate Governance

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board as a whole is responsible for the accuracy and integrity of the Company's financial reporting. The Board, with assistance of the Audit Committee which provide a more specialised oversight of the financial reporting process, scrutinises all quarterly results and annual statutory financial statements prior to official release to regulatory authorities and shareholders.

Directors' Responsibility Statement

The Board is required by the Companies Act, 1965 to ensure that the financial statements of the Company and its associated company ("the Combined Entity") represent a true and fair view of the state of affairs of the Combined Entity and that they are prepared in accordance with the applicable approved accounting standards in Malaysia, by applying appropriate accounting policies consistently and making prudent and reasonable judgments and estimates. Independent opinions and reports by External Auditors have added credibility to financial statements released by the Company.

The Board has a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Combined Entity and to prevent and detect fraud and other irregularities.

Internal Control

The Board, with the assistance of the Audit Committee, continues to review its internal control processes and procedures to ensure as far as possible, that it maintains adequate levels of protection over its assets and the shareholders' investments. The Statement on Internal Control is set out on pages 28 to 31 of the Annual Report.

Relationship with Auditors

The Board has established a transparent relationship with the Company's External Auditors and Internal Auditors via the Audit Committee who has explicit authority to communicate directly with them.

The External Auditors are working closely with the Internal Auditors and Tax Consultants, without compromising their independence. Their liaison with the Internal Auditors would be in accordance with International Standards on Auditing (ISA) No. 610: "Considering the Work of Internal Auditing", with the main objective of avoiding duplication of efforts to maximise audit effectiveness and efficiency. The External Auditors will continue to review all Internal Audit reports and discuss findings with the Internal Auditors.

In accordance with the principles set out in ISA No. 260 "Communicating of Audit Matters with Those Charged with Governance", the External Auditors have brought to the Board's attention through the Audit Committee, all the significant accounting, auditing, taxation, internal accounting systems & process control and other related matters that arise from the audit of the financial statements of the Combined Entity. Audit Committee Members meet External Auditors twice a year without presence of management to discuss on key concerns and obtain feedback relating to the Company's affairs.

The Statement is made in accordance with the resolution of the Board of Directors dated 20 May 2010.

Audit Committee Report

The Board of Directors of the Company ("the Board") is pleased to present the Audit Committee Report for the financial year ended 31 March 2010.

COMPOSITION

The composition of the Audit Committee comprise only of Independent Non-Executive Directors. The members of the Audit Committee and records of attendance of each member at Audit Committee Meetings held during the financial year ended 31 March 2010 are as follows:

No.	Name of Audit Committee Member	No. of Meetings Attended
1.	Raja Dato' Seri Abdul Aziz bin Raja Salim (Chairman) (Independent Non-Executive Director)	4/4
2.	Razman Hafidz bin Abu Zarim (Member) (Independent Non-Executive Director)	3/4
3.	Datuk Supperamaniam a/l Manickam (Member) (Independent Non-Executive Director)	4/4

The current Audit Committee comprises of 3 Independent Non-Executive Directors. The Chairman of the Audit Committee, Raja Dato' Seri Abdul Aziz and also Encik Razman are Members of the Malaysian Institute of Accountants and hence, the Company is in compliance with the Main Market Listing Requirements and Practice Note 13, which requires at least 1 Member of the Audit Committee to be a qualified accountant.

CONDUCT OF MEETINGS

The Audit Committee meets on a quarterly basis. There were 4 Audit Committee Meetings held during the financial year ended 31 March 2010 and the Company Secretaries were present at all the Audit Committee Meetings. The Managing Director, Executive Directors, Finance General Manager, External Auditors and/or Internal Auditors were invited to attend the Audit Committee Meetings. The minutes of each meeting was tabled to and noted by the Board. The Chairman of Audit Committee reports on the main findings and deliberations of the Audit Committee Meeting to the Board.

TERMS OF REFERENCE

The terms of reference as revised and approved by the Board on 27 February 2008 are as follows:

A. Composition of Audit Committee

The Audit Committee shall be appointed by the Board from among its Members which fulfils the following requirements:

1. The Audit Committee must be comprised of not less than 3 Members;

2. All the Audit Committee Members must be Non-Executive Directors, with a majority of them being Independent Directors;

3. At least 1 Member of the Audit Committee:

   (a) must be a member of the Malaysian Institute of Accountants (MIA);
   (b) if he is not a member of the MIA, he must have at least 3 years' working experience and have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967 or must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountant Act 1967;
   (c) must have a degree/masters/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance;
   (d) must have at least 7 years' experience being a Chief Financial Officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or
   (e) must have financial-related qualifications or experience that is approved by Bursa Malaysia Securities Berhad.

4. The Audit Committee shall elect a chairman from among its Members who shall be an Independent Director.

5. Alternate Director is not allowed to become a Member of the Audit Committee.

In the event of any vacancy in the Audit Committee resulting in non-compliance of Bursa Malaysia Securities Berhad's Listing Requirements, the Board shall fill the vacancy within 3 months from the date of vacancy.

The Board shall review, at least once every 3 years, the term of office and performance of the Audit Committee and each of its Members to determine whether the Audit Committee and its Members have carried out their duties in accordance with their terms of reference.

B. Quorum

A quorum shall consists of 2 Members present and a majority must be Independent Directors.

C. Meetings

The Audit Committee shall meet not less than 4 times a year. The Chairman of the Audit Committee at his discretion may convene additional meeting of the Audit Committee if so requested by any Member, Internal Auditors or External Auditors to consider any matter within the scope and responsibilities of the Audit Committee. Minutes of each Meeting shall be kept and distributed to each Member of the Audit Committee and also to the Members of the Board. The Chairman of Audit Committee shall report on the outcome of each Meeting to the Board.

The Directors, executive officers, representatives of the External Auditors and/or Internal Auditors may attend the meetings upon the invitation of the Audit Committee. The Audit Committee holds meetings with the External Auditors without Management's presence at least twice per year to discuss key concerns and obtain feedback on the state of internal controls.

D. Secretary to Audit Committee

The Secretary to the Audit Committee shall be the Company Secretary.

E. Authority

The Audit Committee in discharging its duties shall have explicit authority to investigate any matters within its terms of reference. The Audit Committee shall have full and unrestricted access to relevant information, be empowered to obtain such independent professional advice and to secure the attendance of persons having special competencies as necessary to assist the Audit Committee in fulfilling its responsibilities.

Audit Committee Report

F. Duties and Responsibilities

In fulfilling its primary objectives, the Audit Committee shall undertake the following duties and responsibilities and report the same to the Board for approval:

Financial Reporting and Compliance

1. To review the quarterly results and annual audited financial statements of the Company, prior to the approval of the Board focusing particularly on:
   (a) changes in or implementation of new accounting policies and practices;
   (b) significant and unusual events;
   (c) compliance with applicable approved accounting standards and other legal or regulatory requirements; and
   (d) going concern assumption.

2. To review all related party transaction, as submitted by Management and any conflict of interest situation that may arise within the Company, including any transaction, procedure or course of conduct that raises question of management integrity;

Risk Management and Internal Audit

3. To consider and approve Annual Risk Management Plan and be satisfied that the methodology employed allows the identification, analysis, assessment, monitoring and communication of risks in a regular manner that will allow the Company to minimise losses and maximise opportunities;

4. To consider and approve the Annual Internal Audit Plan and programme and be satisfied as to the adequacy of coverage and audit methodologies employed;

5. To ensure that the system of internal control is soundly in place, effectively administered and regularly monitored and to review the extent of compliance with established internal policies, standards, plans and procedures;

6. To review and approve the reports on internal audit and risk management and to ensure that appropriate actions are taken on the recommendations of the internal audit and risk management functions;

7. To recommend to the Board steps to improve the system of internal control derived from the findings of the Internal Auditors and External Auditors and from the consultations from the Audit Committee itself;

8. To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

9. To review any appraisal or assessment of the performance and to approve any appointment, resignation or termination of Internal Auditors and senior members of the internal audit functions and inform itself of any resignations and reasons thereof;

Statutory Audit

10. To review and discuss with the External Auditors, prior to the commencement of audit, the audit plan which states the nature and scope of the audit;

11. To review any matters concerning the appointment and re-appointment, audit fees and any questions of resignation, dismissal or removal of the External Auditors;

12. To review factors related to the independence and objectivity of External Auditors and their services including non-statutory audit services;

13. To discuss on findings, problems and reservations arising from the interim and final statutory audits, External Auditors' Audit Committee Report and any matters the External Auditors may wish to discuss as well as to review the extent of cooperation and assistance given by the employees of the Company to the External Auditors;

Other Matters

14. To review the Statement of Internal Control and to prepare the Audit Committee Report for the Board's approval prior to inclusion in the Annual Report;

15. To consider such other matters as the Audit Committee considers appropriate or as authorised by the Board.

INTERNAL AUDIT FUNCTION

The Internal Audit function is outsourced to an independent consulting firm whose main role is to undertake independent and systematic review of the system of internal controls so as to provide independent assurance on the adequacy and effectiveness of risk management, internal controls and governance process of the Company.

The Internal Auditor has no line of responsibility or authority over any operational or administrative function and is independent of the activities it audited. The professional fees incurred for the Internal Audit function in respect of the financial year ended 31 March 2010 amounted to RM73,500.

The following internal audit activities were carried out by the Internal Auditors during the financial year under review:

1. Formulation of and agreement with the Audit Committee on the risk-based internal audit plan that is consistent with the Company's objectives and goals.

2. Conducted various internal audit engagements in accordance with the audit plan.

3. Self-assessment of its competency and reporting to the Audit Committee of the qualification and experience of its human resources on yearly basis.

SUMMARY OF ACTIVITIES

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year under review:

1. Review of the unaudited quarterly results and performance of the Company.

2. Review of the draft Statutory Financial Statements of the Company for the financial year ended 31 March 2009 and recommended to the Board for approval.

3. Discussion on the disclosure requirements pursuant to the new accounting standards and Bursa Malaysia Securities Berhad's Listing Requirements.

4. Discussion on the External Auditors' Report to the Audit Committee for the financial year ended 31 March 2009 and the Annual Audit Plan for the financial year ended 31 March 2010.

5. Meetings with the External Auditors without Management's presence twice a year to discuss on key concerns and obtain feedback on the state of internal controls.

6. Reviewed and recommended to the Board non-audit services provided by the External Auditors and its affiliates which included review of Statement on Internal Control and provision of advisory services on taxation and indirect tax services.

7. Review of the state of internal control of the Company and extent of compliance with the established policies, procedures and statutory requirements.

8. Assessment of performance and competency of the internal audit function.

9. Discussion on the revision to the review procedures for recurrent related party transactions of a revenue or trading nature (RRPT).

10. Review of the draft circular to shareholders in relation to RRPT and quarterly review of Summary of RRPT.

11. Review of 4 Risk Management Reports and Risk Management Plan for the financial year ended 31 March 2010 and discussion on the inherent risk of the relevant business processes/units with highlights on key business risks, their causes and management action plans as well as the status of implementations.

12. Review of the scope of the Internal Audit Plan 2009/2010 and the corresponding fee charged.

13. Review of 4 Internal Audit Reports with recommendations by the Internal Auditors, Management's response and follow-up actions taken by the Management and monitoring the same with the Internal Auditors.

14. Review of in-house management control system reports with recommendations by the Corporate Risk Management Department (CRM), Management's response and follow-up actions taken by the Management and monitoring the same with the CRM.

15. Review of the updated Risk Management Framework.

16. Review of Risk & Control Assessment Guideline and Risk Scorecard System that were developed in-house.

17. Review of the Statement on Internal Control and Audit Committee Report prior to the Board's approval for inclusion in the Company's Annual Report 2009.

18. Made recommendations to the Board on the re-appointment of the External Auditors.

Statement on Internal Control

BOARD RESPONSIBILITIES

The Board of Directors of the Company ("Board") affirms its commitment to maintaining a sound system of internal control in the Company. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, including the review and enhancement of the system of internal control due to changes in the operating and business environment. This process is regularly reviewed by the Board and accords with the guidelines for directors on internal control, the Statement on Internal Control: Guidance for Directors of Public Listed Companies; as required by Paragraph 15.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Given the limitations that are inherent in any system of internal control, such systems are designed to manage rather than eliminate the likelihood of fraud, error or failure to achieve the Company's business objectives. Accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is ultimately responsible to ensure the adequacy and effectiveness of the Company's system of internal control and risk management, including the establishment of an appropriate control framework and environment and the review of its adequacy and integrity of these systems. The system of internal control covers, inter alia, governance, risk management, operational, financial, organisational, and compliance controls.

KEY PROCESSES OF THE SYSTEM OF INTERNAL CONTROL

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls include the following:

- The Executive Directors assist the Board in ensuring that the Company's daily operations are performed in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved.

- The Audit Committee assists the Board to review the adequacy and integrity of the system of internal control and to ensure that an appropriate mix of techniques is used to obtain the level of assurance required by the Board. The Audit Committee reviews the internal control issues identified by the Internal Auditors, the External Auditors, regulatory authorities and management, and evaluate the adequacy and effectiveness of the risk management and system of internal control. The Audit Committee also reviews the Internal Audit functions with particular emphasis on the scope of audits and the competency as well as performance. The minutes of the Audit Committee Meetings are circulated and tabled at each Board Meeting on a quarterly basis. Further details of the activities undertaken by the Audit Committee are set out in the Audit Committee Report on page 23 to 27 of the Annual Report.

- The Internal Audit function in the Company which is outsourced to Lefis Consulting Sdn Bhd ("Lefis") provides an independent, objective assurance and consulting activity, which assists the Company in achieving its objectives. The function evaluates the efficiency of risk management, the system of internal control, and governance process and highlights significant findings in respect of any non-compliance with policies and procedures. Audits are carried out on all major operational and functional business units determined by the risk level of each unit. The Internal Auditors conduct its audits according to an internal audit plan approved by the Audit Committee.

- Internal audit activities carried out during the financial year under review included audits conducted on the Company's rice cooker department, raw material inventory control system, accounts payable control system, human resource management control system, and fixed assets management. The Internal Auditors also conducted follow-up audits on review of controls over security management system, sub-contractors controls, parts manufacturing department's operational process and procedures controls and fan department's inventory control and procurement management to ensure that recommendations for improvement that has been agreed by the management were implemented. The quarterly internal audit reports and the annual internal audit plan are reviewed and approved by the Audit Committee and noted at the quarterly Board meetings.

- The outsourced risk management function by the independent consulting firm, Lefis, assists the Board to oversee the overall management of principal areas of risks of the Company. The quarterly risk management reports and the annual risk management plan are reviewed and approved by the Audit Committee and noted at quarterly Board meetings.

Statement on Internal Control

- The risk management activities undertaken by Lefis, which was jointly facilitated by the Corporate Risk Management ("CRM") department for the financial year under review, included Enterprise-wide Risk Management ("ERM") implementation across various functions and operational units. These include the review of risk scorecards covering inherent risks, residual risks and control systems of the production control department, finance department, purchasing department, kitchen appliance business unit and vacuum cleaner business unit. The implementation of ERM in stages for all operational units ensures a uniform application of risk management through standardised risk management processes and company-wide exchange of risk information.

- The risk management framework is in place to ensure a continuous process of identifying, evaluating, monitoring and managing the significant risk exposures inherent in the Company's business operations and to gain strategic competitive advantage from its risk management capabilities. The following outlines the principal risk management and control responsibilities:

  i. The Board is ultimately responsible for the management of risks. The Board delegates to the Managing Director the responsibility for ensuring effective implementation and maintenance of the risk management framework.

  ii. The Risk Management Working Committee ("RMWC") has the overall responsibility to oversee risk management activities and assists the Managing Director to ensure effective implementation and maintenance of the risk management framework across the Company.

     During the financial year under review, the RMWC held two meetings on 21 May 2009 and 19 March 2010, to deliberate on issues concerning Panasonic Global and Group risk management guidelines and activities, and the Company's risk management activities and risk management plan. During the RMWC meetings, the Regional Legal Director briefed committee members on risk management guidelines and activities, export (trade) controls, activities with competitors (anti-cartel) and whistle-blowing system.

  iii. The Heads of Departments, being the first line of defense against risk, hold the primary responsibility and accountability for the active management of risks emanating from the respective business activities under their jurisdiction. They are to ensure that corrective actions on reported weaknesses are undertaken within an appropriate time frame.

- The Company undertakes annual risk self-assessment of its various strategic, business and operational risks and takes appropriate countermeasures for any major risks identified on a continuous basis. Submission of the Company's current year risk self-assessment, and following year's major risks and mitigation plans, were made to legal representatives of the regional office on 3 December 2009 and 8 February 2010, respectively.

- During the financial year under review, CRM department conducted reviews on management controls on the effectiveness of human resource training and development system, insurance management control system, new model development control system and Vendor-Managed Inventory follow-up.

- The International Standards on Auditing No. 240 (Revised): "The Auditor's Responsibility to Consider Fraud and Error in an Audit of Financial Statements" stipulates that the External Auditors, Messrs. Jaffar Hussein & Co. are responsible to consider the risk of material misstatement in the financial statements of the Company due to fraud and error. Additionally, the Companies (Amendment) Act 2007 has the requirement for the auditors to report to the Companies Commission of Malaysia if they are of the opinion that serious offence involving fraud or dishonesty is being or has been committed. During the financial year under review, the Board and Management of the Company completed the fraud checklist issued by the External Auditors, and it was noted that no serious offence involving fraud or dishonesty was committed by employees during the financial year under review which requires disclosure in the Annual Report.

- All major issues that require the Board's approval were reviewed by the Managing Director and Executive Directors in the weekly Directors' Meetings. Issues with strategic, financial, legal, compliance and operational implications were discussed in detail before tabling to the Audit Committee and subsequently to the Board for deliberation and approval.

- Management committees have also been established with appropriate empowerment to ensure effective management and supervision of the Company's core areas of business operations. These Committees include the RMWC, Information Security Management (ISM) Working Committee, Quality Committee, Safety & Health and Fire Prevention Committee and "Cost Buster" Committee.

Statement on Internal Control

- The Company's business units monitor and explain performance against budgets on a monthly basis at the monthly operation meetings, factory management review meetings, quality assurance review meetings and cost innovation meetings attended by the Directors and Senior Management of the Company. Comprehensive monthly financial and management reports are prepared for effective monitoring and decision making. The monitoring of performance variances are followed up and management actions are taken to rectify any deviations on a timely and effective manner.

- The Company's annual business plans are prepared by each business unit and functional department and are reviewed and approved by the Executive Director and Managing Director before implementation. The Company's annual and mid-term business plans and business direction are presented to and noted by the Audit Committee Members and the Board.

- An organisational structure, with clear lines of responsibility, delegation of authority and accountability that is aligned to the business and operations requirements of the Company is in place.

- The Company's policies, and rules and regulations incorporating control procedures are available in the Company's intranet site, which are revised periodically to meet changing business, operational and statutory reporting needs.

- Accounting manuals are in place towards ensuring that the recordings of financial transactions are complete and accurate.

- The Company has reinforced its security measures in accordance with the Panasonic Corporation's Global ISM Policy that aims to protect information based on global standards so as to safeguard the confidentiality and integrity of the Company's strictly confidential and confidential information against internal and external threats. During the financial year under review, security enhancement activities were continuously carried out. For ISM physical security enhancement, the upgrading, installation and re-profiling of CCTV cameras at strategic locations and restriction of unauthorised entry to various zones was carried out in both plants. On ISM IT security control measures, PCs were secured via chain lock and safe-boot encryption software was upgraded. On ISM personnel security activities, the Company's "Strictly Confidential" and "Confidential" documentation classification was reviewed in September 2009. The Web-based Self-Assessment System (e-SAC) was carried out at 20 workplaces, and the ISM specialist participated in a briefing on ISM ISO 27001 Standard Education Introduction Programme organised by the regional office. All employees with PC access undertook the ISM e-Test in September 2009.

- Proper guidelines for hiring and termination of employees, formal training programs, annual and semi-annual performance appraisals and other relevant procedures are in place to ensure that employees are competent and adequately trained to carry out their respective roles and responsibilities and to ensure they are fairly assessed and rewarded.

- All employees are required to sign and confirm that they have read, understood and adhered to the revised Panasonic Code of Conduct and compliance policies relating to relevant laws and business ethics, ISM, basic contract principles, intellectual property, international tax issues, bribery, customs regulations, and export (trade) controls. The Panasonic Asia Pacific Pte Ltd ("PA") Compliance guidebook and the PA guidebook concerning activities with competitors was published in the in-house digital dashboard to further increase employees awareness on compliance with laws and regulations, and ethical business conduct. The whistle-blowing system by PA is also made available for employees to report any observed wrongdoings or misconduct within the Company. In October 2009, the annual compliance survey was conducted to assess the level of employees' awareness and compliance with laws, regulations and business ethics at the individual workplace. The survey results indicate that employees are mindful of compliance in the workplace.

Statement on Internal Control

COMPLIANCE WITH THE SARBANES-OXLEY ACT 2002

The ultimate holding company, Panasonic Corporation ("PC") as the registrant of the U.S. Securities and Exchange Commission is, on a group basis, required to comply with the provisions of the Sarbanes-Oxley Act 2002 ("SOA"), with a significant focus on internal controls, in particular, Section 302 which concerns certification of Internal Control and Procedures Disclosure, and Section 404 on management assessment of internal controls and disclosure in the annual report on internal controls.

Additionally, PC Auditors are required to issue an attestation report on PC's effectiveness of the control systems. In this respect, all companies under PC Group are working cooperatively towards SOA compliance worldwide.

The Company reviews the effectiveness of the internal control activities via self-assessment check sheets and reports the status of compliance with the internal control requirements to PA, the regional office set up to monitor PC's overseas subsidiaries in the Asia Pacific region at regular intervals. The Company completed its annual SOA self-assessment on the various significant business cycles on 27 August 2009.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to the requirements of Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors, Messrs. Jaffar Hussein & Co. has reviewed this Statement for inclusion in the Annual Report for the financial year ended 31 March 2010. Their review was performed in accordance with the Recommended Practice Guide ("RPG") 5 issued by the Malaysian Institute of Accountants. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that has caused them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the system of internal control of the Company.

There were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual Report.

OVERALL CONTROL ENVIRONMENT

The control environment forms the foundation for the system of internal control by providing the fundamental discipline and structure.

The risks taken are at an acceptable level within the context of the business environment throughout the Company and there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies during the financial year requiring disclosure in the Annual Report. The Board is of the view that the system of internal control in place for the financial year under review and up to the date of issuance of the financial statements is satisfactorily adequate to safeguard shareholders' interests and the Company's assets.

The Board's review does not encompass the system of internal control of its associated company, Panasonic Malaysia Sdn Bhd ("PM"), as it does not have direct control over their operations. Notwithstanding the above, the Company's interest is served through representation on the Board of PM and receipt and review of management accounts, reports on quarterly basis, the key performance of PM and the general market environment. Such initiatives provide the Board with vital information on the activities of PM and safeguarding of the Company's interest.

The Statement of Internal Control has been approved by the Board on 3 May 2010.

Additional Compliance Information

The following information is presented in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"):

(1) Utilisation of Proceeds raised from Corporate Proposal

Not applicable.

(2) Share Buybacks

The Company does not have any share buyback scheme in place.

(3) Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued and exercised during the financial year under review.

(4) American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year under review.

(5) Sanctions and/or Penalties Imposed

There were no sanctions and/or penalties imposed on the Company, Directors or Management by the relevant regulatory authorities during the financial year under review.

(6) Non-Audit Fees

For the financial year under review, the non-audit fees incurred by the Company to the External Auditors, Messrs. Jaffar Hussein & Co. and its affiliated company were RM171,700.

(7) Variation in Results

There were no variances between the audited results for the financial year ended 31 March 2010 and the unaudited results announced to Bursa Securities on 20 May 2010. The Company did not make or release any profit estimate, forecast or projection for the financial year under review.

(8) Profit Guarantee

There was no profit guarantee received by the Company during the financial year under review.

(9) Material Contracts

There were no material contracts of the Company, involving Directors' and major shareholders' interests, entered into since the end of the previous financial year or still subsisting at the end of the financial year under review.

(10) Revaluation of Landed Properties

The Company did not adopt any policy on regular revaluation of its landed properties nor revalued its landed properties during the financial year under review.

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report together with the audited financial statements of the Company and its associated company ("Combined Entity") and of the Company for the financial year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the manufacture and sale of electrical home appliances, batteries and related components. There have been no significant changes in the nature of these activities during the financial year. The principal activities of the associated company are set out in Note 12 to the financial statements.

FINANCIAL RESULTS

	Combined Entity RM'000	Company RM'000
Net profit for the financial year attributable to equity holders	64,849	61,199

DIVIDENDS

The amount of dividends on ordinary shares paid or declared by the Company since 31 March 2009 are as follows:

		RM'000
(a)	In respect of the financial year ended 31 March 2009 as shown in the Directors' report of that financial year:	
	A final dividend of 35 sen per ordinary share of RM1.00 less 25% income tax paid on 18 September 2009	15,946
	A special dividend of 55 sen per ordinary share of RM1.00 less 25% income tax paid on 18 September 2009	25,058
(b)	In respect of the financial year ended 31 March 2010:	
	An interim dividend of 15 sen per ordinary share of RM1.00 less 25% income tax paid on 20 January 2010	6,833
		47,837

The dividend amount payable is based on the Company's issued and paid up capital as at 31 March 2010. The Directors now recommend the payment of a final gross dividend of 35 sen per ordinary share of RM1.00 less income tax of 25% (2009: 35 sen per ordinary share less income tax of 25%), amounting to RM15,945,767 (2009: RM15,945,767) and a special gross dividend of 70 sen per ordinary share of RM1.00 less income tax of 25% (2009: 55 sen per ordinary share less income tax of 25%), amounting to RM31,891,534 (2009: RM25,057,634) which, subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 13 October 2010 to shareholders registered in the Record of Depositors as at 22 September 2010. These financial statements do not reflect the final and special dividends which will be accounted for in the financial year ending 31 March 2011 when approved by shareholders.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements and notes to the financial statements.

DIRECTORS

The Directors of the Company who have held office since the date of the last report are as follows:

Tan Sri Datuk Asmat bin Kamaludin	
Raja Dato' Seri Abdul Aziz bin Raja Salim	
Dr. Ramanaidu a/l Semenchalam	
Soh Beng Kuan	
Chen Ah Huat	
Razman Hafidz bin Abu Zarim	
Nobuyuki Kochi	
Datuk Supperamaniam a/l Manickam	
Masahiko Yamaguchi	(appointed on 1 April 2010)
Lee Wee Leong	(appointed on 1 April 2010)
Naoya Nishiwaki	(resigned on 31 March 2010)
Takeo Endo	(resigned on 31 March 2010)

In accordance with Article 97 of the Company's Articles of Association, Tan Sri Datuk Asmat bin Kamaludin and Razman Hafidz bin Abu Zarim retire by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

In accordance with Article 102 of the Company's Articles of Association, Masahiko Yamaguchi and Lee Wee Leong retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for election.

In accordance with Section 129 of the Companies Act, 1965, Raja Dato' Seri Abdul Aziz bin Raja Salim retires at the forthcoming Annual General Meeting and offers himself for re-appointment to hold office until the conclusion of the next Annual General Meeting.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration as disclosed in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interests of Directors who held office at the end of the financial year in the shares in the Company and ultimate holding company during the financial year are as follows:

Shareholdings in the name of the Director:

(i) Interest in the Company

	Number of ordinary shares of RM1 each			
	At 1.4.2009	Acquired	Disposed	At 31.3.2010
Chen Ah Huat	2,000	-	-	**2,000***
Soh Beng Kuan	504	-	(504)	**-**
Dr. Ramanaidu a/l Semenchalam	500	-	(500)	**-**

* Indirect interest (shares held by the spouse of the Director)

(ii) Interest in Panasonic Corporation ("PC"), the ultimate holding company

	Number of PC common stock			
	At 1.4.2009	Acquired	Disposed	At 31.3.2010
Nobuyuki Kochi	3,000	-	-	**3,000**

None of the other Directors in office at the end of the financial year held any interest in shares of the Company and its related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Combined Entity and of the Company had been written down to an amount which they might be expected so to realise.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (cont'd)

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Combined Entity and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Combined Entity and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Combined Entity and of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Combined Entity and of the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

(a) any charge on the assets of the Combined Entity and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Combined Entity and of the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors,

(a) the results of the Combined Entity and of the Company's operations for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Combined Entity and of the Company for the financial year in which this report is made.

CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is as follows:

No. 3 Jalan Sesiku 15/2
Section 15
Shah Alam Industrial Site
40200 Shah Alam
Selangor Darul Ehsan

Directors' Report

ULTIMATE HOLDING COMPANY

The Directors regard Panasonic Corporation, a company incorporated in Japan, as the Company's ultimate holding company.

AUDITORS

Our auditors, Messrs. Jaffar Hussein & Co., is a member firm of PricewaterhouseCoopers ("PwC"). PwC will be proposed as the auditors in place of Jaffar Hussein & Co. at the forthcoming Annual General Meeting.

In accordance with a resolution of the Board of Directors dated 20 May 2010.

TAN SRI DATUK ASMAT BIN KAMALUDIN
DIRECTOR

山口昌彦

MASAHIKO YAMAGUCHI
DIRECTOR

Income Statements
for the financial year ended 31 March 2010

	Note	Combined Entity 2010 RM'000	Combined Entity Restated 2009 RM'000	Company 2010 RM'000	Company Restated 2009 RM'000
Revenue	4	**679,764**	600,868	**679,764**	600,868
Cost of sales		**(546,131)**	(511,069)	**(546,131)**	(511,069)
Gross profit		**133,633**	89,799	**133,633**	89,799
Other operating income		**14,027**	16,698	**18,232**	19,883
Distribution and marketing costs		**(45,040)**	(33,990)	**(45,040)**	(33,990)
Administrative expenses		**(29,591)**	(16,991)	**(29,591)**	(16,991)
Other operating expenses		**(514)**	(3,615)	**(514)**	(3,615)
Profit from operations	5	**72,515**	51,901	**76,720**	55,086
Share of results of associated company (net of tax)		**6,803**	8,917	**0**	0
Profit before taxation		**79,318**	60,818	**76,720**	55,086
Taxation	7	**(14,469)**	(11,042)	**(15,521)**	(11,839)
Net profit for the financial year attributable to equity holders of the Company		**64,849**	49,776	**61,199**	43,247
Earnings per share (sen) - basic	8	**107**	82	**101**	71
Dividends per share (sen)	9	**120**	105	**120**	105

The notes on pages 44 to 74 form an integral part of these Combined Entity and of the Company's financial statements.

Balance Sheets
as at 31 March 2010

	Note	Combined Entity 2010 RM'000	Combined Entity 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	10	**55,196**	47,946	**55,196**	47,946
Prepaid lease payments	11	**6,553**	6,629	**6,553**	6,629
Interest in associated company	12	**123,882**	120,232	**2,000**	2,000
Deferred tax assets	13	**14,749**	10,618	**14,749**	10,618
		200,380	185,425	**78,498**	67,193
CURRENT ASSETS					
Inventories	14	**16,373**	9,064	**16,373**	9,064
Trade and other receivables	15	**48,846**	35,432	**48,846**	35,432
Tax recoverable		**0**	1,478	**0**	1,478
Cash and cash equivalents	16	**496,002**	466,562	**496,002**	466,562
		561,221	512,536	**561,221**	512,536
Total assets		**761,601**	697,961	**639,719**	579,729
EQUITY					
Capital and reserves attributed to equity holders					
Share capital	17	**60,746**	60,746	**60,746**	60,746
Retained earnings	18	**558,581**	541,569	**436,699**	423,337
Total equity		**619,327**	602,315	**497,445**	484,083
LIABILITIES					
NON-CURRENT LIABILITY					
Provision for liabilities and charges	19	**2,473**	1,477	**2,473**	1,477
		2,473	1,477	**2,473**	1,477
CURRENT LIABILITIES					
Trade and other payables	20	**116,375**	73,412	**116,375**	73,412
Provision for liabilities and charges	19	**16,369**	20,757	**16,369**	20,757
Taxation		**7,057**	0	**7,057**	0
		139,801	94,169	**139,801**	94,169
Total liabilities		**142,274**	95,646	**142,274**	95,646
Total equity and liabilities		**761,601**	697,961	**639,719**	579,729

The notes on pages 44 to 74 form an integral part of these Combined Entity and of the Company's financial statements.

Combined Entity Statement of Changes in Equity

for the financial year ended 31 March 2010

	Note	Attributable to equity holders of the Company — Issued and fully paid ordinary shares of RM1 each: Number of shares '000	Nominal value RM'000	Retained earnings RM'000	Total RM'000
At 1 April 2008		60,746	60,746	544,186	604,932
Net profit for the financial year attributable to equity holders of the Combined Entity		0	0	49,776	49,776
Dividends:					
- Final dividend for the financial year ended 31 March 2008		0	0	(15,946)	(15,946)
- Special dividend for the financial year ended 31 March 2008		0	0	(29,614)	(29,614)
- Interim dividend for the financial year ended 31 March 2009	9	0	0	(6,833)	(6,833)
At 31 March 2009		60,746	60,746	541,569	602,315
At 1 April 2009		**60,746**	**60,746**	**541,569**	**602,315**
Net profit for the financial year attributable to equity holders of the Combined Entity		**0**	**0**	**64,849**	**64,849**
Dividends:					
- Final dividend for the financial year ended 31 March 2009	9	**0**	**0**	**(15,946)**	**(15,946)**
- Special dividend for the financial year ended 31 March 2009	9	**0**	**0**	**(25,058)**	**(25,058)**
- Interim dividend for the financial year ended 31 March 2010	9	**0**	**0**	**(6,833)**	**(6,833)**
At 31 March 2010		**60,746**	**60,746**	**558,581**	**619,327**

The notes on pages 44 to 74 form an integral part of these Combined Entity and of the Company's financial statements.

Company Statements of Changes in Equity

for the financial year ended 31 March 2010

		Attributable to equity holders of the Company			
		Issued and fully paid ordinary shares of RM1 each		Distributable	
	Note	Number of shares '000	Nominal value RM'000	Retained earnings RM'000	Total RM'000
At 1 April 2008		60,746	60,746	432,483	493,229
Net profit for the financial year attributable to equity holders of the Company		0	0	43,247	43,247
Dividends:					
- Final dividend for the financial year ended 31 March 2008		0	0	(15,946)	(15,946)
- Special dividend for the financial year ended 31 March 2008		0	0	(29,614)	(29,614)
- Interim dividend for the financial year ended 31 March 2009	9	0	0	(6,833)	(6,833)
At 31 March 2009		60,746	60,746	423,337	484,083
At 1 April 2009		**60,746**	**60,746**	**423,337**	**484,083**
Net profit for the financial year attributable to equity holders of the Company		**0**	**0**	**61,199**	**61,199**
Dividends:					
- Final dividend for the financial year ended 31 March 2009	9	**0**	**0**	**(15,946)**	**(15,946)**
- Special dividend for the financial year ended 31 March 2009	9	**0**	**0**	**(25,058)**	**(25,058)**
- Interim dividend for the financial year ended 31 March 2010	9	**0**	**0**	**(6,833)**	**(6,833)**
At 31 March 2010		**60,746**	**60,746**	**436,699**	**497,445**

The notes on pages 44 to 74 form an integral part of these Combined Entity and of the Company's financial statements.

Cash Flow Statements

for the financial year ended 31 March 2010

	Combined Entity		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year attributable to equity holders	**64,849**	49,776	**61,199**	43,247
Adjustments:				
Property, plant and equipment				
- depreciation	**16,901**	16,556	**16,901**	16,556
- write off	**30**	831	**30**	831
- gain on disposal	**(653)**	(127)	**(653)**	(127)
Amortisation of prepaid lease payments	**76**	76	**76**	76
(Writeback)/provision for liabilities and charges	**(115)**	1,282	**(115)**	1,282
Dividend income from associated company (gross)	**0**	0	**(4,205)**	(3,185)
Interest income	**(10,574)**	(15,866)	**(10,574)**	(15,866)
Taxation	**14,469**	11,042	**15,521**	11,839
Share of results of associated company	**(6,803)**	(8,917)	**0**	0
Foreign exchange net unrealised loss/(gain)	**128**	(273)	**128**	(273)
	78,308	54,380	**78,308**	54,380
CHANGES IN WORKING CAPITAL				
(Increase)/decrease in inventories	**(7,309)**	3,288	**(7,309)**	3,288
(Increase)/decrease in trade and other receivables	**(14,666)**	13,098	**(14,666)**	13,098
Increase in trade and other payables	**44,219**	1,459	**44,219**	1,459
Cash generated from operations	**100,552**	72,225	**100,552**	72,225
Taxation paid	**(12,834)**	(11,682)	**(12,834)**	(11,682)
Tax refund received	**2,769**	2,209	**2,769**	2,209
Product discontinuance paid	**(238)**	0	**(238)**	0
Name change paid	**(213)**	(608)	**(213)**	(608)
Rework cost paid	**(299)**	(1,744)	**(299)**	(1,744)
Warranty paid	**(1,011)**	(840)	**(1,011)**	(840)
Retirement gratuity scheme paid	**(7)**	(6)	**(7)**	(6)
Employee welfare scheme paid	**(1,509)**	(1,175)	**(1,509)**	(1,175)
Net cash flow from operating activities	**87,210**	58,379	**87,210**	58,379

Cash Flow Statements

for the financial year ended 31 March 2010

	Note	Combined Entity 2010 RM'000	Combined Entity 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(24,470)**	(18,098)	**(24,470)**	(18,098)
Proceeds from disposal of property, plant and equipment		**942**	135	**942**	135
Interest received		**10,563**	15,445	**10,563**	15,445
Dividends received (net)		**3,153**	2,388	**3,153**	2,388
Net cash flow from investing activities		**(9,812)**	(130)	**(9,812)**	(130)
CASH FLOWS FROM FINANCING ACTIVITY					
Dividends paid		**(47,837)**	(52,393)	**(47,837)**	(52,393)
Net cash flow from financing activity		**(47,837)**	(52,393)	**(47,837)**	(52,393)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**29,561**	5,856	**29,561**	5,856
CURRENCY TRANSLATION DIFFERENCES		**(121)**	195	**(121)**	195
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**466,562**	460,511	**466,562**	460,511
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	16	**496,002**	466,562	**496,002**	466,562

The notes on pages 44 to 74 form an integral part of these Combined Entity and of the Company's financial statements.

Summary of Significant Accounting Policies
for the financial year ended 31 March 2010

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

The Company and its associated company's ("Combined Entity's") and the Company's financial statements have been approved for issue by the Board of Directors on 20 May 2010.

A BASIS OF PREPARATION

The Combined Entity financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and the Financial Reporting Standards ("FRS"), the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other than Private Entities. The financial statements have been prepared under the historical cost convention, except as disclosed in this summary of significant accounting policies.

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965 and the Financial Reporting Standards ("FRS"), the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities require the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Combined Entity's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and action, actual results may differ from these estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Combined Entity and of the Company's financial statements are disclosed in Note 2 to the financial statements.

B ACCOUNTING STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS

(i) Standards, amendments to published standards and interpretations that are applicable to the Combined Entity and are effective

There are no new accounting standards, amendments to published standards and interpretations to existing standards effective for the Combined Entity's financial year ended 31 March 2010.

(ii) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted

- FRS 8 Operating Segments (effective for annual period beginning on or after 1 July 2009) replaces FRS 114_{2004} Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The improvement to FRS 8 (effective from 1 January 2010) clarifies that entities that do not provide information about segment assets will no longer need to report this information. Prior year comparatives must be restated. The Company will apply this standard from financial year beginning on 1 April 2010.

- The revised FRS 101 Presentation of Financial Statements (effective from 1 January 2010) prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. 'Non-owner changes in equity' are to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Combined Entity is currently evaluating the format to adopt. This revised FRS does not have any impact on the financial statements of the Combined Entity.

B ACCOUNTING STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS (cont'd)

(ii) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted (cont'd)

- FRS 139 Financial Instruments: Recognition and Measurement (effective from 1 January 2010) establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted under strict circumstances. Amendments to FRS 139 provide further guidance on eligible hedged items. The amendment provides guidance for two situations. On the designation of a one-sided risk in a hedged item, the amendment concludes that a purchased option designated in its entirety as the hedging instrument of a one-sided risk will not be perfectly effective. The designation of inflation as a hedged risk or portion is not permitted unless in particular situations. The improvement to FRS 139 clarifies that the scope exemption in FRS 139 only applies to forward contracts but not options for business combinations that are firmly committed to being completed within a reasonable timeframe. The Combined Entity will apply this standard from financial year beginning on 1 April 2010. The Combined Entity has applied the transitional provision in the standard which exempt entities from disclosing the possible impact arising from the initial application of the standard on the financial statements of the Combined Entity.

- FRS 7 Financial Instruments: Disclosures (effective from 1 January 2010) provides information to users of financial statements about an entity's exposure to risks and how the entity manages those risks. The improvement FRS 7 clarifies that entities must not present total interest income and expense as a net amount within finance costs on the face of the income statement. The Combined Entity will apply this standard from financial year beginning on 1 April 2010. The Combined Entity has applied the transitional provision in the standard which exempt entities from disclosing the possible impact arising from the initial application of the standard on the financial statements of the Combined Entity.

- Amendments to FRS 7 Financial Instruments: Disclosures and FRS 1 First-time Adoption of Financial Reporting Standards (effective from 1 January 2011) requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

- The amendment to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective from 1 January 2010) allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from FRS 127 and requires investors to present dividends as income in the separate financial statements. The Company will apply this standard from financial year beginning on 1 April 2010. This standard is not expected to have any material impact to the Company.

- IC Interpretation 9 Reassessment of Embedded Derivatives (effective for annual period beginning on or after 1 January 2010). IC Interpretation 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The improvement to IC Interpretation 9 (effective 1 July 2010) clarifies that this interpretation does not apply to embedded derivatives in contracts acquired in a business combination, businesses under common control or the formation of a joint venture. The Combined Entity will apply this standard from financial year beginning on 1 April 2010. The standard is not expected to have any material impact to the Combined Entity.

- IC Interpretation 10 Interim Financial Reporting and Impairment (effective for annual period beginning on or after 1 January 2010). IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Combined Entity will apply this standard from financial year beginning on 1 April 2010. This standard is not expected to have any material impact to the Combined Entity.

B ACCOUNTING STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS (cont'd)

(ii) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted (cont'd)

- IC Interpretation 13 Customer loyalty programmers (effective for annual period beginning on or after 1 January 2010). IC Interpretation 13 clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The Combined Entity will apply this standard from financial year beginning on 1 April 2010. The Combined Entity must identity its various incentive programmes and allocate accordingly between the components of the arrangement using fair values but the impact is not expected to be material to the Combined Entity.

The following amendments are part of the Malaysian Accounting Standards Board's ("MASB") improvements projects:

- FRS 107 Statement of Cash Flows (effective from 1 January 2010) clarifies that only expenditure resulting in a recognised asset can be categorised as a cash flow from investing activities. The amendment is not expected to have any material impact to the Combined Entity.

- FRS 110 Events After the Balance Sheet Date (effective from 1 January 2010) reinforces existing guidance that a dividend declared after the reporting date is not a liability of an entity at that date given that there is no obligation at that time. The amendment is not expected to have any material impact to the Combined Entity.

- FRS 116 Property, Plant and Equipment (consequential amendment to FRS 107 Statement of Cash Flows) (effective from 1 January 2010) requires entities whose ordinary activities comprise of renting and subsequently selling assets to present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to FRS 107 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. The amendment is not expected to have any material impact to the Combined Entity.

- FRS 117 Leases (effective from 1 January 2010) clarifies that the default classification of the land element in a land and building lease is no longer an operating lease. As a result, leases of land should be classified as either finance or operating, using the general principles of FRS 117. With this amendment, the Combined Entity intends to classify the lease of land as a finance lease and hence included as part of property, plant and equipment.

- FRS 118 Revenue (effective from 1 January 2010) provides more guidance when determining whether an entity is acting as a 'principal' or as an 'agent'. The amendment is not expected to have any material impact to the Combined Entity.

- FRS 119 Employee Benefits (effective from 1 January 2010) clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that change benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation. The amendment is not expected to have any material impact to the Combined Entity.

- FRS 128 Investments in Associates (effective from 1 January 2010) clarifies that an investment in an associate is treated as a single asset for impairment testing purposes. Reversals of impairment are recorded as an adjustment to the carrying amount of the investment to the extent that the recoverable amount of the associate increases. The amendment is not expected to have any material impact to the Combined Entity.

- FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures (consequential amendments to FRS 132 Financial Instruments: Presentation and FRS 7 Financial Instruments: Disclosure) (effective from 1 January 2010) clarify that where an investment in associate or joint venture is accounted for in accordance with FRS 139, only certain, rather than all disclosure requirements in FRS 128 or FRS 131 need to be made in addition to disclosures required by FRS 132 and FRS 7. The amendment is not expected to have any material impact to the Combined Entity.

B ACCOUNTING STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS (cont'd)

(ii) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted (cont'd)

The following amendments are part of the Malaysian Accounting Standards Board's ("MASB") improvements projects: (cont'd)

- FRS 134 Interim Financial Reporting (effective from 1 January 2010) clarifies that basis and diluted earnings per share ("EPS") must be presented in an interim report only in the case when the entity is required to disclose EPS in its annual report. The amendment is not expected to have any material impact to the Combined Entity.

- FRS 136 Impairment of Assets (effective from 1 January 2010) clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment before the aggregation of segments with similar economic characteristics. The improvement also clarifies that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value in use should be made. The amendment is not expected to have any material impact to the Combined Entity.

- The following standards will be effective for annual period beginning on or after 1 January 2010. The Combined Entity will apply these standards from financial year beginning on 1 April 2010. The Combined Entity has applied the transitional provision in the respective standards which exempts entities from disclosing the possible impact arising from the initial application of the standard on the financial statements of the Combined Entity.

  - Amendments and improvements to FRS 7 Financial Instruments: Disclosure
  - Amendments to FRS 139 on Eligible Hedged Items
  - Improvements to FRS 139 Financial Instruments: Recognition and Measurement
  - Improvements to IC Interpretation 9 Reassessment of Embedded Derivatives

(iii) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and not relevant for the Combined Entity

- Revised FRS 3 – Business Combinations
- FRS 123 – Borrowing Costs
- Revised FRS 127 – Consolidated and Separate Financial Statements
- FRS 4 – Insurance Contracts
- IC Interpretation 12 – Service Concession Arrangements
- Amendments to FRS 2 – Share-based Payments
- Amendments to FRS 101 (revised) – Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
- IC Interpretation 11 – FRS 2 Group and Treasury Share Transactions
- IC Interpretation 14 – FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
- IC Interpretation 15 – Agreements for Construction of Real Estates
- IC Interpretation 16 – Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17 – Distribution of Non-Cash Assets to Owners

C CURRENCY TRANSLATION

(i) Functional and presentation currency

The financial statements of the Combined Entity are prepared using the functional currency i.e. the currency of the primary economic environment in which the Combined Entity operates. The Combined Entity's and the Company's financial statements are prepared in Ringgit Malaysia ("RM") which is also the Combined Entity's and the Company's functional currency.

Summary of Significant Accounting Policies
for the financial year ended 31 March 2010

C CURRENCY TRANSLATION (cont'd)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in the income statement.

D ASSOCIATED COMPANY

Associates are entities in which the Company has significant influence, but no control, generally accompanying a shareholding of between 20% to 50% of the voting rights. Investments in associates are accounted for in the financial statements using the equity method of accounting. Equity accounting is discontinued when the Company ceases to have significant influence over the associates.

Investments in associates are initially recognised at cost. The Company's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains or transactions between the Company and its associates are eliminated to the extent of the Company's interest in associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, in applying the equity method, appropriate adjustments are made to the financial statements of the associates to ensure consistency of accounting policies with those of the Company.

E INVESTMENTS

Investment in other non-current investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investment. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the financial year in which the decline is identified.

F PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss. Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable in bringing the asset to working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that the future economic benefits associated within the item will flow to the Combined Entity and the cost can be measured reliably. All others repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. All other property, plant and equipment assets are depreciated on a straight line basis to write off the cost of assets to their residual values over their estimated useful lives at the following annual rates:

Buildings	2 1/2% - 5%
Plant and machinery	10% - 50%
Furniture, fittings and equipment	5% - 20%
Motor vehicles	25%

F PROPERTY, PLANT AND EQUIPMENT (cont'd)

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

At each balance sheet date, the Combined Entity assesses whether there is any indication of impairment. Where impairment exists, the carrying amount of assets is assessed and written down immediately to its recoverable amount. See accounting policy Note H on impairment of assets.

G PREPAID LEASE PAYMENTS

Leasehold land held for own use is classified as an operating lease where a significant portion of the risks and rewards of ownership are retained by the lessor. Prepaid lease payments are stated at cost less accumulated amortisation and accumulated impairment losses, if any and are amortised on a straight-line basis over the lease term.

H IMPAIRMENT OF ASSETS

The carrying amount of assets, with the exception of inventories, deferred tax asset and financial assets (excluding investment in associate), are reviewed annually to determine whether there is any indication that the carrying amounts may not be recoverable. If such an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash generating units). Impairment is measured by the amount the carrying value exceeds the recoverable amount.

Assets that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

I INVENTORIES

Inventories comprising raw materials, work in progress, finished goods and consumable stores are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

J TRADE RECEIVABLES

Trade receivables are carried at anticipated realisable value. Specific allowances are made for debts which have been identified as bad or doubtful. An estimate is made for doubtful debts based on a review of all outstanding amounts at the financial year end.

K CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, placement of funds with a related company and demand deposits.

L OPERATING LEASES

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

M PROVISIONS

Provisions are recognised when the Combined Entity has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(i) Provision for rework cost

The Company recognises at the balance sheet date the estimated liability on all expenditure for the rework cost due to parts quality problem or safety issues arising from usage of the products.

The utilised amount of rework expenditure will be charged to the income statement and any unutilised portions of the provision are reviewed annually and retained based on the risks and obligation specific to that particular product. These provisions are recognised in line with the Panasonic group's global quality policy.

(ii) Provision for warranty

Existing Products

The Company recognises the estimated liability on all products still under warranty at the balance sheet date. This provision is calculated based on a pre-determined percentage on annual sales of the products for a period of one year. The utilised amount of warranty claims will be charged to the income statement and any unutilised portion of the warranty provision will be written back to the income statement in the following financial year. Sales of parts are exempted from any warranty provision. For products which have exceeded the warranty period, the Company will undertake to inspect, repair or replace the parts at an appropriate cost.

Discontinued Products

The provision for warranty on discontinued products is computed based on historical warranty data over the remaining expected life span of the products. The utilised amount of warranty provision will be charged to the income statement and any unutilised portion of the warranty provision is reviewed annually and retained based on the risks and obligation specific to that particular product. These provisions are recognised in line with the Panasonic group's global quality policy.

(iii) Provision for Employees Welfare Scheme

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

A provision has been recognised at the end of the financial year for expected welfare benefits based on the number of employees eligible for this welfare scheme. These benefits are payable whenever such employees leave employment before the retirement date in exchange for these benefits as a compensation.

M PROVISIONS (cont'd)

(iv) Provision for retirement gratuity

Provision for retirement gratuity for employees is made in accordance with a defined contribution plan and contributions are charged to the income statement in the financial year to which they relate.

(v) Provision for product discontinuance

The Company recognises provision for product discontinuance for the direct expenditure arising from the discontinuation, where the expenditure are those that are necessarily entailed by the exercise and not associated with the ongoing activities of the entity.

(vi) Provision for name change

A provision has been created mainly for expenditure in respect of the group's initiative to change its global brand name to Panasonic.

N SHARE CAPITAL

Ordinary shares are classified as equity.

O INCOME TAX

Current tax expense is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using tax rates that have been enacted at the balance sheet date.

Deferred income taxes are provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Combined Entity financial statements. However, deferred income tax is not accounted for if it arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

P REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods or services in the ordinary course of the Combined Entity's activities. Revenue is shown as net of sales tax, returns, rebates and discounts.

The Combined Entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Combined Entity and specific criteria have been met for each of the Combined Entity's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The Combined Entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of goods

Sales are recognised upon delivery of products and customer acceptance, if any, net of sales taxes, returns, rebates and discounts.

P REVENUE RECOGNITION (cont'd)

(ii) Dividend income

Dividend income from the associated company is recognised when the Company's right to receive payment is established.

(iii) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Combined Entity.

Q RESEARCH AND DEVELOPMENT

Research and development expenditure is recognised as an expense except that costs incurred on development projects are recognised as development assets to the extent that such expenditure is expected to generate future economic benefits. Development costs initially recognised as expenses are not recognised as an asset in a subsequent financial year.

R EMPLOYEE BENEFITS

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are recognised in the financial year in which the associated services are rendered by employees of the Combined Entity.

(ii) Pension obligations

A defined contribution plan is a pension plan under which the Combined Entity pays fixed contribution into a separate entity. The Combined Entity has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Combined Entity contribute to the Employees Provident Fund, the national defined contribution plan. The Combined Entity's contributions to the defined contribution plan are recognised as employee benefit expense when they are due. Once the contribution has been paid, the Combined Entity has no further payment obligations.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Combined Entity before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Combined Entity recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

S FINANCIAL INSTRUMENTS

(i) Description

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

S FINANCIAL INSTRUMENTS (cont'd)

(i) Description (cont'd)

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(ii) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

(iii) Financial instruments not recognised on the balance sheet

The Combined Entity is a party to financial instruments which comprise foreign currency forward contracts. This instrument is not recognised in the financial statements on inception.

The Combined Entity uses foreign currency forward contracts to hedge exposure to foreign exchange risk arising from operational, financial and investment activities. The Combined Entity does not hold or issue derivative financial instruments for trading purposes.

Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions.

All other exchange gains and losses relating to hedged instruments are recognised in the income statement in the same period as the exchange differences on the underlying hedged items. Gains and losses on contracts which are no longer designated as hedges are included in the income statement.

(iv) Fair value estimation for disclosure purposes

The fair value of foreign currency forward contracts is determined by using the exchange rates ruling at balance sheet date. The face values, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

T SEGMENT REPORTING

Segment reporting is presented for enhanced assessment of the Company's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that is subject to risk and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those components. Segment revenue, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment.

1 GENERAL INFORMATION

The principal activity of the Company consists of the manufacture and sale of electrical home appliances, batteries and related components. The principal activities of the associated company are set out in Note 12 to the financial statements. There have been no significant changes in these activities during the financial year.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are deemed reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

(i) Provision for warranty

The Company has applied judgement in determining the provision for warranty for products sold under warranty terms. The provision is computed based on pre-determined percentage on annual sales of the products and is retained for a period of one year.

(ii) Provision for rework cost

The Company has applied judgement in determining the provision for rework cost in respect of parts quality problem or safety issues arising, caused by usage of the products. The provision, in anticipation of the risk of potential occurrence of certain events based on past experiences, is calculated based on management's best estimate of the expenditure expected to be incurred over the historical claim ratio and quantity produced over a specified period of time.

The provision is reviewed annually and is retained based on the risks and obligations specific to that particular product. Where the Company's assessment reveals that there are no further risks associated with a product, the provision would be fully reversed.

(iii) Provision for employees welfare scheme

The Company has applied judgement in determining the provision for employee welfare scheme in respect of expected welfare benefits based on the number of eligible employees expected to take up this welfare scheme. These benefits are payable whenever such employees leave employment before the retirement date in exchange for these benefits as a compensation.

(iv) Taxation

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Combined Entity recognises liabilities for tax matters based on estimates of whether additional taxes will be due. If the final outcome of these tax matters result in a difference in the amounts initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. This involves judgement regarding future financial performance of the particular entity in which the deferred tax asset has been recognised.

3 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

3 FINANCIAL RISK MANAGEMENT (cont'd)

The Company carries out risk management by a central treasury function under policies approved by the Board of Directors. The treasury function identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units.

It is the Company's policy not to engage in speculative transactions. As and when the Company undertakes significant transactions with risk exposure, the Company evaluates its exposure and the necessity to hedge such exposures taking into consideration the availability and cost of such hedging instruments.

The guidelines and policies adopted by the Company to manage the following risks that arise in the conduct of business activities are as follows:

(a) Market risk

Market risks involve the possibility of losses from changes in foreign exchange rate and interest rate due to market volatility.

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from future commercial transactions or recognised assets or liabilities that are denominated in a currency that is not the Company's functional currency.

The Company uses forward contracts, transacted with a central treasury function 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 of services and other related expenditure.

(ii) Cash flow and fair value interest rate risk

The Company is exposed to the volatility in net interest income as a result of changes in the level of interest rates which are mainly dependent on the financial institution's basic lending rate and market cost of funds. The Company places funds with a central treasury function which centralises the management of funds within the Panasonic group and therefore, is able to negotiate and provide higher than prevailing market interest rates.

(b) Credit risk

Credit risk is defined as the possibility of losses due to unexpected default or a deterioration of creditworthiness of a business partner. Credit risk is managed on a Company level basis.

The Company controls its credit risk by exercising strict monitoring procedures on its collections from all its customers as and when they fall due. Credit evaluation is performed on all customers and strictly limiting the Company's association to business partners with good credit assessment. Trade receivables are monitored on an ongoing basis.

(c) Liquidity risk

Liquidity risk is defined as the risk of the Company being unable to fulfil its current or future obligations in full and at the due date. The Company exercises prudent liquidity risk management to maintain sufficient liquid assets, short term investments and the availability of funds deemed adequate to meet their financial obligations and any potential strategic investments.

The Company endeavours to maintain a healthy cash level to meet their working capital requirements. The ultimate holding company has policies that emphasise the implementation of strong cash flow management.

Notes to the Combined Entity Financial Statements
for the financial year ended 31 March 2010

4 REVENUE

	Combined Entity and Company	
	2010	**2009**
	RM'000	**RM'000**
Sales of goods	**679,764**	600,868

5 PROFIT FROM OPERATIONS

The following items have been charged/(credited) in arriving at profit from operations:

	Combined Entity		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Auditors' remuneration	**100**	100	**100**	100
Directors' remuneration (Note 6)	**3,407**	3,665	**3,407**	3,665
Property, plant and equipment				
- depreciation	**16,901**	16,556	**16,901**	16,556
- write off	**30**	831	**30**	831
- gain on disposal	**(653)**	(127)	**(653)**	(127)
Amortisation of prepaid lease payments	**76**	76	**76**	76
(Writeback)/provision for liabilities and charges	**(115)**	1,282	**(115)**	1,282
Staff costs (excluding Executive Directors' remuneration)				
- Salaries, bonus and other employee benefits	**65,701**	57,159	**65,701**	57,159
- Define contribution retirement plan	**5,202**	5,066	**5,202**	5,066
	70,903	62,225	**70,903**	62,225
Technical assistance fees	**19,654**	17,325	**19,654**	17,325
Research expenses	**14,486**	5,558	**14,486**	5,558
Rental expenses	**673**	732	**673**	732
Foreign exchange - net realised (gain)/loss	**(1,089)**	2,976	**(1,089)**	2,976
- net unrealised loss/(gain)	**128**	(273)	**128**	(273)
Interest income	**(10,574)**	(15,866)	**(10,574)**	(15,866)
Dividend income from associated company (gross)	**0**	0	**(4,205)**	(3,185)

6 DIRECTORS' REMUNERATION

The Directors of the Company in office during the financial year are as follows:

Non-Executive Directors:

Tan Sri Datuk Asmat bin Kamaludin
Raja Dato' Seri Abdul Aziz bin Raja Salim
Razman Hafidz bin Abu Zarim
Datuk Supperamaniam a/l Manickam
Takeo Endo (resigned on 31 March 2010)

6 DIRECTORS' REMUNERATION (cont'd)

The Directors of the Company in office during the financial year are as follows: (cont'd)

Executive Directors:

Nobuyuki Kochi
Dr. Ramanaidu a/l Semenchalam
Soh Beng Kuan
Chen Ah Huat
Naoya Nishiwaki (resigned on 31 March 2010)
Hironori Otsuka (resigned on 29 April 2009)

The aggregate amounts of emoluments receivable by Directors of the Company during the financial year are as follows:

	Company	
	2010 RM'000	2009 RM'000
Non-Executive Directors:		
- fees	**228**	220
- others	**16**	18
Executive Directors:		
- salaries, bonus and other remuneration	**2,992**	3,233
- defined contribution retirement plan	**171**	194
	3,407	3,665

The estimated monetary value of benefits provided to full time service Directors during the financial year amounted to RM143,534 (2009: RM193,100).

7 TAXATION

	Combined Entity		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current taxation:				
- current financial year	**(18,726)**	(9,358)	**(19,778)**	(10,155)
- over accrual in prior years	**126**	219	**126**	219
	(18,600)	(9,139)	**(19,652)**	(9,936)
Deferred taxation (Note 13):				
- current financial year	**3,624**	(2,298)	**3,624**	(2,298)
- over accrual in prior years	**507**	395	**507**	395
	4,131	(1,903)	**4,131**	(1,903)
	(14,469)	(11,042)	**(15,521)**	(11,839)

Notes to the Combined Entity Financial Statements
for the financial year ended 31 March 2010

7 TAXATION (cont'd)

The explanation of the relationship between tax expense and profit before tax is as follows:

	Combined Entity		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit before tax	**79,318**	60,818	**76,720**	55,086
Tax calculated at the Malaysian tax rate of 25% (2009: 25%)	**19,829**	15,205	**19,180**	13,772
Tax effects of:				
- expenses not deductible for tax purposes	**238**	331	**238**	331
- change in tax rate	**0**	497	**0**	497
- income not subject to tax	**0**	(34)	**0**	(34)
- tax incentives	**(3,264)**	(2,113)	**(3,264)**	(2,113)
- tax effect of associated company	**(1,701)**	(2,230)	**0**	0
	15,102	11,656	**16,154**	12,453
Over accrual in prior years				
- current tax	**(126)**	(219)	**(126)**	(219)
- deferred tax	**(507)**	(395)	**(507)**	(395)
	14,469	11,042	**15,521**	11,839

8 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the net profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Combined Entity		Company	
	2010	2009	2010	2009
Net profit for the financial year attributable to equity holders (RM'000)	**64,849**	49,776	**61,199**	43,247
Weighted average number of ordinary shares in issue during the financial year ('000)	**60,746**	60,746	**60,746**	60,746
Basic earnings per share (sen)	**107**	82	**101**	71

9 DIVIDENDS PER SHARE

Dividends paid, declared or proposed in respect of the financial year ended 31 March 2010 are as follows:

	Combined Entity and Company			
	2010		2009	
	Gross dividend per share Sen	Amount of dividend net of tax RM'000	Gross dividend per share Sen	Amount of dividend net of tax RM'000
Interim dividend paid	**15**	**6,833**	15	6,833
Final dividend proposed	**35**	**15,946**	35	15,946
Special dividend proposed	**70**	**31,892**	55	25,058
	120	**54,671**	105	47,837

At the forthcoming Annual General Meeting on 3 September 2010, a final gross dividend in respect of the financial year ended 31 March 2010 of 35 sen per ordinary share of RM1.00 less income tax of 25% (2009: 35 sen per ordinary share less income tax of 25%), amounting to RM RM15,945,767 (2009: RM15,945,767) and a special gross dividend of 70 sen per ordinary share of RM1.00 less income tax of 25% (2009: 55 sen per ordinary share less income tax of 25%), amounting to RM31,891,534 (2009: RM25,057,634) will be proposed for shareholders' approval. These financial statements do not reflect the final and special dividends which will be accounted for in the financial year ending 31 March 2011 when approved by shareholders.

10 PROPERTY, PLANT AND EQUIPMENT

	Balance as at 1.4.2009 RM'000	Additions RM'000	Disposals RM'000	Write off RM'000	Depreciation charge RM'000	Balance as at 31.3.2010 RM'000
Combined Entity and Company						
Net book value						
Buildings	15,684	0	0	0	(2,236)	**13,448**
Plant and machinery	25,095	18,388	0	(12)	(12,685)	**30,786**
Furniture, fittings and equipment	4,849	4,775	0	(18)	(1,800)	**7,806**
Motor vehicles	673	853	(289)	0	(180)	**1,057**
Construction in progress	1,645	454	0	0	0	**2,099**
	47,946	24,470	(289)	(30)	(16,901)	**55,196**

10 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Balance as at 1.4.2008 RM'000	Additions RM'000	Disposals RM'000	Write off RM'000	Depreciation charge RM'000	Balance as at 31.3.2009 RM'000
Net book value						
Buildings	17,337	584	0	0	(2,237)	15,684
Plant and machinery	24,237	14,077	0	(809)	(12,410)	25,095
Furniture, fittings and equipment	5,105	1,574	0	(22)	(1,808)	4,849
Motor vehicles	451	331	(8)	0	(101)	673
Construction in progress	113	1,532	0	0	0	1,645
	47,243	18,098	(8)	(831)	(16,556)	47,946

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
Combined Entity and Company			
At 31 March 2010			
Buildings	**56,974**	**(43,526)**	**13,448**
Plant and machinery	**233,997**	**(203,211)**	**30,786**
Furniture, fittings and equipment	**48,127**	**(40,321)**	**7,806**
Motor vehicles	**3,407**	**(2,350)**	**1,057**
Construction in progress	**2,099**	**0**	**2,099**
	344,604	**(289,408)**	**55,196**
At 31 March 2009			
Buildings	56,974	(41,290)	15,684
Plant and machinery	246,280	(221,185)	25,095
Furniture, fittings and equipment	45,852	(41,003)	4,849
Motor vehicles	3,742	(3,069)	673
Construction in progress	1,645	0	1,645
	354,493	(306,547)	47,946

11 PREPAID LEASE PAYMENTS

	Combined Entity and Company	
	2010 RM'000	2009 RM'000
Net book value at 1 April	**6,629**	6,705
Amortisation of prepaid leases	**(76)**	(76)
Net book value at 31 March	**6,553**	6,629
Cost	**7,566**	7,566
Accumulated amortisation	**(1,013)**	(937)
	6,553	6,629

The prepaid lease payments is in respect of long leasehold land.

12 INTEREST IN ASSOCIATED COMPANY

	Combined Entity		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest in associated company	**123,882**	120,232	**2,000**	2,000

The Company holds a 40% (2009: 40%) equity interest in its associated company, Panasonic Malaysia Sdn. Bhd, a company incorporated in Malaysia. The principal activities of the associated company consist of the sales of consumer electronic products, home appliances, batteries, office automation, project systems and room air-conditioners under the brand name Panasonic.

The investment in associated company over which the Company has significant influence (but not control over its operations) is accounted for using the equity method. The investment is initially recognised at cost and adjusted thereafter to include the Company's share of post-acquisition distributable and non-distributable reserves of the associated company.

(a) The Company's share of revenue, profit, assets and liabilities of the associated company are as follows:

	2010 RM'000	2009 RM'000
Revenue	**704,197**	625,332
Profit after tax	**6,803**	8,917
Non-current assets	**12,457**	12,087
Current assets	**210,756**	189,237
Current liabilities	**(96,302)**	(79,076)
Non-current liabilities	**(3,029)**	(2,016)
	123,882	120,232

12 INTEREST IN ASSOCIATED COMPANY (cont'd)

(b) The interest in associated company includes the Company's share of post-acquisition distributable and non-distributable reserves of the associated company as follows:

	Combined Entity	
	2010	**2009**
	RM'000	**RM'000**
Investment at cost	**2,000**	2,000
Share of post-acquisition distributable and non-distributable reserves	**121,882**	118,232
Interest in associated company	**123,882**	120,232

13 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Combined Entity and Company	
	2010	**2009**
	RM'000	**RM'000**
Deferred tax assets		
Deferred tax assets	**14,749**	10,618
At start of financial year	**10,618**	12,521
Credited/(charged) to income statement (Note 7):		
- property, plant and equipment	**2,136**	432
- provisions	**1,894**	(2,486)
- others	**101**	151
	4,131	(1,903)
At end of financial year	**14,749**	10,618

13 DEFERRED TAXATION (cont'd)

	Combined Entity and Company	
	2010	2009
	RM'000	RM'000
Subject to income tax		
Deferred tax assets (before offsetting)		
- property, plant and equipment	**3,737**	1,601
- provisions	**10,980**	9,086
- others	**32**	0
	14,749	10,687
Offsetting	**0**	(69)
Deferred tax assets (after offsetting)	**14,749**	10,618
Deferred tax liabilities (before offsetting)		
- others	**0**	69
	0	69
Offsetting	**0**	(69)
Deferred tax liabilities (after offsetting)	**0**	0

14 INVENTORIES

	Combined Entity and Company	
	2010	2009
	RM'000	RM'000
Raw materials	**8,856**	5,339
Work in progress	**422**	702
Finished goods	**6,938**	2,611
Consumable stores	**157**	412
	16,373	9,064

15 TRADE AND OTHER RECEIVABLES

	Combined Entity and Company	
	2010 RM'000	2009 RM'000
Trade receivables	**1,691**	417
Less: Allowance for doubtful debts	**(149)**	(149)
	1,542	268
Amount due from associated company	**12,105**	13,056
Amounts due from related companies	**32,125**	19,170
	45,772	32,494
Other receivables	**1,203**	1,008
Deposits	**735**	748
Prepayments	**1,136**	1,182
	48,846	35,432

The currency exposure profile of trade and other receivables, amount due from associated company, amounts due from related companies, other receivables and deposits are as follows:

	Combined Entity and Company	
	2010 RM'000	2009 RM'000
- Ringgit Malaysia	**21,735**	16,040
- United States Dollar	**21,677**	16,359
- Japanese Yen	**2,758**	1,749
- Others	**1,540**	102
	47,710	34,250

Credit terms given to trade receivables ranged from 30 to 60 days (2009: 30 to 60 days).

The balances due from associated company and related companies are in respect of trading transactions and are subject to the Company's normal commercial repayment terms. The repayments are prompt and within the Company's repayment terms.

16 CASH AND CASH EQUIVALENTS

	Combined Entity and Company	
	2010 RM'000	2009 RM'000
Placement of funds with a related company	**495,918**	466,361
Cash and bank balances	**84**	201
	496,002	466,562

16 CASH AND CASH EQUIVALENTS (cont'd)

The currency exposure profile of cash and cash equivalents are as follows:

	Combined Entity and Company	
	2010 RM'000	2009 RM'000
- Ringgit Malaysia	**493,492**	464,320
- United States Dollar	**1,199**	2,233
- Japanese Yen	**1,254**	9
- Euro	**57**	0
	496,002	466,562

(a) Placement of funds with a related company

The weighted average interest rates of placement of funds with a related company, Panasonic Financial Centre (Malaysia) Sdn Bhd that were effective at the financial year end are as follows:

	Combined Entity and Company	
	2010 %	2009 %
- Ringgit Malaysia	**2.22**	3.36
- United States Dollar	**0.34**	2.28
- Japanese Yen	**0.15**	0.54
- Euro	**0.39**	-

The average maturity days of placement of funds with a related company are as follows:

	Combined Entity and Company	
	2010	2009
- Ringgit Malaysia	**364 days**	364 days
- United States Dollar	**30 days**	30 days
- Japanese Yen	**30 days**	30 days
- Euro	**30 days**	-

(b) Cash and bank balances

Bank balances are deposits held on call with banks.

17 SHARE CAPITAL

	Combined Entity and Company	
	2010	**2009**
	RM'000	**RM'000**
Authorised:		
100,000,000 ordinary shares of RM1 each	**100,000**	100,000
Issued and fully paid-up:		
60,745,780 ordinary shares of RM1 each	**60,746**	60,746

18 RETAINED EARNINGS

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

Companies with Section 108 credits as at 31 December 2007 may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013 whichever is earlier unless they opt to disregard the Section 108 credits to pay single-tier dividends under the special transitional provisions of the Finance Act 2007. For the current financial year ended 31 March 2010, the Company has not elected to move into the single-tier tax system. As at 31 March 2010, subject to agreement with the tax authorities, the Company has sufficient Section 108 tax credits and tax exempt income to pay all of the retained earnings of the Company as franked and exempt dividends.

19 PROVISION FOR LIABILITIES AND CHARGES

	Rework cost RM'000	Warranty RM'000	Employee welfare scheme RM'000	Retirement gratuity scheme RM'000	Product discontinuance RM'000	Name change RM'000	Total RM'000
Combined Entity and Company							
At 31 March 2008	9,076	10,335	2,749	282	0	2,883	25,325
Reversal of prior year present value adjustment	482	205	0	212	0	0	899
Charged to income statement	2,550	8,834	3,421	475	2,839	261	18,380
Utilised during the financial year	(1,744)	(840)	(1,175)	(6)	0	(608)	(4,373)
Unused amounts reversed	(5,585)	(7,831)	(1,574)	(489)	0	(2,275)	(17,754)
Present value adjustments	0	(37)	0	(206)	0	0	(243)
At 31 March 2009	4,779	10,666	3,421	268	2,839	261	22,234

19 PROVISION FOR LIABILITIES AND CHARGES (cont'd)

	Rework cost RM'000	Warranty RM'000	Employee welfare scheme RM'000	Retirement gratuity scheme RM'000	Product discontinuance RM'000	Name change RM'000	Total RM'000
Combined Entity and Company							
Reversal of prior year present value adjustment	0	37	0	206	0	0	243
Charged to income statement	7,195	8,340	1,116	507	0	0	17,158
Utilised during the financial year	(299)	(1,011)	(1,509)	(7)	(238)	(213)	(3,277)
Unused amounts reversed	(5,307)	(7,975)	(480)	(467)	(2,601)	(48)	(16,878)
Present value adjustments	(416)	0	0	(222)	0	0	(638)
At 31 March 2010	5,952	10,057	2,548	285	0	0	18,842
At 31 March 2010							
Current	3,764	10,057	2,548	0	0	0	16,369
Non-current	2,188	0	0	285	0	0	2,473
	5,952	10,057	2,548	285	0	0	18,842
At 31 March 2009							
Current	4,779	9,457	3,421	0	2,839	261	20,757
Non-current	0	1,209	0	268	0	0	1,477
	4,779	10,666	3,421	268	2,839	261	22,234

(a) Rework cost

As part of its quality control initiative, the Company has made a provision for rework cost for certain products and undertakes to inspect, repair or replace items that are found not performing up to the Company's quality standards, if any. A provision has been recognised at the financial year end based on management's best estimate of the expenditure to be incurred.

(b) Warranty

The Company recognises the estimated liability on all products still under warranty at the balance sheet date. This provision is calculated based on actual sales. For products which have exceeded the warranty period, the Company will undertake to inspect, repair or replace the parts at an appropriate cost.

(c) Employees welfare scheme

A provision has been recognised at the end of the financial year for expected welfare benefits based on the number of eligible employees expected to take up this welfare scheme. These benefits are payable whenever such employees leave employment before the retirement date in exchange for these benefits as a compensation.

19 PROVISION FOR LIABILITIES AND CHARGES (cont'd)

(d) Retirement gratuity scheme

The Company provides retirement gratuity for employees who have been in employment for a certain number of years. Upon official retirement, the employees shall receive a lump sum payment as recognition of their service contribution to the Company. A provision has been recognised at the financial year end for expected gratuity payments based on the number of staff eligible under this scheme.

(e) Product discontinuance

During the previous financial year, the Directors approved and announced the discontinuation of the manufacture and sales of dry batteries with effect from 1 October 2009. The provision recognised at the previous financial year end was mainly for compensation for cancellation of contracts in respect of advance orders of materials and unutilised portion of commodity contracts.

(f) Name change

During the previous financial year, the Company had to re-brand certain products from National to Panasonic and also to change the packaging for all products to reflect an eco-friendly image. The provision made at the previous financial year end is based on estimated costs for the group initiative.

20 TRADE AND OTHER PAYABLES

	Combined Entity and Company	
	2010	**2009**
	RM'000	**RM'000**
Trade payables	**29,926**	19,495
Trade accruals	**66,134**	42,771
Other payables	**5,748**	1,857
Amount due to ultimate holding company	**6,072**	4,282
Amounts due to related companies	**8,495**	5,007
	116,375	73,412

20 TRADE AND OTHER PAYABLES (cont'd)

The currency exposure profile of trade and other payables, trade accruals, amount due to ultimate holding company and amounts due to related companies are as follows:

	Combined Entity and Company	
	2010 RM'000	2009 RM'000
- Ringgit Malaysia	**91,751**	56,293
- United States Dollar	**16,018**	12,173
- Japanese Yen	**7,307**	3,648
- Thai Baht	**669**	647
- Singapore Dollar	**528**	593
- Euro	**102**	58
	116,375	73,412

Credit terms of trade payables vary from 30 to 60 days (2009: 30 to 60 days).

The balances due to ultimate holding company and related companies are in respect of trading transactions and are subject to the Company's normal commercial repayment terms.

21 SEGMENT REPORTING

No segmental information is considered necessary for analysis by industry segments as the Company is principally involved in one segment which is the manufacture and sales of electrical home appliances and related components.

The Company operates in the following geographical areas:

	Revenue		Total assets		Capital expenditure	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysia	**339,906**	308,899	**639,719**	579,729	**24,470**	18,098
Japan	**50,455**	33,400	**0**	0	**0**	0
Asia / Middle East	**278,254**	244,611	**0**	0	**0**	0
Others	**11,149**	13,958	**0**	0	**0**	0
	679,764	600,868	**639,719**	579,729	**24,470**	18,098

22 SIGNIFICANT RELATED PARTY DISCLOSURES

Set out below are the significant related party transactions and balances. The related party transactions described below were carried out on terms and conditions agreed between the related parties.

The Directors regard Panasonic Corporation, a company incorporated in Japan, as the Company's ultimate holding company.

	Company	
	2010	**2009**
	RM'000	**RM'000**
(a) Sales of products, batteries and related components to related parties:		
Panasonic Trading (S) Pte. Ltd.	**253,229**	190,289
Panasonic Malaysia Sdn. Bhd.	**227,812**	222,485
KDK Fans (M) Sdn. Bhd.	**111,793**	86,167
Panasonic Ecology Systems Hong Kong Co. Limited	**48,634**	41,101
Panasonic Trading Malaysia Sdn. Bhd.	**11,351**	11,557
Panasonic Asia Pacific Pte. Ltd.	**10,809**	27,170
PT Panasonic Manufacturing Indonesia	**5,071**	4,986
Panasonic Industrial Company (M) Sdn. Bhd.	**417**	6,617
(b) Sales of service parts to related parties:		
Panasonic Malaysia Sdn. Bhd.	**1,927**	1,661
Panasonic Trading (S) Pte. Ltd.	**1,158**	1,151
(c) Purchase of parts, components and raw materials from related parties:		
Panasonic Trading Malaysia Sdn. Bhd.	**66,627**	86,621
Panasonic Manufacturing Xiamen Co. Ltd.	**10,530**	280
Panasonic Corporation	**7,340**	6,004
Panasonic Ecology Systems Hong Kong Co. Limited	**7,019**	3,778
Panasonic Electric Works Co. Ltd.	**3,541**	1,183
Panasonic Asia Pacific Pte. Ltd.	**1,790**	5,969
Panasonic Electronic Devices (Thailand) Co. Ltd.	**1,782**	3,759
Panasonic Electronic Devices Singapore Pte. Ltd.	**1,197**	1,352
Panasonic Semiconductor Asia Pte. Ltd.	**1,003**	854
(d) Technical assistance fee paid and payable to related parties:		
Panasonic Corporation	**11,045**	10,187
Panasonic Ecology Systems Co. Ltd.	**8,609**	7,138
(e) Interest income received and receivable from a related party:		
Panasonic Financial Centre (Malaysia) Sdn. Bhd.	**10,574**	15,863

22 SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

	Company 2010 RM'000	Company 2009 RM'000
(f) Sales promotion, warranty claims and/or service expenses paid and payable to related parties:		
Panasonic Malaysia Sdn. Bhd.	**3,609**	2,986
Panasonic A.P. Sales (Thailand) Co. Ltd.	**3,046**	1,968
Panasonic Corporation	**2,448**	2,533
KDK Fans (M) Sdn. Bhd.	**710**	1,050
(g) Research and development expenditure paid and payable to related parties:		
Panasonic Corporation	**2,897**	1,932
Panasonic Ecology Systems Co. Ltd.	**1,372**	1,671
(h) Brand license fee paid and payable to related parties:		
Panasonic Corporation	**5,192**	4,510
Panasonic Ecology Systems Co. Ltd.	**1,373**	1,104
(i) Global sales service support fee paid and payable to a related party:		
Panasonic Corporation	**2,980**	2,752
(j) IT support fees and implementation and customisation costs for Oracle System project paid and payable to a related party:		
Panasonic Asia Pacific Pte. Ltd.	**1,005**	0
(k) Purchase of fixed assets from a related company:		
Panasonic Corporation	**3,554**	0

(l) Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel of the Company are members of senior management.

22 SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(l) Key management personnel compensation (cont'd)

The aggregate amounts of remuneration received or receivable by Directors and other members of key management personnel of the Company during the financial year are as follows:

	Company	
	2010 RM'000	**2009 RM'000**
Directors' fees and meeting allowance	**244**	238
Salaries, allowance, bonus and other remuneration	**6,889**	6,973
Defined contribution retirement plan	**397**	394
	7,530	7,605

The estimated monetary value of benefits provided to Directors and other members of key management personnel during the financial year amounted to RM401,788 (2009: RM385,885).

Included in key management personnel compensation is the Directors' remuneration as disclosed in Note 6 to the financial statements.

23 COMPARATIVE FIGURES

Certain comparative figures relating to foreign exchange gain or loss previously disclosed separately within "other operating income" and "other operating expenses" have been offset respectively to better reflect the substance of the transactions in the current financial year. The effects of the reclassification on the financial statements are as follows:

	As previously reported RM'000	**Reclassification RM'000**	**As restated RM'000**
For the financial year ended 31 March 2009			
Combined Entity			
Income statement			
Other operating income	23,103	(6,405)	16,698
Other operating expenses	(10,020)	6,405	(3,615)
Company			
Income statement			
Other operating income	26,288	(6,405)	19,883
Other operating expenses	(10,020)	6,405	(3,615)

Notes to the Combined Entity Financial Statements

for the financial year ended 31 March 2010

24 FINANCIAL INSTRUMENTS

Foreign currency forward contracts

Foreign currency forward contracts are entered into by the Company in currencies other than Ringgit Malaysia to manage exposure to fluctuations in foreign currency exchange rates on specific transactions. 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 of services and other related expenditure.

At 31 March 2010, the settlement dates on open forward contracts ranged between one and three months. The foreign currency amounts to be received/paid and contractual exchange rates of the Company's outstanding contracts are as follows:

Hedged item	Currency to be received/paid	RM'000 equivalent	Contractual rate
Net receivables:			
USD 1,370,000	Ringgit Malaysia	4,673	1 USD = RM3.4113
USD 500,000	Ringgit Malaysia	1,726	1 USD = RM3.4521
USD 1,000,000	Ringgit Malaysia	3,440	1 USD = RM3.4396
Net future sales of goods over the next 3 months:			
USD 11,200,000	Ringgit Malaysia	38,195	1 USD = RM3.4103
JPY 92,000,000	Ringgit Malaysia	3,483	100 JPY = RM3.7860
Net payables:			
SGD 26,618	Ringgit Malaysia	65	1 SGD = RM2.4390
SGD 150,000	Ringgit Malaysia	351	1 SGD = RM2.3376
Euro 22,900	Ringgit Malaysia	116	1 Euro = RM5.0636
Net future purchases over the next 3 months:			
SGD 438,000	Ringgit Malaysia	1,063	1 SGD = RM2.4268
Euro 68,200	Ringgit Malaysia	325	1 Euro = RM4.7672

The fair value of net unrecognised outstanding forward contracts of the Company at the balance sheet date was a favourable net position of RM2,089,614 (2009: unfavourable net position of RM336,531). The net exchange differences are deferred until the related sales and purchases are transacted, at which time they are included in the measurement of such transactions.

25 OPERATING LEASES

The future minimum lease payments under non-cancellable operating leases are as follows:-

	Company	
	2010 RM'000	2009 RM'000
Not later than 1 year	**152**	199
Later than 1 year and not later than 5 years	**4**	120
	156	319

26 COMMITMENTS FOR CAPITAL EXPENDITURE

	Company	
	2010 RM'000	2009 RM'000
Approved by the Board but not provided for in the financial statements:		
Contracted	**5,019**	2,439
Not contracted	**506**	4,236
	5,525	6,675
Analysed as follows:		
- Property, plant and equipment	**5,525**	6,675

27 FAIR VALUE

The carrying amounts of financial assets and liabilities of the Combined Entity and of the Company at the balance sheet date approximated their fair values.

28 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 20 May 2010.

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Datuk Asmat bin Kamaludin and Masahiko Yamaguchi, two of the Directors of Panasonic Manufacturing Malaysia Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 38 to 74 are drawn up so as to give a true and fair view of the state of affairs of the Combined Entity and of the Company as at 31 March 2010 and of the results and cash flows of the Combined Entity and of the Company for the financial year ended on that date in accordance with MASB approved accounting standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 20 May 2010.

TAN SRI DATUK ASMAT BIN KAMALUDIN
DIRECTOR

MASAHIKO YAMAGUCHI
DIRECTOR

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Nobuyuki Kochi, the Director primarily responsible for the financial management of Panasonic Manufacturing Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 38 to 74 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

NOBUYUKI KOCHI

Subscribed and solemnly declared by the abovenamed Nobuyuki Kochi at Kuala Lumpur, Wilayah Persekutuan in Malaysia on 20 May 2010.

Before me,

MOHAN A. S. MANIAM
NO. W 521
COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH
No. W 521
MOHAN A.S. MANIAM
MALAYSIA

No. 50, Jalan Hang Lekiu,
50100 Kuala Lumpur.

Independent Auditors' Report

to the Members of Panasonic Manufacturing Malaysia Berhad

(Incorporated in Malaysia) (Company No. 6100 K)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Panasonic Manufacturing Malaysia Berhad, which comprise the balance sheets as at 31 March 2010 of the Company and its associated company ("Combined Entity") and of the Company and the income statements, statements of changes in equity and cash flow statements for the financial year then ended of the Combined Entity and of the Company, and a summary of significant accounting policies and other explanatory notes, as set out on pages 38 to 74.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act 1965 so as to give a true and fair view of the financial position of the Combined Entity and of the Company as of 31 March 2010 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that, in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Jaffar Hussein & Co.

JAFFAR HUSSEIN & CO.
(No. AF-0056)
Chartered Accountants

LEE TUCK HENG
(No. 2092/09/10 (J))
Chartered Accountant

Kuala Lumpur
20 May 2010

Statistics on Shareholdings
as at 30 June 2010

SHARE CAPITAL

Authorised Capital	:	RM100,000,000.00
Issued and Fully Paid-up Capital	:	RM60,745,780.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	568	13.96	16,253	0.03
100 - 1,000	1,662	40.86	1,009,039	1.66
1,001 - 10,000	1,529	37.58	4,875,802	8.03
10,001 - 100,000	263	6.47	7,366,063	12.12
100,001 to 3,037,288 (less than 5% of issued shares)	45	1.11	18,654,852	30.71
3,037,289 and above (5% and above of issued shares)	1	0.02	28,823,771	47.45
Total	**4,068**	**100.00**	**60,745,780**	**100.00**

DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	No. of Shares			
		Direct Interest	%	Deemed Interest	%
	In the Company				
1	Chen Ah Huat	-	-	2,000*	Negligible
	In the ultimate holding company, Panasonic Corporation				
1	Masahiko Yamaguchi	3,000	Negligible	-	-
2	Nobuyuki Kochi	3,000	Negligible	-	-

* Deemed interest by virtue of spouse's direct interest.

Save as disclosed above, none of the other Directors of the Company has any interest, direct or indirect, in shares of the Company and its related corporations.

SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	No. of Shares			
		Direct Interest	%	Deemed Interest	%
1	Panasonic Management Malaysia Sdn Bhd	28,823,771	47.45	-	-
2	Employees Provident Fund Board	3,606,546	5.94	-	-
3	Aberdeen Asset Management PLC	-	-	5,750,600	9.47
4	Credit Suisse Group AG	-	-	4,477,000	7.37
5	Mitsubishi UFJ Financial Group, Inc.	-	-	4,477,000	7.37

Statistics on Shareholdings
as at 30 June 2010

30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	Panasonic Management Malaysia Sdn Bhd	28,823,771	47.45
2	Employees Provident Fund Board	2,896,146	4.77
3	Valuecap Sdn Bhd	2,328,900	3.83
4	HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs Svs Lux for Aberdeen Global	1,273,600	2.10
5	Chinchoo Investment Sdn Berhad	1,259,748	2.07
6	HSBC Nominees (Asing) Sdn Bhd Exempt An for BNP Paribas Securities Services (Singapore-SGD)	760,000	1.25
7	Affin Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Wee Shuk Theng	742,050	1.22
8	Mayban Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for Kumpulan Wang Persaraan (Diperbadankan)	737,000	1.21
9	Mayban Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for The Employees' Provident Fund Board	710,400	1.17
10	Amsec Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	635,000	1.05
11	Tan Kah Lay	510,000	0.84
12	HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Mong Man Wai William	488,252	0.80
13	Citigroup Nominees (Asing) Sdn Bhd CB Spore GW for Bukit Sembawang Estates Limited	387,614	0.64
14	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	383,380	0.63
15	Malaysia Nominees (Tempatan) Sendirian Berhad Oversea-Chinese Bank Nominees Pte Ltd for Chong Shee Jan	370,260	0.61
16	Mayoon Sdn Bhd	320,000	0.53
17	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Shen & Sons Sdn Bhd	272,000	0.45
18	AmSec Nominees (Asing) Sdn Bhd AmFraser Securities Pte Ltd for Yeo Geok Choo	241,538	0.40
19	Citigroup Nominees (Asing) Sdn Bhd Exempt An for OCBC Securities Private Limited	215,421	0.35
20	AmSec Nominees (Asing) Sdn Bhd AmFraser Securities Pte Ltd for Tai Tak Securities Pte Ltd	209,000	0.34
21	Mayban Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for Malaysian Timber Council (Endowment Fund)	205,000	0.34
22	Tan Kah Ghie Mary @ Tan Kah Ghee Mary	204,800	0.34
23	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for MAAKL Al-Fauzan	200,000	0.33
24	HSBC Nominees (Asing) Sdn Bhd HSBC SG for Singapore Investments Pte Ltd	193,803	0.32
25	HSBC Nominees (Asing) Sdn Bhd HSBC SG for Tropical Produce Company Pte Ltd	193,803	0.32
26	Amsec Nominees (Asing) Sdn Bhd AmFraser Securities Pte Ltd for Yeo Kok Gee	184,478	0.30
27	Public Invest Nominees (Asing) Sdn Bhd Exempt An for Phillip Securities Pte Ltd	183,971	0.30
28	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for MAAKL Al-Faid	181,000	0.30
29	Amsec Nominees (Tempatan) Sdn Bhd AmFraser Securities Pte Ltd for Chong Kah Lin	158,600	0.26
30	Amsec Nominees (Tempatan) Sdn Bhd AmFraser Securities Pte Ltd for Chong Kah Min	157,920	0.26
	Total	45,427,455	74.78

List of Properties Owned by the Company

Location	Description	Land Area (Acres)	Tenure	Date of Acquisition	Approximate Age of Buildings (Years)	Net Book Value (RM'000)
No. 3 Jalan Sesiku 15/2 Section 15 Shah Alam Industrial Site 40200 Shah Alam Selangor Darul Ehsan	Land	14.4	Leasehold, 99 years 92 years 84 years (Expires in the year 2065)	6-Jul-1966 25-Jun-1973 29-Sep-1981		170 53 254
	Factory and administrative office				10 - 44	7,126
No. 9 Jalan Pelabur 23/1 Section 23 40300 Shah Alam Selangor Darul Ehsan	Land	17.1	Leasehold, 99 years (Expires in the year 2090)	11-Apr-1991		6,077
	Factory and administrative office				11 - 19	6,322

History of Dividend Payment

Financial Year / Period	Paid-Up Capital (RM)	Cash Dividend Rate			Stock Dividend Rate	Total Dividend Rate	Gross Cash Dividend (RM)	Tax Rate			Taxation Amount (RM)	Net Cash Dividend (RM)
		Interim	Final	Special				Interim	Final	Special		
3 / 2010	60,745,780	15%	35%	70%	-	120%	72,894,936	25%	25%	25%	18,223,734	54,671,202
3 / 2009	60,745,780	15%	35%	55%	-	105%	63,783,069	25%	25%	25%	15,945,767	47,837,302
3 / 2008	60,745,780	15%	35%	65%	-	115%	69,857,647	T/E	25%	25%	15,186,445	54,671,202
3 / 2007	60,745,780	15%	35%	65%	-	115%	69,857,647	T/E	T/E	T/E	T/E	69,857,647
3 / 2006	60,745,780	15%	35%	65%	-	115%	69,857,647	28%	T/E	T/E	2,551,323	67,306,324
3 / 2005	60,745,780	15%	35%	150%	-	200%	121,491,560	28%	28%	28%	34,017,637	87,473,923
3 / 2004	60,745,780	15%	35%	10%	-	60%	36,447,468	28%	28%	28%	10,205,291	26,242,177
3 / 2003	60,745,780	10%	40%	-	70%	120%	30,372,890	28%	28%	-	8,504,409	21,868,481
3 / 2002	35,732,812	15%	35%	-	-	50%	17,866,406	28%	28%	-	5,002,593	12,863,813
3 / 2001	35,732,812	15%	35%	-	-	50%	17,866,406	T/E	28%	-	3,501,815	14,364,591
3 / 2000	35,732,812	15%	35%	-	-	50%	17,866,406	T/E	T/E	-	T/E	17,866,406
3 / 1999	35,732,812	15%	35%	-	-	50%	17,866,406	28%	T/E	-	1,500,778	16,365,628
3 / 1998	35,732,812	15%	35%	-	10%	60%	17,866,406	28%	28%	-	5,002,593	12,863,813
3 / 1997	32,484,375	10%	40%	20%	-	70%	22,739,063	30%	30%	30%	6,821,719	15,917,344
3 / 1996	32,484,375	10%	40%	-	-	50%	16,242,188	30%	30%	-	4,872,656	11,369,532
3 / 1995	32,484,375	10%	30%	-	-	40%	12,993,750	30%	30%	-	3,898,125	9,095,625
3 / 1994	32,484,375	10%	30%	-	-	40%	12,993,750	32%	32%	-	4,158,000	8,835,750
3 / 1993	32,484,375	10%	30%	-	50%	90%	12,993,750	34%	34%	-	4,417,875	8,575,875
3 / 1992	21,656,250	-	40%	-	-	40%	8,662,500	-	35%	-	3,031,875	5,630,625
3 / 1991	21,656,250	-	40%	-	-	40%	8,662,500	-	35%	-	3,031,875	5,630,625
3 / 1990	21,656,250	-	35%	-	-	35%	7,579,688	-	35%	-	2,652,891	4,926,797
3 / 1989	21,656,250	-	25%	-	-	25%	5,414,063	-	35%	-	1,894,922	3,519,141
3 / 1988	21,656,250	-	25%	-	-	25%	5,414,063	-	40%	-	2,165,625	3,248,438
3 / 1987	21,656,250	-	25%	-	10%	35%	5,414,063	-	40%	-	2,165,625	3,248,438
12 / 1985	19,687,500	-	25%	-	-	25%	4,921,875	-	40%	-	1,968,750	2,953,125
12 / 1984	19,687,500	-	35%	-	-	35%	6,890,625	-	40%	-	2,756,250	4,134,375
12 / 1983	19,687,500	-	35%	-	-	35%	6,890,625	-	40%	-	2,756,250	4,134,375
12 / 1982	19,687,500	-	20%	-	50%	70%	3,937,500	-	40%	-	1,575,000	2,362,500
12 / 1981	13,125,000	-	20%	-	-	20%	2,625,000	-	40%	-	1,050,000	1,575,000
12 / 1980	13,125,000	-	20%	-	25%	45%	2,625,000	-	40%	-	1,050,000	1,575,000
12 / 1979	10,500,000	-	20%	-	-	20%	2,100,000	-	40%	-	840,000	1,260,000
12 / 1978	10,500,000	-	20%	-	-	20%	2,100,000	-	40%	-	840,000	1,260,000
12 / 1977	10,500,000	-	20%	-	-	20%	2,100,000	-	40%	-	840,000	1,260,000
12 / 1976	10,500,000	-	15%	5%	-	20%	2,100,000	-	40%	40%	840,000	1,260,000
12 / 1975	10,500,000	-	15%	-	200%	215%	1,575,000	-	40%	-	630,000	945,000
12 / 1974	3,000,000	-	15%	-	-	15%	450,000	-	40%	-	180,000	270,000
12 / 1973	3,000,000	-	15%	-	-	15%	450,000	-	40%	-	180,000	270,000
12 / 1972	3,000,000	-	12%	5%	-	17%	510,000	-	T/E	40%	60,000	450,000
12 / 1971	3,000,000	-	12%	-	-	12%	360,000	-	T/E	-	T/E	360,000
12 / 1970	3,000,000	-	12%	-	-	12%	360,000	-	T/E	-	T/E	360,000
12 / 1969	3,000,000	-	10%	-	-	10%	300,000	-	T/E	-	T/E	300,000
12 / 1968	3,000,000	-	0%	-	-	0%	-	-	-	-	-	-
12 / 1967	3,000,000	-	0%	-	-	0%	-	-	-	-	-	-
12 / 1966	3,000,000	-	0%	-	-	0%	-	-	-	-	-	-
Total (Since Date of Incorporation)							**783,299,897**				**174,319,823**	**608,980,074**

T/E - Tax-exempt

Increase in Shareholders' Wealth

As at 31 March 2010, the issued and paid-up capital of the Company is RM60,745,780 divided into 60,745,780 ordinary shares of RM1.00 each. Details of changes in the issued and paid-up share capital of the Company and cumulative number of shares held by a shareholder with an initial investment of 1,000 shares is shown below:

Financial Year / Period	No. of shares allotted	Descriptions	Total issued and paid-up capital (RM)	New shares issued to a shareholder	Cumulative number of shares held by a shareholder	Cost of Investment (RM)
12 / 1966	1,500,000	Issue of shares before listing	1,500,000	Nil	Nil	N/A
12 / 1966	1,500,000	Initial Public Offer	3,000,000	1,000	1,000	1,000
12 / 1975	6,000,000	- Bonus Issue of 2 for 1	9,000,000	2,000		Nil
	1,050,000	- Rights Issue of 35 for 100 @ RM1.00	10,050,000	350	3,350	350
	450,000	- Private Placement to Bumiputera Investors under New Economic Policy	10,500,000	Nil		N/A
12 / 1980	2,625,000	Bonus Issue of 1 for 4	13,125,000	838	4,188	Nil
12 / 1982	6,562,500	Bonus Issue of 1 for 2	19,687,500	2,094	6,282	Nil
3 / 1987	1,968,750	Bonus Issue of 1 for 10	21,656,250	628	6,910	Nil
3 / 1993	10,828,125	Bonus Issue of 1 for 2	32,484,375	3,455	10,365	Nil
3 / 1998	3,248,437	Bonus Issue of 1 for 10	35,732,812	1,037	11,402	Nil
3 / 2003	25,012,968	Bonus Issue of 7 for 10	60,745,780	7,982	19,384	Nil

As tabulated below, if a shareholder had bought 1,000 shares in the Company when it was listed in 1966, and assuming the shareholder had subscribed for rights issue of 350 shares in 1975 and did not sell any of the Company's shares till todate, he would be holding a total of 19,384 shares (inclusive of 18,034 bonus shares) worth RM364,419 based on the market price of RM18.80 as at 20 July 2010. In addition, he would have received a total gross cash dividends of RM249,987 with a capital outlay of RM1,350 only. The dividends received/receivable and the appreciation in value translates to a remarkable compound annual growth rate of 15.8% on nominal value basis.

	Initial Investment of a shareholder	
Initial capital outlay (1966)	RM	1,000
Rights issue subscription (1975)	RM	350
Total Capital Outlay	RM	1,350

	Wealth of a shareholder in long term	
Initial investment (1966)	Unit	1,000
Rights issue shares subscribed (1975)	Unit	350
Total bonus shares received (1975 - 2003)	Unit	18,034
Total number of shares held	Unit	19,384
Closing market price per share (20 July 2010)	RM	18.80
Total value of shares held	RM	364,419
Cumulative gross cash dividends received / receivable (1969 - 2010)	RM	249,987
Total Wealth of a shareholder since Initial Investment	RM	614,406

Notice of 45th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 45th Annual General Meeting of the Company will be held at No. 3 Jalan Sesiku 15/2, Section 15, Shah Alam Industrial Site, 40200 Shah Alam, Selangor Darul Ehsan on Friday, 3 September 2010 at 10.00 a.m. to transact the following business:

AGENDA

As Ordinary Business:

1. To receive the Statutory Financial Statements for the financial year ended 31 March 2010 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To declare a final dividend of 35 sen per ordinary share of RM1.00 each and a special dividend of 70 sen per ordinary share of RM1.00 each less 25% income tax for the financial year ended 31 March 2010. **(Resolution 2)**

3. To re-elect the following Directors who are retiring in accordance with the Company's Articles of Association:

a.	Tan Sri Datuk Asmat bin Kamaludin	(Article 97)	**(Resolution 3)**
b.	Razman Hafidz bin Abu Zarim	(Article 97)	**(Resolution 4)**
c.	Masahiko Yamaguchi	(Article 102)	**(Resolution 5)**
d.	Lee Wee Leong	(Article 102)	**(Resolution 6)**
e.	Toshihiro Ukita	(Article 102)	**(Resolution 7)**

4. To approve the payment of Directors' fees not exceeding RM240,000/- in respect of the financial year ending 31 March 2011. **(Resolution 8)**

5. To appoint the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 9)**

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which has been received by the Company for the nomination of Messrs PricewaterhouseCoopers who have given their consent to act, for appointment as Auditors of the Company and of the intention to propose the following Ordinary Resolution:

   "That Messrs PricewaterhouseCoopers (AF 1146) be and are hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs Jaffar Hussein & Co. (AF 0056) to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

As Special Business:

6. To consider and if thought fit, to pass the following resolution as Special Resolution:

   Re-appointment of Director

   "THAT pursuant to Section 129(6) of the Companies Act, 1965, Raja Dato' Seri Abdul Aziz bin Raja Salim be and is hereby re-appointed as a Director of the Company to continue in office until the next Annual General Meeting of the Company." **(Resolution 10)**

7. To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

   Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

   "THAT subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company to renew the existing shareholders' mandate and to grant new shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate") for the Company to enter into the following recurrent related party transactions:

   (i) Sales of products, purchase of parts, components, raw materials, purchase of equipment, promotion expenses, warranty claims and service expenses with those related parties as specified in Sections 2.2(a)(i) to 2.2(a)(iv) and 2.2(b)(i) of the Circular to Shareholders dated 30 July 2010. **(Resolution 11)**

   (ii) Payment of fees to those related parties as specified in Sections 2.2(a)(vi) and 2.2(b)(ii) and receipt of fees from a related party as specified in Section 2.2(a)(vii) of the Circular to Shareholders dated 30 July 2010. **(Resolution 12)**

(iii) Placement of long term cash deposits and other treasury services with Panasonic Financial Centre (Malaysia) Sdn Bhd as specified in Section 2.2(a)(viii) of the Circular to Shareholders dated 30 July 2010. **(Resolution 13)**

THAT the Proposed Shareholders' Mandate is subject to the following:

(a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public;

(b) disclosure is made in the Annual Report of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year where the aggregate value is equal to or exceeds the applicable prescribed threshold under the Listing Requirements and/or the relevant Practice Notes; and

(c) annual renewal and such approval shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965), whichever is earlier.

AND THAT the Directors be and are hereby authorised to complete and execute all such acts and things (including such documents as may be required) to give effect to the transactions contemplated and/or authorised by these Ordinary Resolutions."

Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN that a final dividend of 35 sen per ordinary share of RM1.00 each and a special dividend of 70 sen per ordinary share of RM1.00 each less 25% income tax for the financial year ended 31 March 2010, will be paid on 13 October 2010 to depositors registered in the Record of Depositors and Register of Members at the close of business on 22 September 2010.

A Depositor shall qualify for entitlement to the dividend only in respect of:

(a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 20 September 2010 in respect of securities exempt from mandatory deposit.

(b) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 22 September 2010 in respect of transfers.

(c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Leong Oi Wah (MAICSA 7023802)
Pang Chia Tyng (MAICSA 7034545)
Company Secretaries

Shah Alam
30 July 2010

Notes:

1. A Member entitled to attend and vote is entitled to appoint 1 proxy but not more than 2 proxies to attend and vote instead of him and the Member shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a Member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. The instrument appointing a proxy or proxies in the case of an individual shall be signed by the appointer or by his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under Common Seal or under the hand of the officer or attorney duly authorised.

3. The instrument appointing a proxy or proxies must be deposited at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the holding of the meeting or any adjournment thereof.

4. Explanatory Notes to Special Business:

   Resolution 10
   The proposed resolution 10 in relation to re-appointment of Raja Dato' Seri Abdul Aziz bin Raja Salim, if passed, will enable him to continue in office as a director until the conclusion of the next Annual General Meeting of the Company.

   Resolutions 11 to 13
   Please refer to the Circular to Shareholders dated 30 July 2010 for further information.

Panasonic

PANASONIC MANAGEMENT MALAYSIA SDN. BHD. (550278P)
Lot 5, Persiaran Tengku Ampuan, Section 21, Shah Alam Industrial Site, 40300 Shah Alam, Selangor Darul Ehsan, Malaysia.
Tel: 03-5891 3913 Fax: 03-5891 3985

20 May 2010

The Board of Directors
Panasonic Manufacturing Malaysia Berhad
No. 3 Jalan Sesiku 15/2
Section 15
Shah Alam Industrial Site
40200 Shah Alam
Selangor Darul Ehsan

Dear Sirs

CHANGE OF AUDITORS

We, Panasonic Management Malaysia Sdn Bhd, being a shareholder of the Company, hereby give notice pursuant to Section 172(11) of the Companies Act, 1965 of our intention to nominate Messrs PricewaterhouseCoopers for appointment as Auditors of the Company and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company, to replace the retiring auditors, Messrs Jaffar Hussein & Co.

"That Messrs PricewaterhouseCoopers (AF 1146) be and are hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs Jaffar Hussein & Co. (AF 0056) and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully
Panasonic Management Malaysia Sdn Bhd

....	....
Hiroyuki Iwaki	Malaipan Mariappan
Director	Secretary

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

Form of Proxy

No. of Shares Held

I/We, ____________________

*NRIC No./Passport No./Company No. ____________________ of ____________________

____________________ being a Member of

Panasonic Manufacturing Malaysia Berhad hereby appoint ____________________

of ____________________

*and/or failing him/her ____________________

of ____________________

or failing him/her *the Chairman of the Meeting as my/our proxy/proxies to vote on my/our behalf at the 45th Annual General Meeting of the Company to be held at No. 3 Jalan Sesiku 15/2, Section 15, Shah Alam Industrial Site, 40200 Shah Alam, Selangor Darul Ehsan on Friday, 3 September 2010 at 10.00 a.m. and at any adjournment thereof. My/our proxy/proxies is/are to vote as indicated below:

Resolutions	Ordinary Business	For	Against
1.	Receipt of the Statutory Financial Statements.		
2.	Declaration of a final dividend of 35 sen per ordinary share and a special dividend of 70 sen per ordinary share less 25% income tax.		
3.	Re-election of Tan Sri Datuk Asmat bin Kamaludin as Director.		
4.	Re-election of Razman Hafidz bin Abu Zarim as Director.		
5.	Re-election of Masahiko Yamaguchi as Director.		
6.	Re-election of Lee Wee Leong as Director.		
7.	Re-election of Toshihiro Ukita as Director.		
8.	Approval of the payment of Directors' fees.		
9.	Appointment of Messrs PricewaterhouseCoopers as Auditors in place of retiring Auditors, Messrs Jaffar Hussein & Co.		
	Special Business		
10.	Special Resolution: Re-appointment of Raja Dato' Seri Abdul Aziz bin Raja Salim as Director.		
11.	Ordinary Resolution: Approval of Recurrent Related Party Transactions ("RRPT") - Sales of products, purchase of parts, components, raw materials, purchase of equipment, promotion expenses, warranty claims and service expenses.		
12.	Ordinary Resolution: Approval of RRPT - Payment and receipt of fees.		
13.	Ordinary Resolution: Approval of RRPT - Placement of cash deposits and other treasury services.		

(Please indicate with an "X" in the appropriate box against the resolutions on how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion.)

The proportion of my/our shareholding to be represented by my/our proxy/proxies is as follows:

First named proxy	%
Second named proxy	%
	100%

In case of a vote taken by show of hands, the first named proxy shall vote on my/our behalf.

Signed this ____________ day of ____________________ 2010

____

Signature / Common Seal of Shareholder

Notes:

1. A Member entitled to attend and vote is entitled to appoint 1 proxy but not more than 2 proxies to attend and vote instead of him and the Member shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. The instrument appointing a proxy or proxies in the case of an individual shall be signed by the appointer or by his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under Common Seal or under the hand of the officer or attorney duly authorised.
3. The instrument appointing a proxy or proxies must be deposited at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selngor Darul Ehsan not less than 48 hours before the holding of the meeting or any adjournment thereof.

* Strike out whichever is not applicable.

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AFFIX
STAMP

The Share Registrars
Panasonic Manufacturing Malaysia Berhad
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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Panasonic Manufacturing Malaysia Berhad (6100-K)

Annual Report 2010

Panasonic Manufacturing Malaysia Berhad (6100-K)
No. 3 Jalan Sesiku 15/2, Section 15, Shah Alam Industrial Site,
40200 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 603 5891 5000
Fax : 603 5891 5101
Email : ir.pmma@my.panasonic.com
Website : pmma.panasonic.com.my