

The background of the cover features a large, semi-transparent blue washing machine drum. Inside the drum is a glowing blue globe of the Earth. In the foreground, a human hand is shown from the right, holding a small, vibrant green tree with dark brown soil. The overall theme is environmental care and sustainability.

# Panasonic

**Panasonic Manufacturing  
Malaysia Berhad**

(Company No.: 6100-K)

**A Better Life,  
A Better World**

annual report **2016**

For the financial year ended 31 March 2016

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# CORPORATE INFORMATION

**Tan Sri Datuk Asmat bin Kamaludin**  
Chairman

**Akira Nishimura**  
Managing Director

**Razman Hafidz bin Abu Zarim**

**Datuk Supperamaniam a/  
Manickam**

**Takayuki Tadano**

**Tan Sri Hasmah binti Abdullah**

**Siew Pui Ling**

**Takao Uchiyama**

**Cheng Chee Chung**

**Toru Okano**

**Koji Takatori**

## BOARD OF DIRECTORS

### AUDIT COMMITTEE

**Razman Hafidz bin Abu Zarim**  
**Chairman**  
Independent Non-Executive Director

**Datuk Supperamaniam a/  
Manickam**  
Independent Non-Executive Director

**Tan Sri Hasmah binti Abdullah**  
Independent Non-Executive Director

### REMUNERATION COMMITTEE

**Tan Sri Hasmah binti Abdullah**  
**Chairman**  
Independent Non-Executive Director

**Takayuki Tadano**  
Executive Director

**Razman Hafidz bin Abu Zarim**  
Independent Non-Executive Director

**Datuk Supperamaniam a/  
Manickam**  
Independent Non-Executive Director

### NOMINATION COMMITTEE

**Datuk Supperamaniam  
a/ Manickam**  
**Chairman**  
Independent Non-Executive Director

**Razman Hafidz bin Abu Zarim**  
Independent Non-Executive Director

**Tan Sri Hasmah binti Abdullah**  
Independent Non-Executive Director

### COMPANY SECRETARY

**Leong Oi Wah** (MAICSA 7023802)

### SOLICITORS

**Shook Lin & Bok**

### REGISTRAR

Symphony Share Registrars Sdn Bhd  
Level 6 Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel : +603 - 7849 0777  
Fax : +603 - 7841 8151  
Email : ssr.helpdesk@symphony.com.my

### THE ADMINISTRATION AND POLLING AGENT

Boardroom Corporate Services (KL)  
Sdn Bhd  
Lot 6.05, Level 6 KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan  
Tel : +603 - 7720 1188  
Fax : +603 - 7720 1111

### PRINCIPAL BANKERS

Bank of Tokyo-Mitsubishi UFJ  
(Malaysia) Berhad

Malayan Banking Berhad

### AUDITORS

**KPMG**  
Chartered Accountants  
Petaling Jaya

### REGISTERED OFFICE

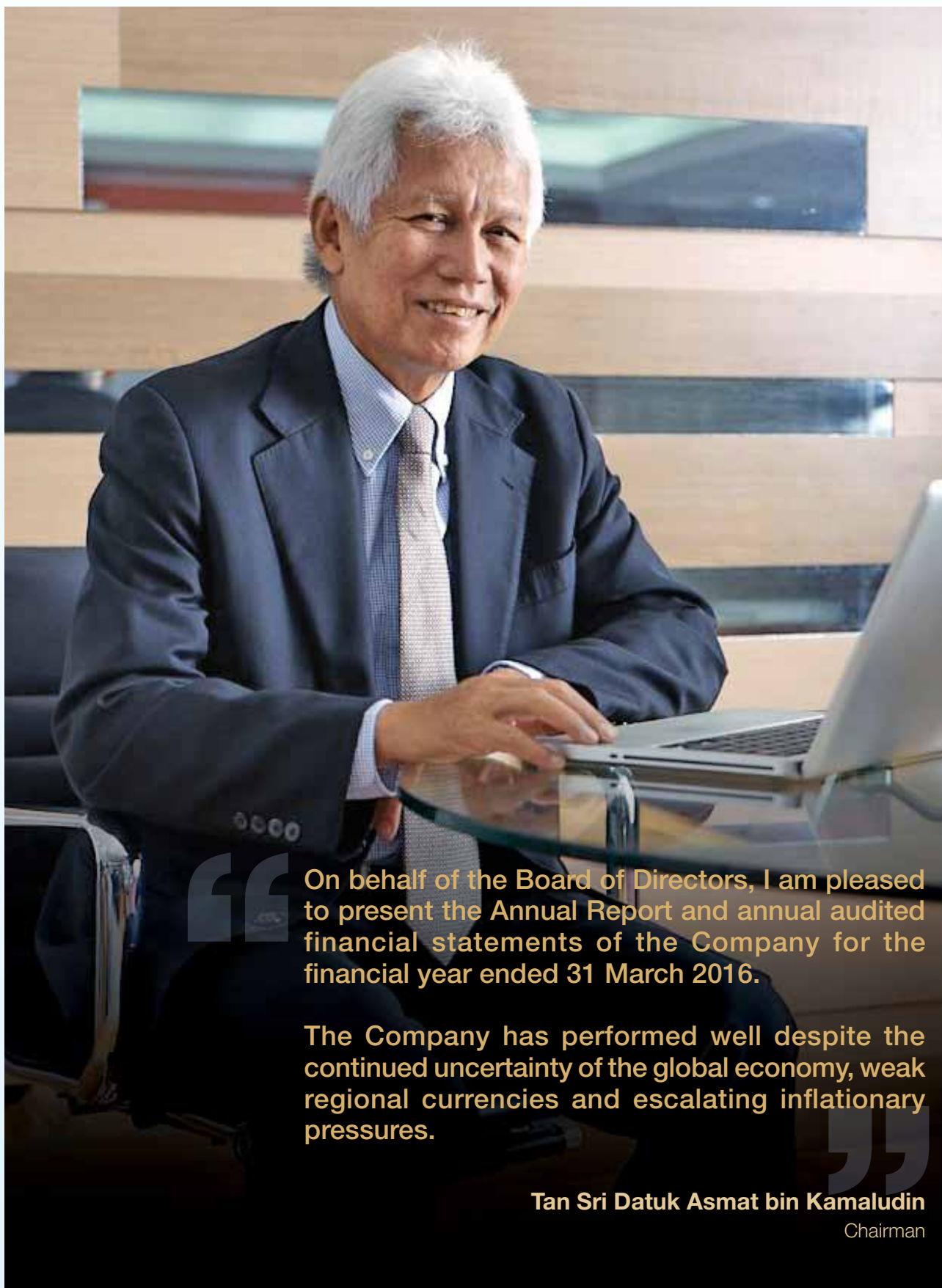
No. 3 Jalan Sesiku 15/2  
Section 15  
Shah Alam Industrial Site  
40200 Shah Alam  
Selangor Darul Ehsan  
Tel : +603 - 5891 5000  
Fax : +603 - 5891 5101  
Email : ir.pmma@my.panasonic.com

### STOCK EXCHANGE

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



## CHAIRMAN'S STATEMENT



“

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 2016.

The Company has performed well despite the continued uncertainty of the global economy, weak regional currencies and escalating inflationary pressures.

”

**Tan Sri Datuk Asmat bin Kamaludin**  
Chairman

## CHAIRMAN'S STATEMENT (CONT'D)

**FINANCIAL REVIEW**

The Company crossed the Ringgit 1 Billion sales mark for the first time in history, recording revenue of RM1.086 billion and it was the highest revenue in its 50 years of existence. This constitutes an increase of RM 155 million or 17% against the registered revenue of RM931 million in the previous year.

The overall improvement in sales performance in the current year was mainly attributed to a favorable exchange condition, better performance from higher sales in the domestic market after the implementation of Goods and Service Tax and the transfer of manufacturing and sales of certain rice cooker models from Thailand.

With the improvement in revenue, the Company achieved a remarkable combined profit before taxation of RM185 million for the year ended 31 March 2016, which was higher by 42% or RM55 million against the previous year's combined profit before tax of RM130 million.

**ASSOCIATED COMPANY**

The associated company, Panasonic Malaysia Sdn. Bhd., registered consolidated revenue of RM1.39 billion for the financial year ended 31 March 2016; an increase of 4.5% or RM 60 million over the previous year's consolidated revenue was RM1.33 billion.

Pre-tax and post-tax profits from its group operations, were RM38.0 million (2015: RM31.4 million) and RM23.4 million (2015: RM23.3 million) respectively.

**DIVIDENDS**

The Company has consistently paid dividends while allocating funds for business growth and investment. For the financial year ended 31 March 2016, a final dividend of 124 sen (2015: RM127 sen) per ordinary share of RM1.00 was recommended and it will be proposed for approval at the forthcoming Annual General Meeting.

**OPERATIONS REVIEW**

While offering and pursuing a "better life" for an even wider range of customers, the Company will also work to sustainably grow its corporate value to satisfy shareholders, investors, customers, business partners, employees and all other stakeholders.

For fan products business development, the Company is continuing to expand its product line up for strategic markets with direct current (DC) motor based features which promote energy saving and high functioning features such as Light Emitting Diode (LED) and sensory capabilities. The new improvement features low level motor noise and energy-efficient products which are in harmony with the environment and customer's needs.

Apart from the new model development and upgrading of previous models, the Company has also undertaken measures to expand on its manufacturing capacity and capability. We invested in technologically advanced facilities to cater for manufacture of new product range with enhanced features.

In 2015, we have launched two new models for vacuum cleaner with user friendly design, flexible nozzle for bag-less model and cord rewind function for tank model. This is in line with the current generation preferences.

During the financial year under review, a wide range of rice cookers was transferred from a Thailand factory to the Company. Previously, rice cookers manufactured by the Company catered for the domestic market. With the transfer, the Company is now expanding sales to other Asian markets such as Vietnam, Hong Kong and Thailand.

With effect from 1st April 2016, the Company was placed under the purview of Appliance Company following the change in regional reporting structure which aligned manufacturing companies to its respective product segment.

We continue to receive good endorsement for our community works and CSR practices. I am proud to inform that many of our employees volunteer in community-based projects, despite their busy schedule. The Company's CSR efforts will be shown in the following pages.

## CHAIRMAN'S STATEMENT (CONT'D)

**INDUSTRY OUTLOOK AND PROSPECTS FOR 2016**

The Company remains steadfast on its vision to be the market leader for electrical consumer products by strengthening product line-up and will continue to engage with all relevant stakeholders.

The international economic and financial landscape is likely to remain challenging for 2016 and will likely influence the prospects of the Malaysian economy. GDP is expected to grow at a slower pace of 4 to 4.5%. In addition, a stronger Ringgit will have an impact on the Company's export revenue which is mainly denominated in US Dollars.

Looking ahead, the Company is cautiously optimistic, in line with gradual recovery of global economies although the outlook for certain markets remains challenging. The tight labour market, inflationary cost pressures and volatile foreign currency exchange continue to be key areas that we will actively monitor to mitigate any adverse impact on our global businesses.

Nevertheless, The Company will continue to focus on developing new products for its strategic products whilst leveraging on its operational efficiency to reduce and minimize overall costs of production. With these measures in place, the Company is committed to deliver satisfactory results for the next financial year.

**DIRECTORATE**

The Board bade farewell to Mr. Toshiro Okamoto and Mr. Takemoto Yoichi who resigned from the Board on 31 December 2015 and 1 April 2016 respectively.

The Board is pleased to welcome Mr. Toru Okano who was appointed as an Executive Director to the Company on 1 January 2016 and Mr. Koji Takatori as the Non-Independent Non-Executive Director on 1 April 2016.

**ACKNOWLEDGEMENT**

On behalf of the Board of Directors, I would like express my utmost and sincere appreciation and gratitude to our shareholders for your loyal support and confidence in the Company. My warmest gratitude is also extended to the management and employees, for their dedicated work and commitment to delivering results and to ensure the success of the Company.

May we continue to work together and forge ahead to achieve greater growth and success for the betterment of the Company.



**Tan Sri Datuk Asmat  
bin Kamaludin**

Chairman

## INCREASE IN SHAREHOLDERS' WEALTH

As at 31 March 2016, 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 today, he would be holding a total of 19,384 shares (inclusive of 18,034 bonus shares) worth RM628,042 based on the market price of RM32.40 as at 15 July 2016. In addition, he would have received a total gross cash dividends of RM406,416 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 15.12% 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 (15 July 2016)	RM	32.40
Total value of shares held	RM	628,042
Cumulative gross cash dividends received / receivable (1969 - 2016)	RM	406,416
Total Wealth of a shareholder since Initial Investment	RM	1,034,458



# CORPORATE RESPONSIBILITY REPORT

**Our** focus this year is on instilling core values of Corporate Social Responsibility (CSR) with mid to long-term plan to increase levels of involvement and performance measurement of employees and stakeholder rather than individual donations. We are advocating green efforts in Malaysia by our town cleaning and tree planting activities, which received tremendous responses from the participants comprising employees and management of our Company. We have also organized a running event and are committed to reducing carbon footprint by reduction of carbon emissions.

As a global company, we recognized that CSR is a set of voluntary actions that we take over and above compliance with the law. We have aligned this with Panasonic Corporation's philosophy of profits obtained through positive public relations, high ethical standards to reduce business and legal risks, and shareholder trust by taking responsibility for corporate actions. Our efforts and strategies encouraged the Company to make a positive impact on the environment and stakeholders including consumers, employees, investors, communities and others.

## TOWN CLEANING AND TREE PLANTING (ECO RELAY ACTIVITIES)

Panasonic Group of Companies has successfully organized the Town Cleaning and Tree Planting through the Panasonic Eco Relay Activities in collaboration with local town councils from June to October 2015 covering Klang Valley, Southern and Northern region.

The event held throughout Malaysia has attracted total of 902 participants from the Panasonic Group of Companies and other stakeholders like local authorities, Department of Environment (DOE) and residents of housing areas. Through this activity, we managed to plant a total of 555 trees and collected a total of 1,375kg of refuse.



In Klang Valley, the event was held on 8 August 2015 at Dataran Seni Klang. A total of 50 trees were planted and 400kg refuse was collected by 329 participants from both Panasonic Group of Companies and Town Council members.

In Johor, the event was held on 24 October 2015 at Dataran Mawar. 5 trees were planted with a total of 380kg refuse collected by 180 participants including 50 Taman Mawar's residents.

In Malacca, the event was held on 13 June 2015 at Dataran Keris. 500 flowering plants were planted with supplies obtained from local authorities and it attracted 173 participants including 10 town council members. 115kg of refuse was collected.

In Kedah, the event was held on 15 August 2015 at Taman Tasik Kulim recorded 220 participants including 15 participants from DOE and 10 participants from town council members. A total of 480kg of refuse was collected.

The Company will continue to participate in these programs as they provide our employees with an opportunity to be an active player and involved in giving back to the local community.

This initiative is also part of our corporate responsibility to contribute to the society through our business operations, and is also in line with our corporate vision of being in co-existent with the environment.

## CORPORATE RESPONSIBILITY REPORT (CONT'D)

**ENVIRONMENT**

Our Panasonic's Code of Conduct emphasized being in co-existent with the environment and our commitment to conduct businesses in ways that contribute to sustainable economic development compatible with environmental preservation and enhancement of our customer's quality of life.

As we are committed to reduce carbon footprint by reduction of carbon emissions, we will improve our processes across our manufacturing base to achieve this aim.

In order to effectively address global warming, we have significantly reduced the amount of heat-trapping emissions we are putting into the atmosphere. We have the technology and practical solutions at hand to accomplish it.

In 2015, we have achieved a reduction of carbon dioxide emission index to 13.92 compared to 14.26 in 2014. As a responsible producer and manufacturer we are committed to minimizing as far as possible our environmental footprint through continuous improvement such as, reducing raw material use and waste, conserving water and minimizing energy consumption and carbon emissions.

We endeavour to reduce environmental impact in our products using energy-efficient designs and power consumption while making our products longer lasting.

We recognized that our consideration of the environment is one of the selection standards for customers when purchasing our products.

**AP GLOBAL EKIDEN 2016**

On 16 April 2016, Panasonic Group of Companies in Malaysia have jointly organized the Asia Pacific (AP) Global Ekiden 2016 which was held at Kompleks Sukan Negara (Panasonic Stadium), Shah Alam.

This was in conjunction with the Panasonic Appliances Marketing Asia Pacific (PAPAP) 1st Anniversary of its establishment in Malaysia and the objective is to unify AP Global run for AP Companies to develop a sense of unity and commitment to achieve their annual targets for the coming year. There were about 500 participants including employees and their family members from 9 Panasonic companies.

**OTHER CSR INITIATIVES**

We are only a handful of public-listed companies in Malaysia that practice flexible working hours to promote more work-life balance in workplace.

Our Company also looks after the interest of our employees in terms of extending medical and hospitalization to non-working spouse of employees and their children.

We also ensure transparent and fair procurement practices in line with Panasonic Group Code of Conduct and our products are in harmony with environment and society.

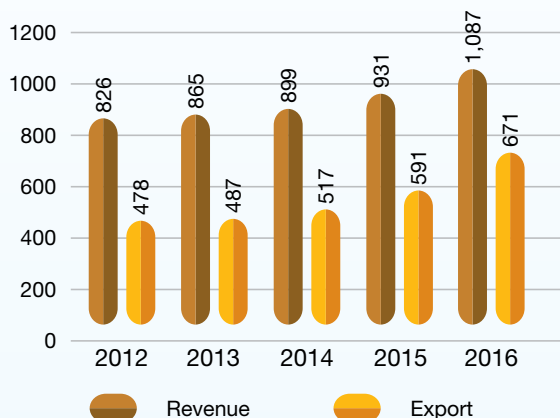
**OUR COMMITMENT**

We are committed to operate in an economically, socially and environmentally sustainable manner whilst balancing the interest of diverse stakeholder. This will be done by integrating open and transparent practices into our business operations, which are based on ethical values and respect for employees, communities and the environment.

# FIVE-YEAR TREND

## REVENUE / EXPORT

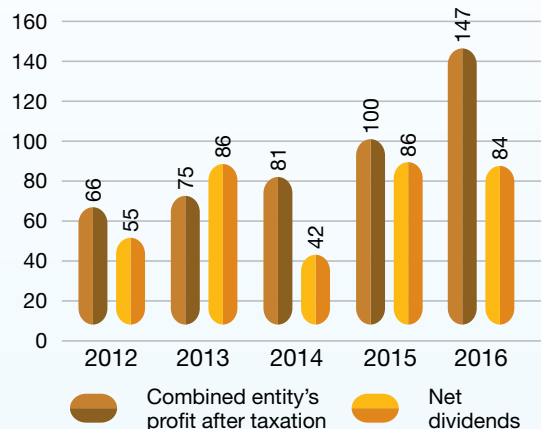
(RM' Million)



## COMBINED ENTITY'S PROFIT AFTER TAXATION /

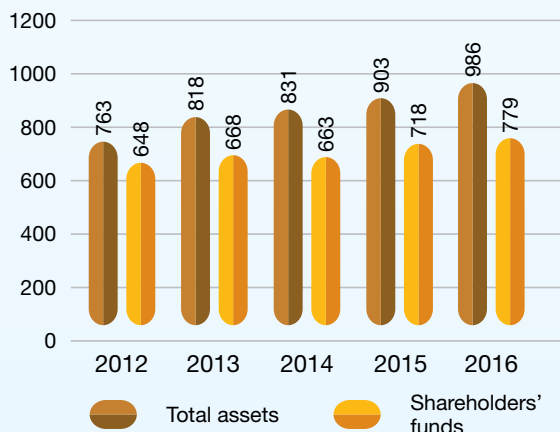
### NET DIVIDENDS PAID / PROPOSED

(RM' Million)



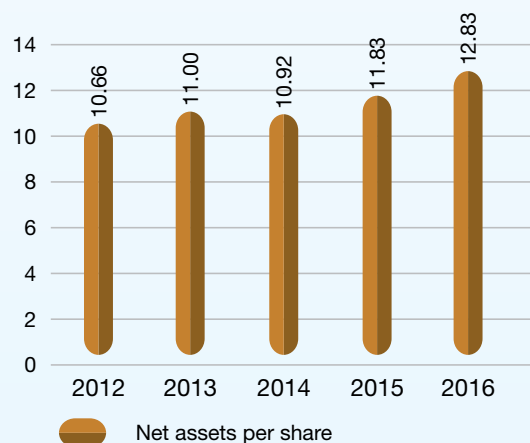
## TOTAL ASSETS / SHAREHOLDINGS' FUNDS

(RM' Million)



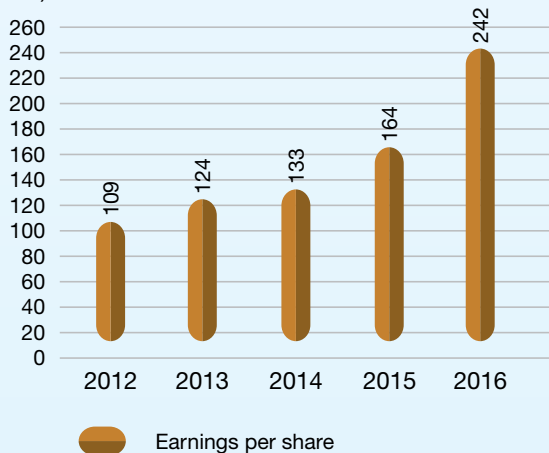
## NET ASSETS PER SHARE

(RM)



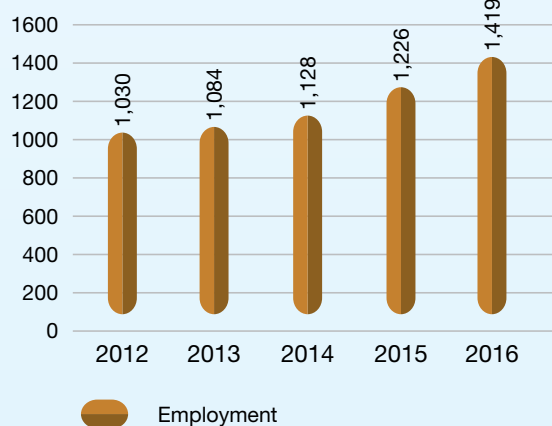
## EARNINGS PER SHARE

(Sen)



## EMPLOYMENT

(Number of persons)



## FIVE-YEAR FINANCIAL SUMMARY

financial year ended 31 March

Financial Data (Combined Basis)		2012	2013	2014	2015	2016
Revenue	RM'000	825,833	864,645	899,211	931,020	1,086,735
Profit before taxation	RM'000	85,211	94,930	105,199	129,833	185,172
Profit after taxation	RM'000	66,407	75,094	80,785	99,538	146,900
Gross dividends paid / proposed	RM'000	72,895	114,202	44,345	86,259	84,437
Net dividends paid / proposed	RM'000	54,671	85,652	42,067	86,259	84,437
Total assets	RM'000	762,913	817,641	831,127	903,229	986,093
Share capital	RM'000	60,746	60,746	60,746	60,746	60,746
Shareholders' funds	RM'000	647,712	668,135	663,268	718,462	779,103
<b>FINANCIAL RATIOS</b>						
Return on shareholders' funds	%	10.3	11.2	12.2	13.9	18.9
Earnings per share	sen	109	124	133	164	242
Net assets per share	RM	10.66	11.00	10.92	11.83	12.83
Dividend rate (gross)	%	120	188	73	142	139

# FINANCIAL HIGHLIGHTS

Financial Data (Combined Basis)		Year Ended 31 March 2016	Year Ended 31 March 2015
Revenue	RM'000	1,086,735	931,020
Profit before taxation	RM'000	185,172	129,833
Profit after taxation	RM'000	146,900	99,538
Percentage of revenue	%	13.5	10.7
Return on shareholders' funds	%	18.9	13.9
Earnings per share	sen	242	164
Dividend rate	%	139	142
Shareholders' funds	RM'000	779,103	718,462
Net assets per share	RM	12.83	11.83
Total assets	RM'000	986,093	903,229
Capital expenditure	RM'000	30,491	15,340

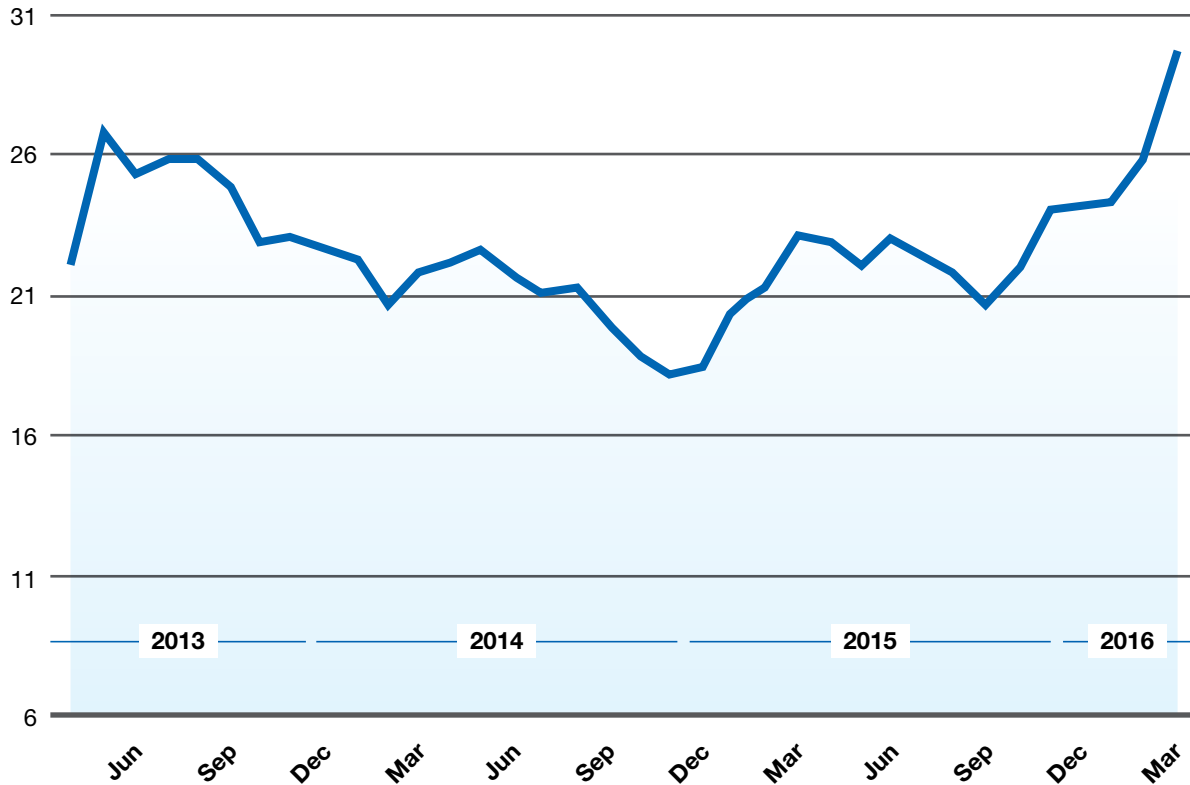
## FINANCIAL CALENDAR

<b>Financial Year Ended</b>	31 March 2016
<b>Announcement of Results</b>	
– First Quarter	24 August 2015
– Second Quarter	27 November 2015
– Third Quarter	26 February 2016
– Fourth Quarter / Annual	30 May 2016
<b>Issuance of 2016 Annual Report and Financial Statements</b>	29 July 2016
<b>51st Annual General Meeting</b>	26 August 2016
<b>Interim Dividend</b>	
– Notice of Dividend Entitlement	27 November 2015
– Entitlement Date	28 December 2015
– Payment Date	15 January 2016
<b>Proposed Final and Special Dividends</b>	
– Notice of Dividend Entitlement	30 May 2016
– Entitlement Date	8 September 2016
– Payment Date	23 September 2016



# SHARE PERFORMANCE

## CLOSING SHARE PRICE (RM)



	2015										2016	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Highest (RM)	23.60	23.50	23.40	23.16	22.60	22.00	22.10	24.20	24.90	24.56	26.00	30.20
Lowest (RM)	22.52	21.80	21.62	21.88	21.32	20.30	20.66	22.00	23.00	23.66	24.10	25.80
Closing Share Price (RM)	23.00	22.20	23.00	22.50	21.80	20.80	22.00	24.10	24.28	24.40	25.80	29.68
Lots Traded (100 shares)	2,537	748	1,983	2,901	2,638	4,614	1,101	4,244	2,342	3,225	2,027	3,736

	2014										2015	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Highest (RM)	23.28	22.80	23.00	21.98	21.64	21.50	20.00	19.02	19.30	20.90	21.50	23.50
Lowest (RM)	21.68	21.84	21.80	20.80	20.80	20.00	18.68	18.30	18.30	18.30	20.52	21.40
Closing Share Price (RM)	22.20	22.68	21.80	21.04	21.30	20.00	19.00	18.30	18.50	20.50	21.40	23.20
Lots Traded (100 shares)	3,093	3,326	1,182	4,154	2,037	2,224	2,282	2,184	1,675	2,362	943	6,233

	2013										2014	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Highest (RM)	22.80	27.10	26.96	27.10	26.22	25.02	23.42	23.30	22.68	22.32	22.50	22.50
Lowest (RM)	21.40	22.32	24.98	25.00	24.60	22.72	22.76	22.60	22.18	20.48	20.70	21.60
Closing Share Price (RM)	22.34	26.86	25.30	25.80	25.90	24.98	23.00	23.10	22.66	22.32	20.70	21.90
Lots Traded (100 shares)	8,150	3,775	1,712	3,410	3,152	2,419	1,397	1,089	1,316	3,944	1,984	1,930

# BOARD OF DIRECTORS



1. TAN SRI DATUK ASMAT BIN KAMALUDIN
2. AKIRA NISHIMURA
3. RAZMAN HAFIDZ BIN ABU ZARIM

4. DATUK SUPPERAMANIAM A/L MANICKAM
5. TAKAYUKI TADANO
6. TAN SRI HASMAH BINTI ABDULLAH

7. SIEW PUI LING
8. TAKAO UCHIYAMA
9. CHENG CHEE CHUNG
10. TORU OKANO
11. KOJI TAKATORI

## BOARD OF DIRECTORS' PROFILE



### TAN SRI DATUK ASMAT BIN KAMALUDIN

CHAIRMAN

Aged 72. 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, Compugates Holdings Berhad, UMW Oil & Gas Corporation Berhad and The Royal Bank of Scotland Berhad and is a Non-Executive Vice-Chairman of YTL Cement Berhad. He also sits on the Board of Permodalan Nasional Berhad, JACTIM Foundation, and Air Asia X Berhad. 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.

## BOARD OF DIRECTORS' PROFILE (CONT'D)

**AKIRA  
NISHIMURA**

Aged 53. Japanese. Mr Akira Nishimura was appointed the Managing Director of the Company on 1 October 2013. He graduated with a Bachelor's Degree from Oita University (Faculty of Economics) in March 1986. Mr Akira Nishimura joined Panasonic Corporation ("PC") in April 1986 upon

his graduation and after being exposed to the extensive corporate training program to learn all aspects of the entire Panasonic organization, he was assigned to the Personnel Section, Personnel Department, Precision Motor Division of PC.

In July 1991, he was then assigned to the Personnel Department of National Micro Motor Co., Ltd., a subsidiary of PC and in October 1994, he was promoted as Coordinator of Precision Motor Division Support Team, Personnel Support Group, H.Q. of PC. He became a Senior Coordinator of the Corporate Personnel Department, H.Q. of PC in April 1996. Two years later, he was assigned to the Human Resources Strategy Promotion Office, H.Q. of PC, as an Assistant Councilor.

In December 2005, Mr Nishimura was made the Manager to Human Resources Strategy Promotion Team, Human Resources Development Office, and H.Q. of PC. He was then promoted to the position of General Manager of the Human Resources Group, Panasonic Automotive Systems Company, PC, in July 2008. With his strong involvement in the human resource matters within the Panasonic Corporation Group, he was promoted to the position of Director in April 2012, taking charge of the Human Resource & General Affairs Center, Appliances Company of Panasonic Corporation. He held this position until his appointment to Panasonic Manufacturing Malaysia Berhad.

Mr Nishimura has no shareholdings in the Company and its associated company. He holds 5,000 common shares in Panasonic Corporation. 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.

**RAZMAN HAFIDZ  
BIN ABU ZARIM**

Aged 61. Malaysian. Encik Razman was appointed an Independent Non-Executive Director of the Company on 21 June 2004. He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees of the Company. Encik Razman graduated with a

Joint-Honours Degree in Economics and Accountancy, BSc (Econs), 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 38 years experience in the fields of leadership management, mergers and acquisitions, corporate finance, management consulting and auditing. He trained and worked with chartered accountancy firms in the UK, where he was admitted as an Audit Partner in 1987. Upon returning to Malaysia in 1989, he joined Price Waterhouse ("PW") as an Audit Partner and was later appointed Partner-in-charge of the Management Consulting Services Practice of PW. In 1994, he established Norush Sdn Bhd, an investment holding and business advisory firm, where he was the Chairman until 31 March 2016.

He is currently the Group Chief Executive Officer of Tune Protect Group Berhad. He holds independent directorships in Linde Malaysia Holdings Berhad and Hartalega Holdings 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 or 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.

## BOARD OF DIRECTORS' PROFILE (CONT'D)

**DATUK SUPPERAMANIAM  
A/L MANICKAM**

Aged 71. Malaysian. Datuk Supperamaniam was appointed an Independent Non-Executive Director of the Company on 1 January 2008. He is also a member of Audit Committee, Nomination Committee and Remuneration Committee of the Company. 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 Ministry of International Trade and Industry as Assistant Director. He served in the same ministry for 33 years and held various positions, including Senior Trade Commissioner for Malaysia in Hong Kong and The People's Republic of China, Director of International Trade. He was appointed 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 now serves as a consultant/resource person for United Nations agencies, regional and international organisations and foreign governments. He serves as a member in several working groups and committees dealing with issues related to trade investment and economic development. 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 Science and Management University, Kuala Lumpur, and Advisor to the China-ASEAN Research Institute of Guangxi University, China. Recently, he has been appointed as a Member and Fellow of the International Academy of Belt and Road based in Hong Kong.

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. 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.

**TAKAYUKI  
TADANO**

Aged 53, Japanese. Mr Tadano was appointed an Executive Director of the Company on 4 June 2012. He is also a member of the Remuneration Committee. He graduated with a Bachelor's Degree from the University of Kitakyushu, Japan (Faculty of Commerce).

Mr Tadano joined Panasonic Corporation in April 1987 as an accounting staff. He was posted to Matsushita Electric (Taiwan) in June 1994 and held the position as Coordinator. In July 1996, he returned to Japan and was assigned to Accounting Department, Electric Iron Division as a Senior Coordinator. In January 1997, he was posted to Panasonic Corporation's Malaysian subsidiary, Home Appliance R&D Centre as General Manager of Finance Department. In December 2000, he returned to Japan and was assigned to the Washing Machine Division as Senior Coordinator. In May 2004, he was posted to Panasonic-Wanbao (Guongzhou) Electric Iron Co., Ltd., Panasonic Corporation's subsidiary in China, as the Financial Director. In January 2010, he returned to Japan and was assigned to the Corporate Accounting Centre, Home Appliances Company and was promoted to the position of Manager which he held prior to his posting to Malaysia and appointment as the Executive Director of the Company. Currently, he is responsible for the Finance, Information Systems, Administration, Risk Management and International Audit functions of Company.

Mr Tadano 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.



## BOARD OF DIRECTORS' PROFILE (CONT'D)

**TAN SRI HASMAH  
BINTI ABDULLAH**

Aged 65. Malaysian. Tan Sri Hasmah was appointed an Independent Non-Executive Director of the Company on 2 October 2013. She is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. Tan Sri Hasmah graduated with a Bachelor of Arts (Honours) from University of Malaya.

Tan Sri Hasmah binti Abdullah had a distinguished career spanning over 38 years and was the former Inland Revenue Board (IRB) Chief Executive Officer and Director General from 19 October 2006 to 7 January 2011.

Tan Sri Hasmah was instrumental in the drafting of the Promotion of Investment Act 1986 and amendments to the Income Tax Act 1967, leading the Malaysian delegation to several international conferences such as the Commonwealth Association of Tax Administrators Conference, the Study Group on Asian Tax Administrators and Research (SGATAR) Conference, the Association of Tax Administrators of Islamic Countries (ATAIC) Conference, International Tax Dialogue (ITD) and Reference Group of Commissioners Conference.

During her leadership at IRB, vast improvements and policy changes to the service delivery system were introduced in the IRB, in particular, refunds, which were made faster with the use of electronic filing. For the improvements and innovations that had impacted positively on the taxpaying public, the IRB was awarded the inaugural Prime Minister's Innovation Award in 2009.

Currently, Tan Sri Hasmah is an Independent Non-Executive Director of UMW Holdings Berhad. She is also a Commission Member of Securities Commission since 10 March 2011. She was a Tax Advisor to PricewaterhouseCoopers Malaysia for the period 1 July 2011 to 30 September 2013. She is a Fellow of the Chartered Tax Institute of Malaysia, a trustee of Malaysian Tax Research Foundation, a trustee of Dana Amal Jariah and since December 2014, an Executive Council member of the Selangor and Federal Territory Association for the Mentally Handicapped

Tan Sri Hasmah has no shareholdings in the Company and its associated company. She also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She 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.

**SIEW  
PUI LING**

Aged 51. Malaysian. Ms Siew Pui Ling was appointed an Executive Director of the Company on 4 August 2014. She graduated from Asia University of Tokyo with a Bachelor Degree of Business Administration Management.

Ms Siew Pui Ling joined the Company in 1991 and has more than 23 years in Sales and Marketing. Prior to this, she was assigned to Departmental Head for Logistic, Product Planning and Industrial Design. In 2008, she has merged Product Planning and Marketing Department as Sales Department. Prior to this, she established Voice of Customer Research' team (VOCR) to further strengthen Product Planning Operation. In 2012, she was promoted to Assistant Director and was responsible for Sales & Marketing, Logistic and Product Planning functions of the Company. In 2014, Ms Siew assumed the role of Business Head of Sales Division.

Ms Siew Pui Ling holds 100 shares in the Company but has no shareholdings in the associated company. She also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She 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 (CONT'D)

**TAKAO  
UCHIYAMA**

Aged 48. Japanese. Mr Takao Uchiyama was appointed an Executive Director of the Company on 4 August 2014. He graduated with a Bachelor's Degree in Electronics from Kumamoto Prefectural Kumamoto Technical High School, Japan in March, 1986.

Mr Takao Uchiyama joined Panasonic Corporation ("PC") in April 1986 as a Technician. He was assigned to the Microwave Oven Factory of PC as a Technician in April 1990 before he was posted to PC's American subsidiary as an Engineer of Production Department in February 1996. After three years, he was assigned to the Microwave Oven Factory, as an Engineer. In January 2001, he was assigned to the Corporate Overseas Planning Team, Nara Business Unit, Home Appliances Company as an Engineer before he was promoted in September 2004 to the position of Manager in the Corporate Planning Team. In March 2006, he was assigned to Corporate Planning Group, Head Office, Home Appliances Company as a Councilor. In April 2008, he was assigned to Corporate Planning Team, Microwave Oven Division Unit, Home Appliances Company as Manager. Currently, he is the Business Head of Appliance Division and is also responsible for Corporate Planning.

Mr Takao Uchiyama 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.

**CHENG  
CHEE CHUNG**

Aged 49. Malaysian. Mr Cheng Chee Chung was appointed a Non-Independent Non-Executive Director of the Company on 1 April 2015. He graduated with a Bachelor's Degree of Economics.

Mr Cheng Chee Chung joined Matsushita Industrial Corporation Sdn Bhd ("MAICO") (now known as Panasonic Appliances Air-Conditioning (M) Sdn Bhd ("PAPAMY")) in November 1989 under the Personnel Section. In October 1994, he was transferred to Domestic Sales Department, before being promoted to Assistant Manager of Domestic Sales in July 1995.

In June 1998, he was promoted to Manager, International Marketing of Global Customer Satisfaction Matsushita Air-Conditioning Corp. Sdn Bhd (now known as PAPAMY). He was then transferred to Domestic Sales Department of MAICO in March 2000 before being promoted to Assistant General Manager, Domestic Sales Department in June 2001.

He was transferred to Panasonic Malaysia Sdn Bhd ("PM") under Air Conditioning Division in October 2004. In December 2006, he was transferred to Home Appliances ("HA") division of PM before being promoted as General Manager, HA Division in April 2007. In April 2009, he was then promoted to Associate Director, Consumer Product Marketing. After one year, he was promoted to Director, Consumer Product Sales & Aircond before being promoted to Deputy Managing Director in April 2013. He was then promoted as Managing Director of PM on 1 April 2015.

Mr Cheng Chee Chung 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.

## BOARD OF DIRECTORS' PROFILE (CONT'D)

**TORU  
OKANO**

Aged 57. Japanese. Mr Toru Okano was appointed an Executive Director of the Company on 1 January 2016. He graduated with a Bachelor's Degree in 1981 from Osaka Institute of Technology (Faculty of Engineering), Osaka, Japan.

Mr Toru Okano joined Matsushita Seiko Co., Ltd in Japan in 1981 and has served in various department of the company. In 1997 he was promoted to General Manager and in 2003 he was transferred to Matsushita Eco Systems, HQ Supplier Centre. He served 11 years there and rose to the position of Chief of Procurement Group, Global Manufacturing Centre in Japan. On 1 April 2015 he was joined Panasonic Manufacturing Malaysia Berhad as Business Head of Fan Division.

Mr Toru Okano 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 since the date of his appointment and has no convictions for any offences within the past 10 years, other than traffic offences, if any.

**KOJI  
TAKATORI**

Aged 51. Japanese. Mr Koji Takatori was appointed a Non- Independent Non-Executive Director of the Company on 1 April 2016. He graduated with a Bachelor's Degree in Management from Doshisha University, Japan.

Mr Koji Takatori joined Matsushita Electronics Industrial Co., Ltd. (Japan) in 1988 and has served in the accounting department of Matsushita Electronics Corporation (Japan). In 1995, he was promoted to Accounting Supervisor in Utsunomiya Accounting Section, CRT Business Division and in 1998 he was transferred to Matsushita Electronics Corporation (M) Sdn Bhd as the Financial General Manager. In 2002, he was the Financial Director in Matsushita Display Devices Corporation (M) Sdn Bhd for 2 years and was appointed a manager in the administration group of Matsushita Toshiba Picture Display Co., Ltd. (Japan).

In 2007, he was appointed a Councilor in Accounting Group, Headquarter Panasonic Corporation (Japan) and was made the Financial Director in Panasonic AVC Networks Company America, Panasonic Corporation of North America (USA) in 2010. In 2015 he was appointed as Executive Director in Panasonic Appliances Asia Pacific, a division of Panasonic Management Malaysia Sdn Bhd.

Mr Koji Takatori 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 did not attend any Board Meetings during the financial year as he was appointed to the Board only recently and has no convictions for any offences within the past 10 years, other than traffic offences, if any.

# STATEMENT ON CORPORATE GOVERNANCE

## COMMITMENT FROM THE BOARD

The Board of Directors of the Company (“the Board”) remains committed in maintaining the highest standards of corporate governance within the Company and adhering to the principles and best practices of corporate governance, through observing and practising the core values of the Malaysian Code on Corporate Governance, Bursa Malaysia’s Corporate Governance 2012 (the “Code”), Panasonic Code of Conduct and Panasonic Basic Business Philosophy. The commitment from the top paves the way for the Management and all employees to ensure the Company’s businesses and affairs are effectively managed in the best interest of all stakeholders.

The Board is pleased to present the following reports on the application of the principles as set out in the Code and the extent to which the Group has complied with the principles and recommendation of the Code during the financial year ended 31 March 2016.

## THE BOARD STRUCTURE, DUTIES AND EFFECTIVENESS

### Board Size, Leadership and Competencies

The current Board size of 11 members consists of 4 Independent Non-Executive Directors (including the Chairman), a Managing Director, 4 Executive Directors and 2 Non-Independent Non-Executive Directors. 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 leads the Company within a framework of prudent and effective controls. The Board comprises of members from various professions with individual personalised 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 they handle any conflict of interest situation and all proceedings of the Board effectively through a system of independent checks and balances. 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 Independent Non-Executive Directors, Tan Sri Datuk Asmat bin Kamaludin, and Razman Hafidz bin Abu Zarim have each a cumulative term of more than nine (9) years. Notwithstanding the recommendation of the Code to limit the tenure of the Independent Directors, the Board has adopted the policy that the tenure of all Directors irrespective of them being executive or non-executive will not be fixed. The Board views that the annual assessment of the qualification of the Directors to remain on the Board to be sufficient.

For the Independent Directors of the Company, the Board views that they have the vast experience in a diverse range of business to provide constructive opinion and exercise independent judgement. As the Company is a Panasonic Corporation controlled subsidiary, the Company’s Executive Directors are rotated among the companies in the Panasonic Corporation in enhancement of their career development. As there are changes in the members of the Executive Board, the Company views that there should be stability in the members of the Independent Directors to ensure that the Company’s culture, conduct and philosophy is maintained or enhanced by the new executive members.

The Company does not have a policy on diversity of gender, ethnicity and age. The appointment of Tan Sri Hasmah binti Abdullah and Ms Siew Pui Ling as Directors reflects that the Board recognises the value of lady members of the Board. The age of the Directors range from 48 to 72 as the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board.

The profile of each Director is summarised on pages 14 to 19 of the Annual Report.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

**Board Duties and Responsibilities**

The Board owes the fiduciary duties to the Company and, while discharging its duties and responsibilities, shall individually and collectively 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 ensuring that investor relations and succession planning programme are implemented.

There is a clear separation of duties and responsibilities of the Chairman and the Managing Director to ensure a balance of power and authority. The difference in the roles of Chairman and Managing Director provides a clear segregation of responsibility and accountability.

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 Secretary and Auditors are duly executed and documented.

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 Secretary. 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.

**Conduct of Meetings**

The Board met four (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 2016 was as follows:

Name of Director	Meeting Attendance	% of Attendance
Tan Sri Datuk Asmat bin Kamaludin	4/4	100
Akira Nishimura	4/4	100
Razman Hafidz bin Abu Zarim	4/4	100
Datuk Supperamaniam a/l Manickam	4/4	100
Takayuki Tadano	4/4	100
Tan Sri Hasmah Binti Abdullah	4/4	100
Siew Pui Ling	4/4	100
Takao Uchiyama	4/4	100
Cheng Chee Chung	4/4	100
Toru Okano (appointed on 1 January 2016)	1/1	100
Koji Takatori (appointed on 1 April 2016)	-	-



## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

**Conduct of Meetings (Cont'd)**

All proceedings, deliberations and conclusions of the Board Meetings are clearly recorded in the minutes of meetings, confirmed 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.

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.

**Directors' Continuing Education**

All Directors including the newly appointed Directors during the financial year end 2016 have completed the Mandatory Accreditation Programme. Newly appointed Directors have also undergone a formal orientation and education programme including factory visits guided by other Directors and senior management.

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

No.	Continuing Education Programme Attended	Date	Duration
1	<b>Tan Sri Datuk Asmat bin Kamaludin</b>		
	- Predicting Financial Crime – Detection Prevention and Remediation	1 April 2015	1 day
	- Seminar Kelestarian Integriti – Institute Integriti Malaysia	14 April 2015	1 day
	- Light and Shadow in the Boardroom: Reflections on Board Evaluation and Development – PNB	12 May 2015	1 day
	- Money Laundering and its impact on Investment Companies – PNB	1 June 2015	1 day
	- SC Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries	1 June 2015	1 day
	- CMDP (Capital Market Director Programme - Module 2 - PNB	5 August 2015	1 day
	- CMDP Module 1 – Directors as Gatekeepers of Market Participants	10 August 2015	1 day
	- CMDP Module 3 – Risk Oversight and Compliance: Action Plan for Board of Directors	22 October 2015	1 day
	- Customised Advocacy - Bursar	30 October 2015	1 day
	- CMDP Module 4 – Current and Emerging Regulatory Issues in the Capital Market	4 December 2015	1 day
	- Briefing Session on the TPPA – organized by MITI with PERODUA	21 January 2016	1 day
	- Briefing Session on the TPPA – organized by MITI with UMW Holdings Berhad	7 March 2016	1 day
	- Learning from Leaders Session – with Group Chairman – UMW	26 April 2016	1 day
	- White Room Session – PM's Office	10 May 2016	1 day

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

No.	Continuing Education Programme Attended	Date	Duration
2	<b>Razman Hafidz bin Abu Zarim</b>		
	- Women's Representation on Corporate Boards	8 May 2015	½ day
	- Sustainability Symposium	8 October 2015	1 day
	- Forbes Global CEO Conference	12-14 October 2015	2 ½ days
	- Global Marketer Conference	17 March 2016	1 day
	- Age of Anxiety Briefing	18 March 2016	½ day
3	<b>Datuk Supperamaniam a/l Manickam</b>		
	- Update on Malaysian and Regional Economies, Goods and Services Tax - Post Implementation Issues, An Overview of the Price Control & Anti-Profitteering Act and Latest Developments in Transfer Pricing	22 September 2015	1 day
	- CG Breakfast Series with Directors - Future of Auditor Reporting - The Game Changer for Boradroom	2 November 2015	1 day
	- Directors' Responsibility for Financial Statement Integrity – Legal Expectations on Corporate Disclosures	13 April 2016	1 day
4	<b>Tan Sri Hasmah Binti Abdullah</b>		
	- Competition Law and Corporate Governance: Can They Co Exist?	24 February 2015	1 day
	- PNB Investment Series: Predicting Financial Crime – Detection, Prevention & Remediation	1 April 2015	1 day
	- Remuneration Reward Practices Seminar 2015	8 April 2015	1 day
	- YTI Public Lecture Series 2015 – Light and Shadow in the Boardroom: Reflections on Board Evaluation and Development	12 May 2015	1 day
	- In Times of Disaster: Fostering Public – Private Partnership	14 May 2015	1 day
	- Risk Management and Internal Control: Workshop for Audit Committee Members	8 June 2015	1 day
	- Goods and Services Tax Forum: Rising Challenges to GST Implementation	10 June 2015	1 day
	- FMM Forum on Developing & Strengthening Women Entrepreneurship	11 August 2015	1 day
	- Bursa Malaysia CG Breakfast Series with Directors- “How to Maximise Internal Audit”	9 September 2015	1 day
	- Corporate Directors Advance Programme (CDAP)	29 – 30 September 2015	2 days
	- Customised Advocacy Session with Bursa Securities	20 October 2015	1 day
	- Malaysia's War on Corruption Symposium 2015	11 – 12 November 2015	2 days

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

No.	Continuing Education Programme Attended	Date	Duration
5	<b>Cheng Chee Chung</b> <ul style="list-style-type: none"> <li>- Mandatory Accreditation Programme</li> <li>- AV2016 Product Meeting</li> <li>- APAC NSC MD &amp; Country Region Head Meeting</li> <li>- Panasonic Group Strategic Meeting - Asia Day</li> <li>- Panashop Meeting</li> <li>- 2016 Policy Announcement Meeting</li> </ul>	6 & 7 May 2015 27 & 28 July 2015 28 August 2015 3 December 2015 20 January 2016 31 March 2016	1 ½ days 2 days 1 day 1 day 1 day ½ day
6	<b>Toru Okano</b> <ul style="list-style-type: none"> <li>- Mandatory Accreditation Programme</li> </ul>	6 & 7 April 2016	1 ½ days
7	<b>Koji Takatori</b> <ul style="list-style-type: none"> <li>- Mandatory Accreditation Programme</li> </ul>	6 & 7 May 2016	1 ½ days
8	<b>Akira Nishimura</b> <ul style="list-style-type: none"> <li>- FY2015 Southeast Asia &amp; Oceania Policy Announcement Meeting</li> <li>- FY2015 1st Manufacturing MD Meeting</li> <li>- FY2015 2nd Manufacturing MD Meeting</li> <li>- Southeast Asia Customer Value Enhancement Meeting</li> <li>- 7th Global Manufacturing Strategy Meeting</li> <li>- 2016 Policy Announcement Meeting</li> </ul>	20 April 2015 29 May 2015 28 January 2016 14 September 2015 16 October 2015 31 March 2016	½ day ½ day ½ day 1 day 1 day ½ day
9	<b>Takayuki Tadano</b> <ul style="list-style-type: none"> <li>- Global Economy and Finance Future, TPP Agreement Influence to Malaysia Economy</li> <li>- Malaysia Riggitt Exchange Condition &amp; New Budget, Tax Regulation and Transfer Pricing from GST Point of View</li> </ul>	27 May 2016 2 November 2015	1 day 1 day

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

**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 Malaysian Code on Corporate Governance. 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 31 to 34 of the Annual Report.

On a formal assessment on the performance and effectiveness of the Audit Committee and its members, the Board with the exception of the Directors who are also Audit Committee are generally satisfied that the size of the Audit Committee is large enough to perform the duties as defined and its judgment is not impaired as they are sufficiently independent from management. The Chairman of the Audit Committee has the strength, personality and tact dealing with Directors, Internal and External Auditors. In addition, the Chairman of the Audit Committee is experienced and effective in conducting meetings. The Audit Committee members have also fulfilled the requirements in terms of roles and responsibilities, in relations with External Auditors and Internal Auditors.

**Nomination Committee**

The Nomination Committee membership is comprise entirely of Independent Non-Executive Directors, as follows:

No.	Name	Designation
1.	Datuk Supperamaniam a/l Manickam (appointed as Chairman on 30.05.2016) (Chairman)	Independent Non-Executive Director
2.	Razman Hafidz bin Abu Zarim (Member)	Independent Non-Executive Director
3.	Tan Sri Hasmah binti Abdullah (Member)	Independent Non-Executive Director

The Nomination Committee is entitled to the services of the Company Secretary who would ensure that all appointments are properly made upon obtaining all necessary information from the Directors. All the assessments and evaluations carried out during the year was properly documented and minuted by the Company Secretary.

Further details on the duties and activities of the Nomination Committee is set out in the Nomination Committee Report.

**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.

Each year, the Nomination Committee assesses the experience, competence, integrity and capability of each Director including the Director over 70 years old who wishes to continue his office before making recommendation to the Board.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

**Remuneration Committee**

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

No.	Name	Designation
1.	Tan Sri Hasmah Binti Abdullah (appointed as Chairman on 30.05.2016) (Chairman)	Independent Non-Executive Director
2.	Takayuki Tadano (Member)	Executive Director
3.	Razman Hafidz bin Abu Zarim (Member)	Independent Non-Executive Director
4.	Datuk Supperamaniam a/l Manickam (Member)	Independent Non-Executive Director

At a meeting held on 26 May 2015 the Remuneration Committee made a recommendation to the Board for payment of Directors' fees not exceeding RM341,825 in aggregate for the financial year ended 31 March 2016 to the Independent Non-Executive Directors. It was approved by the Shareholders at the AGM.

The remuneration package of the Non-Executive Directors including the Non-Executive Chairman was determined by linking their remuneration to the time commitment of each Director and whether the Directors take on additional responsibilities such as chairmanship or membership of the Board committees or Senior Independent Non-Executive Director and is a matter of the Board as a whole. The Non-Executive Directors who have an interest do not participate in discussions on their remuneration.

The Remuneration Committee members were also briefed on the basis of determination of remuneration package applied to the Executive Directors of the Company, which comprised of basic salary, annual adjustment, performance incentive, bonus and benefit-in-kind. The Company takes cognisance that the compensation packages of the Executive Directors appointed by Panasonic Corporation are subject to the global compensation practices of the worldwide Panasonic Group of Companies.

**Directors' Remuneration**

The details of the remuneration of the Directors of the Company for the financial year ended 31 March 2016 are as follows:

Descriptions	Executive Director RM	Non-Executive Director RM	Total RM
Fees	–	341,825.00	341,825.00
Meeting allowance	–	31,800.00	31,800.00
Salary and other remuneration	2,916,761.37	–	2,916,761.37
Benefits-in-kind (BIK)	186,867.26	–	186,867.26
Total	3,103,628.63	373,625.00	3,477,253.63
Total (excluding BIK)	2,916,761.37	373,625.00	3,290,386.37



## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

The remuneration of the Directors for the financial year ended 31 March 2016 within the following bands are as follows:

Range of Remuneration	Executive Director	Non-Executive Director	Total
RM0 to 50,000	0	4	4
RM50,001 to RM100,000	0	3	3
RM100,001 to RM150,000	1	1	2
RM450,001 to RM500,000	1	0	1
RM700,001 to RM750,000	1	0	1
RM850,001 to RM900,000	1	0	1
RM900,001 to RM950,000	1	0	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 was made 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 results, Annual Reports, Circulars to Shareholders etc released through Bursa Link and corporate videos presented to the shareholders during the AGM.

The Chairman, Executive Director and/or Management held meetings with major shareholders, fund managers and investment analysts, at their request, and Minority Shareholders Watchdog Group 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 of the AGM were decided on a 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 (CONT'D)

### 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 Risk Management and Internal Control is set out on pages 35 to 37 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 reviews Internal Audit reports and discuss findings with Internal Auditors where necessary.

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 with the External Auditors twice a year without presence of management to discuss on key concerns and obtain feedback relating to the Company's affairs.

This Statement is made in accordance with the resolution of the Board of Directors dated 30 May 2016.

# NOMINATION COMMITTEE REPORT

The Board of Directors of the Company (“the Board”) is pleased to present the Nomination Committee Report for the financial year ended 31 March 2016.

## COMPOSITION

The composition of the Nomination Committee comprise entirely of Independent Non-Executive Directors, as follows:

No.	Name of Nomination Committee Member	No. of Meetings Attended
1.	Datuk Supperamaniam a/l Manickam (Chairman) (Independent Non-Executive Director)	3/3
2.	Razman Hafidz bin Abu Zarim (Member) (Independent Non-Executive Director)	3/3
3.	Tan Sri Hasmah Binti Abdullah (Member) (Independent Non-Executive Director)	3/3

The Nomination Committee has written terms of reference dealing with its authority and duties which includes the selection and assessment of directors.

## FUNCTIONS

The key functions of the Nomination Committee include the following:-

- 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.

The Nomination Committee met three (3) times during the financial year ended 31 March 2016.

## ACTIVITIES OF THE NOMINATION COMMITTEE

During the financial year ended 31 March 2016, the Nomination Committee, in discharging its functions and duties, carried out the following activities:-

- reviewed the mix of skill and experience and other qualities of the Board;
- assessed the effectiveness of the Board as a whole, the Board committees and the Directors;
- discussed and recommended the appointment of new directors and re-election/re-appointment of retiring Directors; and
- discussed and recommended the changes in composition of the Audit Committee, Nomination Committee and Remuneration Committee.

## NOMINATION COMMITTEE REPORT (CONT'D)

### Evaluation of Performance, Mix of Skills, Experience and Qualities

Based on the current position and practices of the Company, the Nomination Committee upon its review on 26 May 2016 was satisfied that the Board and Board Committees structure, size, composition, mix of skills and qualities of the Directors were appropriate and conformed to the best practices in the Malaysian Code on Corporate Governance.

The Nomination Committee also conducted a formal assessment of performance and effectiveness of the Board, the Board Committees as well as individual Directors. As a post-evaluation process, the Company Secretary had summarised the results of evaluation and reported to the Directors allowing them to know their standing and the Board was encouraged to take actions on the outcome of evaluation by recommending remedial measures on areas that need improvements. From the annual assessment, the Nomination Committee was satisfied that all the Executive, Non-Executive and Independent Directors on the Board possess sufficient qualification to remain on the Board.

Save for the Nomination Committee members who are also a member of the Board and have abstained from assessing their own individual performance as Director of the Company, each of the Nomination Committee Members view that all the Directors have good personal attributes and possess sufficient experience and knowledge in various fields that are vital to the Company's industry. On the Board evaluation, the Committee agreed that all the Directors have discharged their stewardship duties and responsibilities towards the Company as a Director effectively. On the Independent Directors, In general, the Board and Board Committees were functioning effectively as a whole having indicated a high level of compliance and integrity.

### 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.

Each year, the Nomination Committee assesses the experience, competence, integrity and capability of each Director including the Director over 70 years old who wishes to continue his office before making recommendation to the Board.

# 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 2016.

## 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 2016 are as follows:

No.	Name of Audit Committee Member	No. of Meetings Attended
1.	Razman Hafidz bin Abu Zarim (Chairman) (Independent Non-Executive Director)	5/5
2.	Datuk Supperamaniam a/l Manickam (Member) (Independent Non-Executive Director)	4/5
3.	Tan Sri Hasmah Binti Abdullah (Member) (Independent Non-Executive Director)	5/5
4.	Toshiro Okamoto (Member) (Non-Independent Non-Executive Director) (resigned on 31.12.2015)	4/4

The current Audit Committee comprises of 3 Independent Non-Executive Directors. The Chairman of the Audit Committee, Encik Razman is Member 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 five (5) Audit Committee Meetings during the financial year ended 31 March 2016. The Managing Director, Executive Director, Assistant Director, Finance, External Auditors and/or Internal Auditors were invited to attend the Audit Committee Meetings. The discussion 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.



## AUDIT COMMITTEE REPORT (CONT'D)

### 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 assessment of the performance and to approve any appointment, resignation or termination of the outsourced Internal Auditors function and inform itself of any resignations and reasons thereof;

## AUDIT COMMITTEE REPORT (CONT'D)

Statutory and Non-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 2016 amounted to RM52,051.60.

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.

## AUDIT COMMITTEE REPORT (CONT'D)

### 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 2016 and recommended to the Board for approval.
3. Discussion on the External Auditors' Report to the Audit Committee for the financial year ended 31 March 2015 and the Annual Audit Plan for the financial year ended 31 March 2016.
4. Meetings with the External Auditors without Management's presence twice during the year to discuss on key concerns and obtain feedback on the state of internal controls.
5. 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.
6. Review of the state of internal control of the Company and extent of compliance with the established policies, procedures and statutory requirements.
7. Assessment of performance and competency of the internal audit function.
8. Review of the draft circular to shareholders in relation to recurrent related party transactions of a revenue or trading nature (RRPT) and quarterly review of Summary of RRPT.
9. Review of 2 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.
10. Review of the Statement on Risk Management and Internal Control and Audit Committee Report prior to the Board's approval for inclusion in the Company's Annual Report 2015
11. Made recommendations to the Board on the re-appointment of the External Auditors.
12. Discussion on Summary of Assessment on the Performance and Effectiveness of Audit Committee and its members.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

In accordance with Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities), the Board of Directors of listed companies is required to include in their annual report, a “statement about the state of internal control of the listed issuer as a company”. In addition, the revised Malaysian Code on Corporate Governance 2012 issued by Securities Commission Malaysia requires the board to establish a sound risk management framework and internal control system. The Board of Directors is pleased to provide the following statement that is prepared in accordance with the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers” endorsed by Bursa Securities which outlines the nature and scope of the risk management and internal control of the Company during the financial year under review.

## BOARD RESPONSIBILITIES

The Board of Directors of the Company (“Board”) recognises the importance of sound risk management practices and internal controls to safeguard shareholders’ investments and the Company’s assets. The Board affirms its overall responsibility for the Company’s system of risk management and internal control which includes the establishment of an appropriate control environment and framework, as well as reviewing its adequacy and integrity. The Board is responsible for determining the nature and extent of the strategic risk that the Company is willing to take to achieve its objectives, whilst in parallel maintaining sound risk management and systems of internal control.

The Board tasks Management to identify and assess the risks faced by the Company, and thereafter design, implement and monitor appropriate internal controls to mitigate and control those risks. There are inherent limitations to any system of internal control and the system is designed to manage and minimize impact rather than completely eliminate risks that may impact the achievement of the Company’s business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers inter alia, financial, operational, compliance controls and risk management procedures.

## 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 periodically. Further details of the activities undertaken by the Audit Committee are set out in the Audit Committee Report on pages 31 to 34 of the Annual Report.
- The Internal Audit function has been outsourced to external service providers to provide independent assurance and consulting activities and serves to assist the Company in achieving its objectives. The function had been outsourced to Deloitte Enterprise Risk Services Sdn. Bhd. (“Deloitte”).
- The Internal Auditors evaluate 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. The Internal Auditors conduct its audits according to a risk based internal audit plan approved by the Audit Committee.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Internal audit activities carried out by Deloitte during the financial year under review included audits conducted on the Company's operations, as follows:

1. Human Resource Management – Recruitment
2. Inventory Management
3. Product Development Management
4. Information System Management
5. Business Continuity Management
6. Vendor Management
7. Fixed Asset Management
8. Intellectual Property Management
9. Product Quality Management
10. Legal and Compliance Management
11. Health and Safety Management

Internal audits are carried out according to the Audit Plan approved by the Audit Committee. The resulting reports from the audits undertaken are presented to the Audit Committee during the Audit Committee meetings. The Audit Committee meets to review, discuss and direct actions on matters pertaining to reports which, among other matters, include findings relating to the adequacy and integrity of the internal control systems of the Company. After the Audit Committee has deliberated on the reports, these are then forwarded to the operational management for attention and necessary actions. The operational management is responsible for ensuring recommended corrective actions on reported weaknesses are taken within the required time frame.

The internal audit reports and the annual internal audit plan are reviewed and approved by the Audit Committee and noted at the Board meetings.

### ENTERPRISE RISK MANAGEMENT PROCESS

Risk management is firmly embedded in the Company's management system as Management firmly believes that risk management is critical for the Company's sustainability and the enhancement of shareholder value.

- Company's Enterprise Risk Management Objectives
  - Preserve the safety and health of its employees.
  - Ensure the continuity of its supply to consumers at all times.
  - Protect its assets and reputation.
  - Ensure that the Company's operations do not impact negatively on the community in which it operates and the environment.
  - Protect the interests of all other stakeholders.
  - Promote an effective risk awareness culture where risk management is an integral aspect of the Company's management systems.
  - Ensure compliance with the Malaysian Code of Corporate Governance.
- The risk management function is outsourced to the external service provider, who assists the Board to oversee the overall management of principal areas of risks of the Company.
- The Audit Committee is briefed periodically by the external service provider on the Company's Enterprise Risk Management Framework and its activities in the Audit Committee meeting.
- Compliance Committee has been established to promote strong self-check system to ensure compliance is top priority in the Company's business activities. It also ensures timely information is shared across all divisions and flowed to other levels.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

## ENTERPRISE RISK MANAGEMENT PROCESS (CONT'D)

- Management Committee has also been established with appropriate empowerment to ensure effective management and supervision of the Company's core areas of business operations. Its function includes review of registration of new suppliers and investment/expenditure by the Company exceeding stipulated amount. Its members comprise of Assistant Directors and above. It acts as a control committee by senior management before the Company's MD provides its final seal of approval.
- Other internal Committees include the Information Security Management Working Committee, Quality Committee, Safety & Health and Fire Prevention Committee and "Cost Buster" Committee.
- 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 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.
- Standard operating procedure (SOP) manual sets out policies and procedures for day to day operations to be carried out. Periodic reviews are performed to ensure that the SOP remains current, relevant and aligned with evolving business environment and operational needs.

## CONCLUSION

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

For the financial year under review and up to the date of issuance of the financial statements for inclusion in the annual report, the Board has received assurance from the Managing Director and Finance Director that the system of internal control is in place and is satisfactorily adequate to safeguard shareholders' interests and the Company's assets.

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 weaknesses resulting in material losses or contingencies during the financial year requiring disclosure in the Annual Report.

The Board's review however 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.

# ADDITIONAL COMPLIANCE INFORMATION

The following information is presented in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad:

**(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. KPMG and its affiliated company were RM365,514.

**(7) Variation in Results**

There were no variances between the audited results for the financial year ended 31 March 2016 and the unaudited results announced to Bursa Malaysia Securities Berhad on 30 May 2016. 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.

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# DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Combined Entity and of the Company for the financial year ended 31 March 2016.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the manufacture and sale of electrical home appliances and related components whilst the principal activities of the associated company are as stated in Note 4 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## RESULTS

	<b>Combined Entity RM'000</b>	<b>Company RM'000</b>
Profit for the year attributable to owners of the Company	146,900	141,034

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review, other than as disclosed in the financial statements.

## DIVIDENDS

Since the end of the previous financial year, the Company paid:

- i) a final single tier dividend of 35 sen per ordinary share totalling RM21,261,023 in respect of the financial year ended 31 March 2015 on 21 September 2015;
- ii) a special single tier dividend of 92 sen per ordinary share totalling RM55,886,118 in respect of the financial year ended 31 March 2015 on 21 September 2015; and
- iii) an interim single tier dividend of 15 sen per ordinary share totalling RM9,111,867 in respect of the financial year ended 31 March 2016 on 15 January 2016.

The final ordinary dividend recommended by the Directors in respect of the financial year ended 31 March 2016 is 124 sen per ordinary share of RM1.00, subject to the approval of the shareholders at the forthcoming general meeting. Based on the issued and paid up capital of the Company as at the date of this report, the final dividend would amount to approximately RM75,325,040.

DIRECTORS' REPORT  
(CONT'D)

## DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Tan Sri Datuk Asmat bin Kamaludin	
Razman Hafidz bin Abu Zarim	
Datuk Supperamaniam a/l Manickam	
Tan Sri Hasmah binti Abdullah	
Akira Nishimura	
Takayuki Tadano	
Siew Pui Ling	
Takao Uchiyama	
Cheng Chee Chung	
Toru Okano	(Appointed on 1 January 2016)
Koji Takatori	(Appointed on 1 April 2016)
Toshikazu Kudo	(Resigned on 30 June 2015)
Toshiro Okamoto	(Resigned on 31 December 2015)
Takemoto Yoichi	(Appointed on 22 July 2015, Resigned on 1 April 2016)

In accordance with Article 97 of the Company's Articles of Association, Razman Hafidz bin Abu Zarim and Takayuki Tadano 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, Cheng Chee Chung, retires under casual vacancy at the forthcoming Annual General Meeting, and being eligible, offers himself for re-election.

In accordance with Section 129 of the Companies Act, 1965, Tan Sri Datuk Asmat bin Kamaludin and Datuk Supperamaniam a/l Manickam, retire at the forthcoming Annual General Meeting. They offer themselves for re-appointment to hold office until the conclusion of the next Annual General Meeting.

## DIRECTORS' INTERESTS

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follow:

	Number of ordinary shares of RM1 each			
	At 1.4.2015	Bought	Sold	At 31.3.2016
Interest in the Company				
Siew Pui Ling	100	-	-	100
	Number of common stock			
	At 1.4.2015	Bought	Sold	At 31.3.2016
Interest in the ultimate holding corporation, Panasonic Corporation ("PC")				
Akira Nishimura	5,000	-	-	5,000

None of the other Directors holding office at 31 March 2016 had any interest in the shares of the Company and of its related corporations during the financial year.



## DIRECTORS' REPORT

(CONT'D)

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object 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.

### ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company and the Company has not issued any debentures during the financial year.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

### OTHER STATUTORY INFORMATION

Before the financial statements of the Combined Entity and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Combined Entity and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Combined Entity and of the Company misleading, or
- iii) 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, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Combined Entity and of the Company misleading.

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

- i) any charge on the assets of the Combined Entity or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Combined Entity or of the Company that has arisen since the end of the financial year.

DIRECTORS' REPORT  
(CONT'D)

**OTHER STATUTORY INFORMATION (CONTINUED)**

No contingent liability or other liability of any company in the Combined Entity 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 as and when they fall due.

In the opinion of the Directors, the financial performance of the Combined Entity and of the Company for the financial year ended 31 March 2016 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

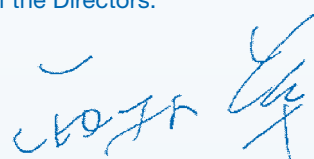
**AUDITORS**

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



**Tan Sri Datuk Asmat bin Kamaludin**  
Director



**Akira Nishimura**  
Director

Kuala Lumpur,

Date: 30 May 2016

# STATEMENTS OF FINANCIAL POSITION

as at 31 March 2016

	Note	Combined Entity		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Assets</b>					
Property, plant and equipment	3	62,030	55,858	62,030	55,858
Interest in associated company	4	151,282	145,416	2,000	2,000
Deferred tax assets	5	11,320	13,554	11,320	13,554
<b>Total non-current assets</b>		<b>224,632</b>	214,828	<b>75,350</b>	71,412
Inventories	6	43,844	47,901	43,844	47,901
Trade and other receivables	7	110,952	64,244	110,952	64,244
Derivative financial assets	8	5,151	306	5,151	306
Cash and cash equivalents	9	601,514	575,950	601,514	575,950
<b>Total current assets</b>		<b>761,461</b>	688,401	<b>761,461</b>	688,401
<b>Total assets</b>		<b>986,093</b>	903,229	<b>836,811</b>	759,813
<b>Equity</b>					
Share capital	10	60,746	60,746	60,746	60,746
Retained earnings		718,357	657,716	569,075	514,300
<b>Total equity</b>		<b>779,103</b>	718,462	<b>629,821</b>	575,046
<b>Liabilities</b>					
Provision for liabilities and charges	11	193	205	193	205
<b>Total non-current liabilities</b>		<b>193</b>	205	<b>193</b>	205
Trade and other payables	12	188,253	159,094	188,253	159,094
Provision for liabilities and charges	11	9,148	14,134	9,148	14,134
Derivative financial liabilities	8	120	4,444	120	4,444
Taxation		9,276	6,890	9,276	6,890
<b>Total current liabilities</b>		<b>206,797</b>	184,562	<b>206,797</b>	184,562
<b>Total liabilities</b>		<b>206,990</b>	184,767	<b>206,990</b>	184,767
<b>Total equity and liabilities</b>		<b>986,093</b>	903,229	<b>836,811</b>	759,813

The notes on pages 50 to 93 are an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2016

	Note	Combined Entity		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	13	1,086,735	931,020	1,086,735	931,020
Cost of sales		(841,380)	(750,365)	(841,380)	(750,365)
<b>Gross profit</b>		<b>245,355</b>	<b>180,655</b>	<b>245,355</b>	<b>180,655</b>
Other operating income		5,383	5,173	8,568	8,358
Distribution and marketing cost		(60,907)	(51,182)	(60,907)	(51,182)
Administrative expenses		(34,922)	(32,027)	(34,922)	(32,027)
Other operating expenses		(1,198)	(1,394)	(1,198)	(1,394)
<b>Results from operating activities</b>		<b>153,711</b>	<b>101,225</b>	<b>156,896</b>	<b>104,410</b>
Finance income		22,410	19,273	22,410	19,273
Share of results of associated company (net of tax)		9,051	9,335	–	–
<b>Profit before tax</b>	14	<b>185,172</b>	<b>129,833</b>	<b>179,306</b>	<b>123,683</b>
Tax expense	15	(38,272)	(30,295)	(38,272)	(30,295)
<b>Profit for the year and total comprehensive income for the year</b>		<b>146,900</b>	<b>99,538</b>	<b>141,034</b>	<b>93,388</b>
<b>Basic earnings per ordinary share (sen)</b>	16	<b>242</b>	<b>164</b>	<b>232</b>	<b>154</b>

The notes on pages 50 to 93 are an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

## for the year ended 31 March 2016

Combined Entity	Note	Share capital RM'000	<i>Distributable</i> Retained earnings RM'000	Total equity RM'000
<b>At 1 April 2014</b>		60,746	602,522	663,268
Total profit and comprehensive income for the year		–	99,538	99,538
<i>Contributions by and distributions to owners of the Company</i>				
Dividends				
- Final dividend for the financial year ended 31 March 2014	17	–	(21,261)	(21,261)
- Special dividend for the financial year ended 31 March 2014	17	–	(13,971)	(13,971)
- Interim dividend for the financial year ended 31 March 2015	17	–	(9,112)	(9,112)
<b>Total transactions with owners of the Company</b>		–	(44,344)	(44,344)
<b>At 31 March 2015/1 April 2015</b>		<b>60,746</b>	<b>657,716</b>	<b>718,462</b>
Total profit and comprehensive income for the year		–	146,900	146,900
<i>Contributions by and distributions to owners of the Company</i>				
Dividends				
- Final dividend for the financial year ended 31 March 2015	17	–	(21,261)	(21,261)
- Special dividend for the financial year ended 31 March 2015	17	–	(55,886)	(55,886)
- Interim dividend for the financial year ended 31 March 2016	17	–	(9,112)	(9,112)
<b>Total transactions with owners of the Company</b>		–	(86,259)	(86,259)
<b>At 31 March 2016</b>		<b>60,746</b>	<b>718,357</b>	<b>779,103</b>

The notes on pages 50 to 93 are an integral part of these financial statements.



**STATEMENTS OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 31 MARCH 2016  
(CONT'D)

Company	Note	Share capital RM'000	<i>Distributable</i> Retained earnings RM'000	Total equity RM'000
<b>At 1 April 2014</b>		60,746	465,256	526,002
Total profit and comprehensive income for the year		-	93,388	93,388
<i>Contributions by and distributions to owners of the Company</i>				
Dividends				
- Final dividend for the financial year ended 31 March 2014	17	-	(21,261)	(21,261)
- Special dividend for the financial year ended 31 March 2014	17	-	(13,971)	(13,971)
- Interim dividend for the financial year ended 31 March 2015	17	-	(9,112)	(9,112)
<b>Total transactions with owners of the Company</b>		-	(44,344)	(44,344)
<b>At 31 March 2015/1 April 2015</b>		<b>60,746</b>	<b>514,300</b>	<b>575,046</b>
Total profit and comprehensive income for the year		-	141,034	141,034
<i>Contributions by and distributions to owners of the Company</i>				
Dividends				
- Final dividend for the financial year ended 31 March 2015	17	-	(21,261)	(21,261)
- Special dividend for the financial year ended 31 March 2015	17	-	(55,886)	(55,886)
- Interim dividend for the financial year ended 31 March 2016	17	-	(9,112)	(9,112)
<b>Total transactions with owners of the Company</b>		-	(86,259)	(86,259)
<b>At 31 March 2016</b>		<b>60,746</b>	<b>569,075</b>	<b>629,821</b>

The notes on pages 50 to 93 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

for the year ended 31 March 2016

Note	Combined Entity		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Cash flows from operating activities</b>				
Profit before tax	185,172	129,833	179,306	123,683
<i>Adjustments for:</i>				
Property, plant and equipment				
- depreciation	23,393	25,433	23,393	25,433
- write-offs	866	351	866	351
- (gain)/loss on disposal	(110)	1,145	(110)	1,145
Movement in provision of liabilities and charges	(2,527)	(2,266)	(2,527)	(2,266)
Dividend income from associated company (gross)	-	-	(3,185)	(3,185)
Interest income	(22,410)	(19,273)	(22,410)	(19,273)
Share of results of associated company	(9,051)	(9,335)	-	-
Net unrealised foreign exchange loss/(gain)	1,079	(1,692)	1,079	(1,692)
Fair value (gain)/loss on derivative financial instruments	(9,169)	4,300	(9,169)	4,300
<b>Operating profit before changes in working capital</b>	<b>167,243</b>	<b>128,496</b>	<b>167,243</b>	<b>128,496</b>
Changes in working capital:				
Inventories	4,057	(21,609)	4,057	(21,609)
Trade and other receivables	(50,517)	(3,356)	(50,517)	(3,356)
Trade and other payables	32,050	19,234	32,050	19,234
<b>Cash generated from operations</b>	<b>152,833</b>	<b>122,765</b>	<b>152,833</b>	<b>122,765</b>
Tax paid	(33,652)	(27,803)	(33,652)	(27,803)
Rework cost paid	(50)	(1,798)	(50)	(1,798)
Warranty paid	(2,289)	(1,451)	(2,289)	(1,451)
Employee welfare scheme paid	(132)	(101)	(132)	(101)
<b>Net cash generated from operating activities</b>	<b>116,710</b>	<b>91,612</b>	<b>116,710</b>	<b>91,612</b>

The notes on pages 50 to 93 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2016  
(CONT'D)

	Note	Combined Entity		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(30,491)	(15,340)	(30,491)	(15,340)
Proceeds from disposal of property, plant and equipment		170	108	170	108
Interest received		22,249	18,886	22,249	18,886
Dividends received		3,185	3,185	3,185	3,185
<b>Net cash (used in)/generated from investing activities</b>		<b>(4,887)</b>	<b>6,839</b>	<b>(4,887)</b>	<b>6,839</b>
<b>Cash flows from financing activity</b>					
Dividends paid		(86,259)	(44,344)	(86,259)	(44,344)
<b>Net cash used in financing activity</b>		<b>(86,259)</b>	<b>(44,344)</b>	<b>(86,259)</b>	<b>(44,344)</b>
<b>Net increase in cash and cash equivalents</b>		<b>25,564</b>	<b>54,107</b>	<b>25,564</b>	<b>54,107</b>
Currency translation differences		-	1,692	-	1,692
Cash and cash equivalents at 1 April 2015/2014		575,950	520,151	575,950	520,151
<b>Cash and cash equivalents at 31 March</b>	9	<b>601,514</b>	<b>575,950</b>	<b>601,514</b>	<b>575,950</b>

The notes on pages 50 to 93 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

Panasonic Manufacturing Malaysia Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is 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:

## Principal place of business/Registered office

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

The consolidated financial statements as of and for the financial year ended 31 March 2016 comprise the Company and its associated company (together referred to as “the Combined Entity” and individually referred to as “Combined Entity entities”). The financial statements of the Company as of and for the year ended 31 March 2016 do not include other entities.

The Company is principally engaged in the manufacture and sale of electrical home appliances and related components whilst the principal activities of the associated company are as stated in Note 4 to the financial statements.

The immediate holding company during the financial year was Panasonic Management Malaysia Sdn. Bhd., incorporated in Malaysia. The ultimate holding corporation during the financial year was Panasonic Corporation incorporated in Japan is listed in the Tokyo Stock Exchange, Osaka Securities Exchange and Nagoya Stock Exchange.

These financial statements were authorised for issue by the Board of Directors on 30 May 2016.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements of the Combined Entity and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Combined Entity and the Company:

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016***

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012 - 2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012 - 2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements - Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture - Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012 - 2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements - Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012 - 2014 Cycle)*

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 1. BASIS OF PREPARATION (CONTINUED)

## (a) Statement of compliance (continued)

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017**

- Amendments to MFRS 107, *Statement of Cash Flows - Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018**

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019**

- MFRS 16, *Leases*

**MFRSs, Interpretations and amendments effective for a date yet to be confirmed**

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Combined Entity and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 April 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for MFRS 14, MFRS 5, and MFRS 119 which are not applicable to the Combined Entity and the Company.
- from the annual period beginning on 1 April 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 April 2018 for those accounting standards that are effective for annual periods beginning on or after 1 January 2018.
- from the annual period beginning on 1 April 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Combined Entity and the Company except as mentioned below:

**MFRS 15, Revenue from Contracts with Customers**

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Combined Entity and the Company is currently assessing the financial impact that may arise from the adoption of MFRS 15.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 1. BASIS OF PREPARATION (CONTINUED)

#### (a) Statement of compliance (continued)

##### **MFRS 9, *Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Combined Entity and the Company is currently assessing the financial impact that may arise from the adoption of MFRS 9.

##### **MFRS 16, *Leases***

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases - Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Combined Entity and the Company is currently assessing the financial impact that may arise from the adoption of MFRS 16.

##### **Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception***

The amendments to MFRS 10, MFRS 12 and MFRS 128 require an investment entity parent to fair value a subsidiary providing investment-related services that is itself an investment entity, an intermediate parent owned by an investment entity group can be exempt from preparing consolidated financial statements and a non-investment entity investor can retain the fair value accounting applied by its investment entity associate or joint venture.

The Combined Entity and the Company is currently assessing the financial impact that may arise from the adoption of the amendments.

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise stated in Note 2.

#### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Combined Entity and Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

#### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions based on historical experience and other factors, including expectations of future events that are deemed reasonable are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Notes 2(j), 5 and 11.



NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Combined Entity entities, unless otherwise stated.

**(a) Basis of consolidation****(i) Associates**

Associates are entities, including unincorporated entities, in which the Company has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transactions costs. The consolidated financial statements include the Company's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

When the Company's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the associate.

When the Company ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when the equity method is discontinued is recognised in profit or loss.

When the Company's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

**(ii) Transactions eliminated on consolidation**

Intra-company balances and transactions, and any unrealised income and expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Company's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(b) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Combined Entity entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (b) Foreign currency transactions (continued)

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

#### (c) Financial instruments

##### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Combined Entity or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

##### (ii) Financial instrument categories and subsequent measurement

The Combined Entity and the Company categorise financial instruments as follows:

###### ***Financial assets***

###### (a) ***Financial assets at fair value through profit or loss***

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

###### (b) ***Loans and receivables***

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(h)(i)).

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement (continued)*****Financial liabilities***

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

**(iii) Derecognition**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**(d) Property, plant and equipment****(i) Recognition and measurement**

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the Combined Entity's accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Property, plant and equipment (continued)

##### (i) Recognition and measurement (continued)

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

##### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Combined Entity or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is de-recognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

##### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component are depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Combined Entity will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The annual rates representing the estimated useful lives for the current and comparative periods are as follow:

• Buildings	2 ½% - 5%
• Plant and machinery	10% - 50%
• Furniture, fittings and equipment	5% - 20%
• Motor vehicles	25%
• Leasehold land	99 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) Leased assets****Operating lease**

Leases, where the Combined Entity or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

**(f) Inventories**

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

**(g) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investment which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Combined Entity and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

**(h) Impairment****(i) Financial assets**

All financial assets (except for investment in associate) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (h) Impairment (continued)

##### (i) Financial assets (continued)

If, in a subsequent period, the recoverable value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

##### (ii) Other assets

The carrying amount of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

##### (i) Employee benefits

###### (i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Combined Entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.



NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Employee benefits (continued)****(ii) State plans**

The Combined Entity's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Combined Entity has no further payment obligations.

**(j) Provisions**

A provision is recognised if, as a result of a past event, the Combined Entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**(i) Provision for rework cost**

The Combined Entity and the Company recognises at the reporting 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 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 amount of provision of rework expenditure will be charged to profit or loss and any unutilised portions of the provision are reviewed annually and retained based on the risks and obligation specific to that particular product. Where the Combined Entity's and the Company's assessment reveals that there are no further risks associated with a product, the provision would be fully reversed. These provisions are recognised in line with the Panasonic group's global quality policy.

**(ii) Provision for warranty****Existing products**

The Combined Entity and the Company applies judgement and recognises the estimated liability on all products still under warranty at the reporting date. This provision is calculated based on a pre-determined percentage on annual sales of the products for a period of one year. The amount of provision of warranty claims will be charged to profit or loss and any unutilised portion of the warranty provision will be written back to profit or loss in the following financial year. Sales of parts are exempted from any warranty provision. For products which have exceeded the warranty period, the Combined Entity and 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 warranty term. The utilised amount of warranty provision will be charged to profit or loss 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.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (k) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### (l) Revenue recognition

##### (i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

##### (ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Combined Entity's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

#### (m) Finance income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

#### (n) 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 years. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- (i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (ii) management intends to complete the intangible asset and use or sell it;
- (iii) there is an ability to use or sell the intangible asset;
- (iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- (v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(o) Equity instruments****(i) Issue expenses**

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

**(ii) Ordinary shares**

Ordinary shares are classified as equity.

**(p) Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

**(q) Earnings per ordinary share**

The Combined Entity presents basic earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (r) Operating segments

An operating segment is a component of the Combined Entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Combined Entity's other components. All operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Director of the Combined Entity, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

#### (s) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Combined Entity uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Combined Entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Combined Entity recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 3. PROPERTY, PLANT AND EQUIPMENT

Combined Entity and Company	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Construction in progress RM'000	Total RM'000
<b>Cost</b>							
At 1 April 2014	7,566	57,862	275,845	50,021	5,133	1,253	397,680
Additions	-	-	12,192	2,313	835	-	15,340
Disposals	-	-	(39)	(13)	(485)	(1,253)	(1,790)
Write-off	-	-	(27,563)	(2,976)	(44)	-	(30,583)
At 31 March 2015/1 April 2015	7,566	57,862	260,435	49,345	5,439	-	380,647
Additions	-	-	28,345	1,521	625	-	30,491
Disposals	-	-	(661)	-	(215)	-	(876)
Write-off	-	(5,042)	(9,059)	(3,931)	(26)	-	(18,058)
At 31 March 2016	<b>7,566</b>	<b>52,820</b>	<b>279,060</b>	<b>46,935</b>	<b>5,823</b>	-	<b>392,204</b>
<b>Accumulated depreciation</b>							
At 1 April 2014	1,316	50,236	233,189	41,752	3,631	-	330,124
Charge for the year	76	1,355	20,107	3,276	619	-	25,433
Disposals	-	-	(39)	(13)	(485)	-	(537)
Write-off	-	-	(27,343)	(2,844)	(44)	-	(30,231)
At 31 March 2015/1 April 2015	1,392	51,591	225,914	42,171	3,721	-	324,789
Charge for the year	76	926	19,324	2,443	624	-	23,393
Disposals	-	-	(661)	-	(155)	-	(816)
Write-off	-	(4,216)	(9,027)	(3,923)	(26)	-	(17,192)
At 31 March 2016	<b>1,468</b>	<b>48,301</b>	<b>235,550</b>	<b>40,691</b>	<b>4,164</b>	-	<b>330,174</b>
<b>Carrying amounts</b>							
At 1 April 2014	6,250	7,626	42,656	8,269	1,502	1,253	67,556
At 31 March 2015/1 April 2015	6,174	6,271	34,521	7,174	1,718	-	55,858
At 31 March 2016	<b>6,098</b>	<b>4,519</b>	<b>43,510</b>	<b>6,244</b>	<b>1,659</b>	-	<b>62,030</b>

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 4. INTEREST IN ASSOCIATED COMPANY

At Cost	Combined Entity		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted shares	2,000	2,000	2,000	2,000
Share of post-acquisition reserves	149,282	143,416	-	-
Interest in associated company	151,282	145,416	2,000	2,000

Set out below is the associate of the Company as at 31 March 2016, and the associate has share capital consisting solely of ordinary shares, which are held directly by the Company.

Name of entity	Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest	
			2016	2015
Panasonic Malaysia Sdn. Bhd.	Malaysia	Associate	40%	40%

The Company holds a 40% (2015: 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 no control over its operations) is accounted for using the equity method. The investment is initially recognised at cost and adjustment thereafter to include the Company's share of post-acquisition distributable and non-distributable reserves of the associated company.



NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 4. INTEREST IN ASSOCIATED COMPANY (CONTINUED)

## (a) Summarised financial information for associated company

Set out below are the summarised financial information of Panasonic Malaysia Sdn. Bhd. which are accounted for using the equity method.

## (i) Summarised statement of financial position of the associated company:

	2016 RM'000	2015 RM'000
<u>Current</u>		
Cash and cash equivalent	462,880	426,548
Other current assets (excluding cash)	174,605	148,889
<b>Total current assets</b>	<b>637,485</b>	<b>575,437</b>
Financial liabilities (excluding trade payables)	(10,637)	(1,381)
Other current liabilities (including trade payables)	(296,730)	(260,068)
<b>Total current liabilities</b>	<b>(307,367)</b>	<b>(261,449)</b>
<u>Non-current</u>		
<u>Assets</u>	54,515	59,322
Financial liabilities	(503)	(1,531)
Other liabilities	(5,134)	(8,238)
<b>Total non-current liabilities</b>	<b>(5,637)</b>	<b>(9,769)</b>
<b>Net assets</b>	<b>378,996</b>	<b>363,541</b>

## (ii) Summarised statement of profit or loss and other comprehensive income of the associated company:

	2016 RM'000	2015 RM'000
Revenue	1,387,774	1,332,624
Other operating income	62,904	52,501
Finished goods and spare parts purchased/utilised	(1,116,755)	(1,082,968)
Changes in inventories	(1,337)	(7,747)
Operating expenses	(275,152)	(254,479)
Depreciation of property, plant and equipment	(4,737)	(4,688)
Other operating expenses	(14,668)	(3,715)
<b>Profit from operations</b>	<b>38,029</b>	<b>31,528</b>
Finance costs	(74)	(58)
<b>Profit before taxation</b>	<b>37,955</b>	<b>31,470</b>
Taxation	(14,537)	(8,132)
<b>Net profit and total comprehensive income for the financial year</b>	<b>23,418</b>	<b>23,338</b>
Gross dividends received from associate	3,185	3,185

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 4. INTEREST IN ASSOCIATED COMPANY (CONTINUED)

(b) Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the associated company:

	2016 RM'000	2015 RM'000
Opening net assets of the associated company	363,541	348,166
Net profit and total comprehensive income for the financial year	23,418	23,338
Dividends declared	(7,963)	(7,963)
Closing net assets	378,996	363,541
Elimination of unrealised profits	(790)	-
Carrying value of its interest in associates of 40% interest	378,206	363,541
	151,282	145,416

(c) Combined Entity's share of results for the year ended 31 March

	2016 RM'000	2015 RM'000
Combined Entity's share of net profit and total comprehensive income	9,051	9,335

(d) Other information

	2016 RM'000	2015 RM'000
Cash dividends received by the Combined Entity	3,185	3,185

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 5. DEFERRED TAX ASSETS

Deferred tax assets and liabilities are set off 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 statements of financial position:

	Combined Entity and Company	
	2016 RM'000	2015 RM'000
Deferred tax assets	11,320	13,554
At 1 April 2015/2014	13,554	17,107
(Charged)/Credited to profit or loss		
- property, plant and equipment	(1,116)	320
- provisions	(1,168)	(3,703)
- others	50	(170)
	(2,234)	(3,553)
At 31 March	11,320	13,554

## Recognised deferred tax assets

Deferred tax assets are attributable to the following:

Combined Entity and Company	Assets		Liabilities		Net	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Property, plant and equipment	3,107	4,223	-	-	3,107	4,223
Provisions	8,290	9,458	-	-	8,290	9,458
Others	182	288	(259)	(415)	(77)	(127)
Net tax assets	11,579	13,969	(259)	(415)	11,320	13,554

## Movement in temporary differences during the year

Combined Entity and Company	At 1.4.2014	Recognised in profit or loss (Note 15)	At 31.3.2015/ 1.4.2015	Recognised in profit or loss (Note 15)	At 31.3.2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	3,903	320	4,223	(1,116)	3,107
Provisions	13,161	(3,703)	9,458	(1,168)	8,290
Others	43	(170)	(127)	50	(77)
	17,107	(3,553)	13,554	(2,234)	11,320

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 6. INVENTORIES

	Combined Entity and Company	
	2016 RM'000	2015 RM'000
Raw materials	27,257	32,373
Work in progress	2,071	1,904
Finished goods	14,473	13,434
Consumable stores	43	190
	<b>43,844</b>	<b>47,901</b>
Recognised in profit or loss:		
Inventories recognised as cost of sales	651,444	586,735
Write-down to net realisable value	871	177
Reversal of write-down	(3,345)	(7)

### 7. TRADE AND OTHER RECEIVABLES

	Combined Entity and Company	
	2016 RM'000	2015 RM'000
Trade receivables	664	798
Amount due from ultimate holding corporation	977	–
Amount due from associated company	20,465	7,617
Amount due from related companies	72,775	49,578
	<b>94,881</b>	<b>57,993</b>
Other receivables	9,928	2,758
Deposits	2,118	1,832
Prepayments	4,025	1,661
	<b>110,952</b>	<b>64,244</b>

Credit terms given to trade receivables ranged from 30 to 60 days (2015: 30 to 60 days).

The balances due from associated company and related companies are in respect of trading transactions which are unsecured, interest free and have repayment terms ranging from 30 to 60 days (2015: 30 to 60 days).

The trade and other receivable balances, amount due from ultimate holding corporation, amount due from associated company and amount due from related companies are within the stipulated credit period and there were no past due balances.

The balances from ultimate holding corporation, associated company and related companies of RM3,150,000 (2015: Nil) are in respect of non-trading transactions which are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 7. TRADE AND OTHER RECEIVABLES (CONTINUED)

The currency exposure profile of trade receivables, amount due from ultimate holding corporation, amount due from associated company, amount due from related companies, other receivables and deposits is as follows:

	Combined Entity and Company	
	2016 RM'000	2015 RM'000
Ringgit Malaysia	45,403	18,550
United States Dollar	59,137	41,289
Japanese Yen	1,961	1,793
Euro	425	911
Others	1	40
	<b>106,927</b>	<b>62,583</b>

## 8. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Nominal value	Assets RM'000	Liabilities RM'000
<b>Combined Entity and Company</b>			
<b>2016</b>			
<b><i>Non-hedging derivatives</i></b>			
Financial assets at fair value through profit or loss	USD12,925,000	4,982	-
	YEN100,820,000	75	(94)
	SGD247,000	-	(26)
	EUR344,000	94	-
		<b>5,151</b>	<b>(120)</b>
<b>2015</b>			
<b><i>Non-hedging derivatives</i></b>			
Financial assets at fair value through profit or loss	USD21,480,000	-	(4,444)
	YEN160,600,000	118	-
	SGD245,500	16	-
	EUR933,000	172	-
		<b>306</b>	<b>(4,444)</b>

Non-hedging derivatives

The Combined Entity and the Company use forward currency contracts to manage transaction exposures. These contracts are not designated as cash flow or fair value hedges.

Foreign currency forward contracts

Foreign currency forward contracts are entered into by the Combined Entity and the Company in currencies other than Ringgit Malaysia to manage exposure to fluctuations in foreign currency exchange rates on specific transactions. In general, the Combined Entity's and the Company's policy is to enter into foreign currency forward contracts to mitigate foreign exchange risk of highly probable forecasted transactions, such as anticipated future export sales, purchases of equipment and raw materials, as well as payment on services and other related expenditure.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 9. CASH AND CASH EQUIVALENTS

	Combined Entity and Company	
	2016 RM'000	2015 RM'000
Fixed deposits	599,934	575,033
Cash and bank balances	1,580	917
	<b>601,514</b>	<b>575,950</b>

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

	Combined Entity and Company	
	2016 RM'000	2015 RM'000
Ringgit Malaysia	590,315	570,669
United States Dollar	10,920	4,811
Japanese Yen	86	38
Euro	193	431
Singapore Dollar	-	1
	<b>601,514</b>	<b>575,950</b>

Credit rating profiles of banks in which the deposits, cash and bank balances have been placed are as follow:

	Combined Entity and Company	
	2016 RM'000	2015 RM'000
- AAA/AA1	1,216	906
- AA2	399	10
- Non-rated*	599,892	575,033
	<b>601,507</b>	<b>575,949</b>
Cash on hand	7	1
	<b>601,514</b>	<b>575,950</b>

\* The deposit, cash and bank balances are the funds placed with a related company, Panasonic Financial Centre (Malaysia) Sdn. Bhd. which is not rated. The credit rating profiles of Panasonic Corporation, the ultimate holding corporation of Panasonic Financial Centre (Malaysia) Sdn. Bhd. is rated BAA1.



NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 9. CASH AND CASH EQUIVALENTS (CONTINUED)

## (a) Fixed deposits

The fixed deposits are the placement of funds with a related company, Panasonic Financial Centre (Malaysia) Sdn. Bhd..

The weighted average interest rates of fixed deposits that were effective for the financial year are as follow:

	Combined Entity and Company	
	2016 %	2015 %
Ringgit Malaysia	4.04	3.77
United States Dollar	0.50	0.11
Japanese Yen	0.03	0.03
Euro	0.01	0.02
Singapore Dollar	0.17	0.16

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

	Combined Entity and Company	
	2016	2015
Ringgit Malaysia	90 days	90 days

The placement of funds in other currencies is on a daily call basis.

## (b) Cash and bank balances

Bank balances are deposits held on call with banks.

## NOTES TO THE FINANCIAL STATEMENTS

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### 10. SHARE CAPITAL

#### Share capital

	Combined Entity and Company			
	Amount 2016 RM'000	Number of shares 2016 '000	Amount 2015 RM'000	Number of shares 2015 '000
Authorised:				
Ordinary shares of RM1 each	100,000	100,000	100,000	100,000
Issued and fully paid:				
Ordinary shares of RM1 each	60,746	60,746	60,746	60,746

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

### 11. PROVISION FOR LIABILITIES AND CHARGES

Combined Entity and Company	Rework cost RM'000	Warranty RM'000	Employee welfare scheme RM'000	Retirement gratuity scheme RM'000	Total RM'000
At 1 April 2014	4,518	13,193	2,044	200	19,955
(Credited)/charged to profit or loss	2,847	(4,017)	(1,101)	(171)	(2,442)
Utilised during the financial year	(1,798)	(1,451)	(101)	–	(3,350)
Present value adjustments	–	–	–	176	176
At 31 March 2015/ 1 April 2015	5,567	7,725	842	205	14,339
(Credited)/charged to profit or loss	922	(3,278)	(159)	(170)	(2,685)
Utilised during the financial year	(50)	(2,289)	(132)	–	(2,471)
Present value adjustments	–	–	–	158	158
At 31 March 2016	6,439	2,158	551	193	9,341

NOTES TO THE FINANCIAL STATEMENTS  
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## 11. PROVISION FOR LIABILITIES AND CHARGES (CONTINUED)

Combined Entity and Company	Rework cost RM'000	Warranty RM'000	Employee welfare scheme RM'000	Retirement gratuity scheme RM'000	Total RM'000
<b>2015</b>					
Current	5,567	7,725	842	–	14,134
Non-current	–	–	–	205	205
	5,567	7,725	842	205	14,339
<b>2016</b>					
Current	6,439	2,158	551	–	9,148
Non-current	–	–	–	193	193
	6,439	2,158	551	193	9,341

**(a) Rework cost**

As part of its quality control initiative, the Combined Entity and 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 Combined Entity's and the Company's quality standards, if any. A provision has been recognised at the financial year based on management's best estimate of the expenditure.

**(b) Warranty**

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

**(c) Employees welfare scheme**

Employee welfare scheme is a scheme to encourage voluntary redundancy. Provision made as at year end is measured based on the number of employees expected to accept the offer.

**(d) Retirement gratuity scheme**

The Combined Entity and the Company provide 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 of RM1,000 per person as recognition of their service contribution to the Combined Entity and 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.

## NOTES TO THE FINANCIAL STATEMENTS

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### 12. TRADE AND OTHER PAYABLES

	Combined Entity and Company	
	2016 RM'000	2015 RM'000
Trade payables and accruals	134,815	119,994
Employee benefits	15,374	23,688
Amount due to ultimate holding corporation	8,967	3,759
Amounts due to associated company	2,786	–
Amounts due to related companies	26,311	11,653
	<b>188,253</b>	159,094

The currency exposure profile of trade payables and accruals, employee benefits, amount due to ultimate holding corporation and amounts due to related companies is as follows:

	Combined Entity and Company	
	2016 RM'000	2015 RM'000
Ringgit Malaysia	136,567	118,320
United States Dollar	35,352	32,632
Japanese Yen	12,540	7,067
Thai Baht	2,906	–
Singapore Dollar	846	970
Euro	42	105
	<b>188,253</b>	159,094

Credit terms of trade payables vary from 30 to 60 days (2015: 30 to 60 days).

The balances due to ultimate holding corporation and related companies are in respect of trading transactions are unsecured, interest free and have repayment terms of 30 to 60 days (2015: 30 to 60 days).

The balances due to ultimate holding corporation, associated company and related companies of RM16,277,000 (2015: RM9,930,000) are in respect of non-trading transactions which are unsecured, interest free and repayable on demand.

### 13. REVENUE

	Combined Entity and Company	
	2016 RM'000	2015 RM'000
Sales of goods	1,086,735	931,020

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 14. PROFIT BEFORE TAX

	Combined Entity		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Profit before tax is arrived at after charging/(crediting):</b>				
Auditors' remuneration:				
- fees for statutory audits	125	120	125	120
- fees for audit related services	375	520	375	520
- fees for other services	5	1,166	5	1,166
Directors' remuneration (Note 22)	3,291	2,505	3,291	2,505
Direct materials cost	651,444	586,735	651,444	586,735
Property, plant and equipment:				
- depreciation	23,393	25,433	23,393	25,433
- write-offs	866	351	866	351
- (gain)/loss on disposal	(110)	1,145	(110)	1,145
Staff costs:				
- salaries, bonus and other employee benefits	101,020	107,088	101,020	107,088
- defined contribution retirement plan	9,265	7,291	9,265	7,291
	110,285	114,379	110,285	114,379
Technical assistance fees	31,580	27,158	31,580	27,158
Research expenses	12,473	672	12,473	672
Rental expenses	1,066	715	1,066	715
Fair value (gain)/loss on derivative financial instruments	(9,169)	4,300	(9,169)	4,300
Foreign exchange:				
- net realised loss	8,389	3,763	8,389	3,763
- net unrealised gain	(1,079)	(1,692)	(1,079)	(1,692)
Reversal of liabilities and charges	(2,685)	(2,442)	(2,685)	(2,442)
Interest income	(22,410)	(19,273)	(22,410)	(19,273)
Dividend income from associated company (gross)	-	-	(3,185)	(3,185)

## 15. TAX EXPENSE

	Combined Entity		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current tax expense</b>				
- current year	34,447	26,418	34,447	26,418
- under provision in prior year	1,591	324	1,591	324
	36,038	26,742	36,038	26,742
<b>Deferred tax expense</b>				
- origination and reversal of temporary differences	3,226	3,553	3,226	3,553
- over provision in prior year	(992)	-	(992)	-
	38,272	30,295	38,272	30,295

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 15. TAX EXPENSE (CONTINUED)

	Combined Entity		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Reconciliation of tax expense</b>				
Profit before tax	185,172	129,833	179,306	123,683
Tax at Malaysian tax rate of 24% (2015: 25%)	44,441	32,459	43,033	30,921
Tax effect of				
- expenses not deductible for tax purpose	240	2,206	240	2,206
- tax incentives	(3,405)	(2,360)	(3,405)	(2,360)
- income not subject to tax	(1,431)	-	(2,195)	(796)
- tax effect of associated company	(2,172)	(2,334)	-	-
- under provision of current tax expense in prior year	1,591	324	1,591	324
- over provision of deferred tax in prior year	(992)	-	(992)	-
	38,272	30,295	38,272	30,295

### 16. EARNINGS PER ORDINARY SHARE

#### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2016 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Combined Entity		Company	
	2016	2015	2016	2015
Net profit for the financial year attributable to equity holders (RM'000)	146,900	99,538	141,034	93,388
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)	242	164	232	154

NOTES TO THE FINANCIAL STATEMENTS  
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## 17. DIVIDENDS

Dividends recognised by the Company are as follow:

	Sen per share	Total amount RM'000	Date of payment
<b>2016</b>			
Interim single tier dividend 2016 - Interim single tier dividend	15	<u>9,112</u>	15 January 2016
Special single tier dividend 2015 - Special single tier dividend	92	<u>55,886</u>	21 September 2015
Final single tier dividend 2015 - Final single tier dividend	35	<u>21,261</u>	21 September 2015
<b>2015</b>			
Interim single tier dividend 2015 - Interim single tier dividend	15	<u>9,112</u>	12 January 2015
Special single tier dividend 2014 - Special single tier dividend	23	<u>13,971</u>	22 September 2014
Final single tier dividend 2014 - Final single tier dividend	35	<u>21,261</u>	22 September 2014

After the end of the reporting period the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial period upon approval by the owners of the Combined Entity and the Company.

	Sen per share	Total amount RM'000
Final 2016 ordinary	124	<u>75,325</u>



## NOTES TO THE FINANCIAL STATEMENTS

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### 18. OPERATING SEGMENTS

Management has determined the operating segments based on the information reviewed by the Chief Operating Decision-maker ("CODM") for the purposes of allocating resources and assessing performance. The CODM considers the business from product perspective and assesses the performance of the operating segments based on a measure of profit before taxation as included in the internal management reports. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of the operating segments within the Company.

The segment information provided to the CODM for the operating segments for the financial year ended 31 March 2016 is as follows:

	Home appliance products		Fan products		Consolidated	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	535,810	456,575	545,627	472,221	1,081,437	928,796
Interest income	8,570	7,442	5,590	4,688	14,160	12,130
Depreciation	(6,567)	(7,711)	(9,888)	(9,355)	(16,455)	(17,066)
Profit before taxation	96,329	72,371	77,146	54,550	173,475	126,921
Cash and cash equivalents	266,088	252,089	168,150	151,243	434,238	403,332
Inventories	20,282	21,729	19,960	25,747	40,242	47,476

	2016 RM'000	2015 RM'000
<b>Revenue</b>		
Total revenue of operating segments	1,081,437	928,796
Other unallocated revenue	5,298	2,224
<b>Total revenue based on the statement of profit or loss and other comprehensive income</b>	<b>1,086,735</b>	<b>931,020</b>

Revenue of approximately RM1,078,074 (2015: RM923,149) within both segments are derived from the Panasonic group of companies as disclosed in Note 22 to the financial statements.

	2016 RM'000	2015 RM'000
<b>Profit before taxation</b>		
Total profit before taxation of the operating segments	173,475	126,921
Other unallocated income/(expenses)	2,646	(6,423)
Share of results of associated company (net of tax)	9,051	9,335
<b>Total profit before taxation based on the statement of profit or loss and other comprehensive income</b>	<b>185,172</b>	<b>129,833</b>

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 18. OPERATING SEGMENTS (CONTINUED)

	2016 RM'000	2015 RM'000
<b>Cash and cash equivalents</b>		
Total cash and cash equivalents of the operating segments	434,238	403,332
Other unallocated cash and cash equivalents	167,276	172,618
<b>Total cash and cash equivalents based on the statement of financial position</b>	<b>601,514</b>	575,950
<b>Inventories</b>		
Total inventories of the operating segments	40,242	47,476
Other unallocated inventories	3,602	425
<b>Total inventories based on the statement of financial position</b>	<b>43,844</b>	47,901

All property, plant and equipment are located in Malaysia.

The amounts provided to the CODM are measured in a manner consistent with that of the financial statements.

**Geographical information**

Revenue information based on geographical location is as follows:

	2016 RM'000	2015 RM'000
Malaysia	415,716	346,782
Japan	37,895	33,390
Asia (excluding Malaysia and Japan)	310,218	260,684
North America	2,581	917
Europe	426	1,042
Middle East	291,390	251,284
Others	28,509	36,921
<b>Total</b>	<b>1,086,735</b>	931,020

## NOTES TO THE FINANCIAL STATEMENTS

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### 19. FINANCIAL INSTRUMENTS

#### 19.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as loans and receivables (“L&R”) and other financial liabilities measured at amortised cost (“OL”).

Combined Entity and Company	Carrying amount RM'000	L&R/ ("OL") RM'000	FVTPL RM'000	Total RM'000
<b>2016</b>				
<b>Financial assets</b>				
Trade and other receivables excluding prepayment	106,927	106,927	–	106,927
Derivative financial instruments	–	–	5,151	5,151
Cash and cash equivalents	601,514	601,514	–	601,514
	<b>708,441</b>	<b>708,441</b>	<b>5,151</b>	<b>713,592</b>
<b>Financial liabilities</b>				
Trade and other payables	(188,253)	(188,253)	–	(188,253)
Derivative financial instrument	(120)	–	(120)	(120)
	<b>(188,373)</b>	<b>(188,253)</b>	<b>(120)</b>	<b>(188,373)</b>
<b>2015</b>				
<b>Financial assets</b>				
Trade and other receivables excluding prepayment	62,583	62,583	–	62,583
Derivative financial instruments	306	–	306	306
Cash and cash equivalents	575,950	575,950	–	575,950
	<b>638,839</b>	<b>638,533</b>	<b>306</b>	<b>638,839</b>
<b>Financial liabilities</b>				
Trade and other payables	(159,094)	(159,094)	–	(159,094)
Derivative financial instrument	(4,444)	–	(4,444)	(4,444)
	<b>(163,538)</b>	<b>(159,094)</b>	<b>(4,444)</b>	<b>(163,538)</b>

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 19. FINANCIAL INSTRUMENTS (CONTINUED)

## 19.2 Net gains and losses arising from financial instruments

	Combined Entity		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net gains/(losses) on:				
Loans and receivables	23,523	24,229	23,523	24,229
Financial liabilities measured at amortised cost	(1,412)	(7,027)	(1,412)	(7,027)
	22,111	17,202	22,111	17,202

## 19.3 Financial risk management

The Combined Entity and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

## 19.4 Credit risk

Credit risk is the risk of a financial loss to the Combined Entity or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Combined Entity and the Company's exposure to credit risk arises principally from its receivables from customers, and deposits with related company.

**Trade receivables**

*Risk management objectives, policies and processes for managing the risk*

Management monitors the exposure to credit risk on an ongoing basis. Credit evaluations are required to be performed on new customers.

Credit risks are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised by monitoring receivables regularly. In addition, credit risks are also controlled as majority of the Combined Entity's and the Company's deposits and bank balances and derivative financial instruments are placed or transacted with Panasonic Financial Centre (Malaysia) Sdn. Bhd., a company incorporated in Malaysia, which is a related company of the Company. The likelihood of non-performance by the related company is remote. The Directors are of the view that the possibility of non-performance by the majority of these financial institutions is remote on the basis of their financial strength.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The Combined Entity and the Company does not require collateral in respect of receivables and considers the risk of material loss from non-performance on the part of counter-parties to be negligible.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 19. FINANCIAL INSTRUMENTS (CONTINUED)

#### 19.4 Credit risk (continued)

##### *Impairment losses*

The ageing of trade receivables, amount due from the ultimate holding corporation, associated company and related companies which are trade related as at the end of the reporting period was:

Combined Entity and Company	Gross RM'000	Individual impairment RM'000	Net RM'000
<b>2016</b>			
Not past due	90,988	–	90,988
Past due 1 - 90 days	743	–	743
Past due more than 90 days	–	–	–
	<b>91,731</b>	<b>–</b>	<b>91,731</b>
<b>2015</b>			
Not past due	57,989	–	57,989
Past due 1 - 90 days	4	–	4
Past due more than 90 days	–	–	–
	<b>57,993</b>	<b>–</b>	<b>57,993</b>

No impairment loss has been made on these amounts as the Combined Entity and the Company are closely monitoring these receivables and are confident of their eventual recovery.

The credit quality of the trade receivables, amount due from associated company, amounts due from related companies that are not past due and not impaired can be assessed by reference to historical analysis of the period of time for which they have been the Combined Entity's and the Company's customers.

	Combined Entity and Company	
	2016 RM'000	2015 RM'000
Group 1	–	–
Group 2	<b>91,731</b>	57,993
	<b>91,731</b>	57,993

Group 1 - Customers with no history of default and who have been within the Group for less than 1 year.

Group 2 - Customers with no history of default and who have been with the Group for more than 1 year.

The fair value of the trade receivables approximates their carrying value, as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 19. FINANCIAL INSTRUMENTS (CONTINUED)

## 19.4 Credit risk (continued)

**Deposits with related company**

*Risk management objectives, policies and processes for managing the risk*

The Combined Entity's and the Company's cash and cash equivalents are deposited with related company. Majority of the Combined Entity's and the Company's deposits and bank balances and derivative financial instruments are placed or transacted with Panasonic Financial Centre (Malaysia) Sdn. Bhd., a company incorporated in Malaysia, which is a related company of the Company.

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk is represented by the carrying amounts of cash and cash equivalents in the statement of financial position. Management does not expect any counterparty to fail to meet its obligations in respect of these deposits.

## 19.5 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet the obligations as and when they fall due. The Combined Entity and the Company manage its liquidity risk with the view to maintaining a healthy level of cash and cash equivalents appropriate to the operating environment and expected cash flows of the Combined Entity and the Company.

The primary tool for monitoring liquidity is the statements of cash flows of the Combined Entity and the Company. All investments must therefore be authorised and be within the planned investment budget prior to any confirmation to invest. Purchases of merchandise for the stocks-in-trade are reviewed, analysed and subsequent inventory holdings must be within the limits as stipulated in the approved Business Plan. All liquid cash are deposited in short-term time deposits with Panasonic Financial Centre (Malaysia) Sdn. Bhd., a company incorporated in Malaysia, which is a related company of the Company.

*Maturity analysis*

The table below summarises the maturity profile of the Combined Entity's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Combined Entity and Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>2016</b>							
<i>Non-derivative financial liabilities</i>							
Payables	188,253	-	188,253	188,253	-	-	-
<i>Derivative financial liabilities/ (assets)</i>							
Forward exchange contracts (gross settled):	(5,031)						
Outflow	-	-	56,622	56,622	-	-	-
Inflow	-	-	(61,653)	(61,653)	-	-	-
	<b>183,222</b>		<b>183,222</b>	<b>183,222</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 19. FINANCIAL INSTRUMENTS (CONTINUED)

#### 19.5 Liquidity risk (continued)

*Maturity analysis (continued)*

Combined Entity and Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>2015</b>							
<i>Non-derivative financial liabilities</i>							
Payables	159,094	-	159,094	159,094	-	-	-
<i>Derivative financial liabilities/(assets)</i>							
<i>Forward exchange contracts</i>							
(gross settled):	(4,225)						
Outflow	-	-	(79,822)	(79,822)	-	-	-
Inflow	-	-	75,597	75,597	-	-	-
	154,869		154,869	154,869	-	-	-

#### 19.6 Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign exchange rates will affect the Combined Entity's financial position or cash flows.

##### 19.6.1 Currency risk

*Risk management objectives, policies and processes for managing the risk*

The Combined Entity and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the Ringgit Malaysia ("RM"). The currencies that give rise to this risk are primarily US Dollar ("USD"), Japanese Yen ("JPY"), Singapore Dollar ("SGD") and Euro.

The Combined Entity and the Company use derivative financial instruments such as foreign exchange contracts to cover certain exposures. It does not trade in financial instruments. Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Combined Entity and the Company use forward contracts, transacted with a related company, Panasonic Financial Centre (Malaysia) Sdn. Bhd. to mitigate foreign exchange risk of highly probable forecasted transactions, such as anticipated future export sales, purchase of equipment and raw materials, as well as payment of services and other related expenditure.

The Combined Entity's and the Company's currency exposure is disclosed in the respective notes for all items of financial assets and liabilities.

*Currency risk sensitivity analysis*

The following table demonstrates the sensitivity of the USD, JPY, SGD and Euro had changed against Ringgit Malaysia by a reasonable possible change as of 31 March 2016 of 17.62% (2015: 10.52%) respectively with all other variables including tax rate being held constant, post-tax profit of the Combined Entity and the Company would have been changed as a result of foreign exchange gains/(losses).



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(CONT'D)

## 19. FINANCIAL INSTRUMENTS (CONTINUED)

## 19.6 Market risk (continued)

## 19.6.1 Currency risk (continued)

Combined Entity and Company	2016		2015	
	Strengthen RM'000	Weaken RM'000	Strengthen RM'000	Weaken RM'000
US Dollar	6,115	(6,115)	1,417	(1,417)
Japanese Yen	(1,840)	1,840	(553)	553
Singapore Dollar	(149)	149	(102)	102
Euro	101	(101)	130	(130)

## 19.6.2 Interest rate risk

The Combined Entity's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Combined Entity's and the Company's deposits placed with a related company, Panasonic Financial Centre (Malaysia) Sdn. Bhd..

*Risk management objectives, policies and processes for managing the risk*

The Combined Entity's and the Company's surplus funds are placed as short term deposits with a related company, Panasonic Financial Centre (Malaysia) Sdn. Bhd..

*Exposure to interest rate risk*

The interest rate profile of the Combined Entity's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Combined Entity		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Fixed rate instruments</b>				
Financial assets	599,934	575,033	599,934	575,033

*Fair value sensitivity analysis for fixed rate instruments*

The Combined Entity and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Combined Entity and the Company do not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 19. FINANCIAL INSTRUMENTS (CONTINUED)

#### 19.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these instruments. Accordingly, the fair values and fair value hierarchy levels have not been presented for these instruments.

It was not practicable to estimate the fair value of the Company's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The table below analyses financial instruments carried at fair value.

Combined Entity and Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
<b>2016</b>					
<b>Financial asset</b>					
Derivative financial instruments:					
- forward foreign currency exchange contracts	-	5,151	-	5,151	5,151
<b>Financial liability</b>					
Derivative financial instruments:					
- forward foreign currency exchange contracts	-	120	-	120	120
<b>2015</b>					
<b>Financial asset</b>					
Derivative financial instruments:					
- forward foreign currency exchange contracts	-	306	-	306	306
<b>Financial liability</b>					
Derivative financial instruments:					
- forward foreign currency exchange contracts	-	4,444	-	4,444	4,444

#### Level 2 fair value

##### Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**20. CAPITAL MANAGEMENT**

The Combined Entity's objectives when managing capital is to maintain an optimal capital structure and safeguard the Combined Entity's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Combined Entity defines as results from operating activities divided by total shareholders' equity.

There were no changes in the Combined Entity's approach to capital management during the year.

**21. CAPITAL AND OTHER COMMITMENTS**

	Combined Entity and Company	
	2016 RM'000	2015 RM'000
Approved by the Board but not provided for in the financial statements:		
- Contracted	2,702	2,057
- Not contracted	124	-
	<b>2,826</b>	2,057
Analysed as follows:		
- Property, plant and equipment	2,826	2,057

**22. RELATED PARTIES****Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Combined Entity if the Combined Entity or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Combined Entity or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Combined Entity either directly or indirectly. The key management personnel includes all the Directors of the Company, and certain members of senior management of the Company.

The Combined Entity has related party relationship with its holding corporation, significant investors, subsidiaries, associates and key management personnel.

- (a) Associated company and ultimate holding corporation

The associated company is Panasonic Malaysia Sdn. Bhd., a company incorporated in Malaysia. The ultimate holding corporation is Panasonic Corporation, a corporation incorporated in Japan.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 22. RELATED PARTIES (CONTINUED)

#### Identity of related parties (continued)

##### (b) Related party relationships

Related party	Relationship
Panasonic Corporation ("PC")	Ultimate holding corporation
Panasonic Malaysia Sdn. Bhd. ("PM")	Associated company
Panasonic Management Malaysia Sdn.Bhd. ("PMAM")	Subsidiary of PC
KDK Fans (M) Sdn. Bhd. ("KDK")	Subsidiary of PC
Panasonic Financial Centre (Malaysia) Sdn.Bhd. ("PFI(MY)")	Subsidiary of PC
Panasonic Asia Pacific Pte. Ltd. ("PA")	Subsidiary of PC
Panasonic Ecology Systems Co. Ltd. ("PES")	Subsidiary of PC
Panasonic Encology Systems (Thailand) Co. Ltd. ("PESTH")	Subsidiary of PC
P.T. Panasonic Manufacturing Indonesia ("PMI")	Subsidiary of PC
Panasonic A.P. Sales (Thailand) Co. Ltd. ("PAT")	Subsidiary of PC
Panasonic Home Appliance India Co. Ltd. ("PHAI")	Subsidiary of PC
Panasonic Vietnam Co. Ltd. ("PV")	Subsidiary of PC
Panasonic Energy Malaysia Sdn. Bhd. ("PECMY")	Subsidiary of PC
Panasonic Marketing Sales Taiwan Co.	Subsidiary of PC
Panasonic Hong Kong Co. Ltd. ("PHK")	Subsidiary of PC
Panasonic Industrial Devices Automation Controls Sales Asia Pacific ("PIDACSAP")	Subsidiary of PC
Panasonic Eco Solutions (Hong Kong) Co. Ltd. ("PESHK")	Subsidiary of PC
Panasonic Appliances (Thailand) Co. Ltd. ("PAPTH")	Subsidiary of PC
Panasonic Electric Works Co. Ltd.	Subsidiary of PC
Panasonic Electronic Works (Asia Pacific) Pte. Ltd.	Subsidiary of PC
Panasonic Semiconductor Asia Pte. Ltd.	Subsidiary of PC
Panasonic Corporation's Corporate Manufacturing Innovation Division ("CIMD")	Subsidiary of PC
Panasonic Systems Asia Pacific ("PSY")	Subsidiary of PC
Panasonic Marketing Middle East and Africa FZE ("PMMAF")	Subsidiary of PC
Panasonic Singapore ("PSP")	Subsidiary of PC
Panasonic AVC Networks Johor (M) Sdn. Bhd. ("PAVCJM")	Subsidiary of PC
Panasonic AVC Networks KL (M) Sdn. Bhd. ("PAVCKM")	Subsidiary of PC
Panasonic Appliances Foundry Malaysia Sdn. Bhd. ("PAPFMT")	Subsidiary of PC
Panasonic Appliances Refrigeration Devices Malaysia Sdn. Bhd. ("PAPRDMY")	Subsidiary of PC
Panasonic System Networks (M) Sdn. Bhd. ("PSNM")	Subsidiary of PC
Panasonic Liquid Crystal Display Malaysia Sdn. Bhd. ("PLDM")	Subsidiary of PC
Panasonic Appliances Air-Conditioning Malaysia Sdn. Bhd. ("PAPAMY")	Subsidiary of PC
Panasonic (CIS) OY ("PMCIS")	Subsidiary of PC
Panasonic Procurement Malaysia Sdn. Bhd. ("PPMY")	Subsidiary of PC
Panasonic Industrial Devices Malaysia Sdn. Bhd. ("PIDMY")	Subsidiary of PC
Panasonic Logistics Asia Pacific ("PLAP")	Subsidiary of PC
Panasonic Industrial Devices Semiconductor Sales Asia ("PIDSCSA")	Subsidiary of PC
Panasonic Industrial Devices Singapore Pte. Ltd. ("PIDSG")	Subsidiary of PC
Panasonic Eco Solutions (Asia Pacific) Pte. Ltd. ("PESAP")	Subsidiary of PC

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 22. RELATED PARTIES (CONTINUED)

## Identity of related parties (continued)

## (c) Significant related party transactions

	Combined Entity and Company	
	2016 RM'000	2015 RM'000
(i) Sales of products and related components to related parties:		
- Panasonic Logistic Asia Pacific	405,833	345,858
- Panasonic Malaysia Sdn. Bhd.	265,769	217,598
- KDK Fans (M) Sdn. Bhd.	147,172	121,439
- Panasonic Eco Solutions (Hong Kong) Co. Ltd.	240,108	216,866
- Panasonic Procurement Malaysia Sdn. Bhd.	12,868	9,513
- P.T. Panasonic Manufacturing Indonesia	6,055	6,267
- Panasonic Ecology System (Thailand) Co. Ltd.	270	177
- Panasonic Industrial Devices Malaysia Sdn. Bhd.	-	20
- Panasonic Corporation	1,947	687
- Panasonic Appliances (Thailand) Co. Ltd.	-	209
- Panasonic AVC Networks Johor (M) Sdn. Bhd.	17	480
(ii) Sales of service parts to related parties:		
- Panasonic Malaysia Sdn. Bhd.	1,129	2,412
- Panasonic Logistic Asia Pacific	726	1,029
- KDK Fans (M) Sdn. Bhd.	179	307
- Panasonic Eco Solutions (Hong Kong) Co. Ltd.	245	275
- Panasonic Industrial Devices Malaysia Sdn. Bhd.	275	-
- Panasonic AVC Networks Johor (M) Sdn. Bhd.	819	-
- Panasonic AVC Networks KL (M) Sdn. Bhd.	16	-
- Panasonic Production Engineering Co. Ltd.	1,673	-
- P.T. Panasonic Manufacturing Indonesia	-	3
(iii) Purchase of parts, components and raw materials from related parties:		
- Panasonic Procurement Malaysia Sdn. Bhd.	222,133	118,699
- Panasonic Corporation	8,716	8,347
- Panasonic Eco Solutions (Hong Kong) Co. Ltd.	11,518	22,888
- Panasonic Industrial Devices Malaysia Sdn. Bhd.	306	407
- Panasonic Industrial Devices Singapore Pte. Ltd.	1,338	1,372
- Panasonic Semiconductor Asia Pte. Ltd.	272	277
- Panasonic Appliance (Thailand) Co. Ltd.	-	6
- P.T. Panasonic Manufacturing Indonesia	202	37
- Panasonic Industrial Devices Automation Controls Sales Asia Pacific	512	363
- Panasonic Ecology System (Thailand) Co. Ltd.	-	125

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 22. RELATED PARTIES (CONTINUED)

#### Identity of related parties (continued)

(c) Significant related party transactions (continued)

		Combined Entity and Company	
		2016	2015
		RM'000	RM'000
(iv)	Technical assistance fee paid and payable to related parties:		
	- Panasonic Corporation	15,535	13,264
	- Panasonic Ecology Systems Co. Ltd.	16,045	13,894
<hr/>			
(v)	Interest income received and receivable from a related party:		
	- Panasonic Financial Centre (Malaysia) Sdn. Bhd.	22,410	19,273
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(vi)	Sales promotion, warranty claims and/or service expenses paid and payable to related parties:		
	- Panasonic Malaysia Sdn. Bhd.	4,859	5,515
	- Panasonic A.P. Sales (Thailand) Co. Ltd.	4,447	3,714
	- Panasonic Corporation	4,475	2,022
	- KDK Fans (M) Sdn. Bhd.	1,472	1,094
	- Panasonic Vietnam Co. Ltd.	1,438	257
	- Panasonic Singapore	-	126
	- Panasonic (CIS) OY	-	563
<hr/>			
(vii)	Research and development expenditure paid and payable to related parties:		
	- Panasonic Corporation	5,369	3,565
<hr/>			
(viii)	Brand license fee paid and payable to related parties:		
	- Panasonic Corporation	7,879	6,658
	- Panasonic Ecology Systems Co. Ltd.	2,675	2,411
<hr/>			
(ix)	Global sales service support fee paid and payable to a related party:		
	- Panasonic Eco Solutions (Hong Kong) Co. Ltd.	1,025	856
<hr/>			
(x)	IT annual maintenance and support fees, and additional customization costs for the Sapphire, GLICS and Oracle system paid and payable to related parties:		
	- Panasonic Asia Pacific Pte. Ltd. (Oracle System Project)	455	409
	- Panasonic Corporation	2,631	2,417
<hr/>			

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

22. RELATED PARTIES (CONTINUED)

Identity of related parties (continued)

(c) Significant related party transactions (continued)

		Combined Entity and Company	
		2016	2015
		RM'000	RM'000
(xi)	Purchase of fixed assets from a related company:		
	- Panasonic Procurement Malaysia Sdn. Bhd.	-	88
	- Panasonic Management Malaysia Sdn. Bhd.	-	75
	- Panasonic Corporation	1,283	315
	- Panasonic Malaysia Sdn. Bhd.	-	177
<hr/>			
(xii)	Manufacturing innovation services received and receivable from a related company		
	- Panasonic Corporation's Corporate Manufacturing Innovation Division	3,571	3,241
<hr/>			

(d) Significant outstanding related party balances

Significant outstanding balances at reporting date arising from trade and non-trade transactions with related parties during the financial year are as follow:

		Combined Entity and Company	
		2016	2015
		RM'000	RM'000
Amount due to:			
	- Panasonic Corporation	8,967	3,759
	- Panasonic Malaysia Sdn. Bhd.	2,786	-
	- Panasonic Procurement Malaysia Sdn. Bhd.	20,383	9,767
	- Panasonic A.P. Sales (Thailand) Co. Ltd.	2,871	1
	- Panasonic Vietnam Co. Ltd.	211	161
	- Panasonic Asia Pacific Pte. Ltd.	99	336
	- Panasonic Management Malaysia Sdn. Bhd.	387	623
	- Panasonic Industrial Devices Singapore Pte. Ltd.	90	132
	- Other related companies	2,270	633
<hr/>			
		38,064	15,412
<hr/>			
Amount due from:			
	- Panasonic Corporation	977	-
	- Panasonic Malaysia Sdn. Bhd.	20,465	7,617
	- Panasonic Logistic Asia Pacific	26,621	22,555
	- Panasonic Eco Solutions (Hong Kong) Co. Ltd.	31,023	20,922
	- KDK Fans (M) Sdn. Bhd.	10,533	3,661
	- Panasonic Financial Centre (Malaysia) Sdn. Bhd.	1,729	2,196
	- Other related companies	2,869	244
<hr/>			
		94,217	57,195
<hr/>			



## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 22. RELATED PARTIES (CONTINUED)

#### Identity of related parties (continued)

(e) Key management personnel compensation

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 follow:

	Combined Entity and Company	
	2016 RM'000	2015 RM'000
Directors' fees and meeting allowance	374	395
Salaries, allowance, bonus and other remuneration	13,676	12,183
Defined contribution retirement plan	640	469
	<b>14,690</b>	13,047

The aggregate amounts of emoluments receivable by Directors of the Combined Entity and the Company during the financial year are as follow:

	Combined Entity and Company	
	2016 RM'000	2015 RM'000
Non-Executive Directors:		
- fees	342	344
- others	32	51
Executive Directors:		
- salaries, bonus and other remuneration	2,853	2,058
- defined contribution retirement plan	64	52
	<b>3,291</b>	2,505

The estimated monetary value of benefits provided to Executive Directors during the financial year amounted to RM186,867 (2015: RM168,372).

The estimated monetary value of benefits provided to Executive Directors and other members of key management personnel during the financial year amounted to RM731,563 (2015: RM866,863).

Included in key management personnel compensation is the Executive Directors' remuneration of RM2,916,761 (2015: RM2,110,050).

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**23. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES**

The breakdown of the retained earnings of the Combined Entity and of the Company as at 31 March, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirement, are as follow:

	Combined Entity		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings of Company:				
- Realised	553,231	517,130	553,231	517,130
- Unrealised	15,844	(2,830)	15,844	(2,830)
	<b>569,075</b>	514,300	<b>569,075</b>	514,300
Total retained earnings from associated company:				
- Realised	153,575	146,405	-	-
- Unrealised	(4,293)	(2,989)	-	-
	<b>718,357</b>	657,716	<b>569,075</b>	514,300
Total retained earnings	<b>718,357</b>	657,716	<b>569,075</b>	514,300

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

## STATEMENT BY **DIRECTORS**

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

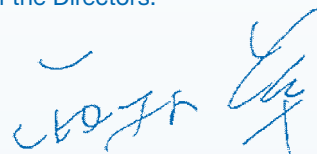
In the opinion of the Directors, the financial statements set out on pages 44 to 92 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Combined Entity and of the Company as of 31 March 2016 and of their financial performance and cash flows for the year ended on that date.

In the opinion of the Directors, the information set out in Note 23 on page 93 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



**Tan Sri Datuk Asmat bin Kamaludin**  
Director



**Akira Nishimura**  
Director

Kuala Lumpur,

Date: 30 May 2016

## STATUTORY **DECLARATION**

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

I, **Takayuki Tadano**, 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 44 to 93 are, to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by the above named in Petaling Jaya, Selangor on 30 May 2016.



**Takayuki Tadano**

Before me:



# INDEPENDENT AUDITORS' REPORT

## to the members of Panasonic Manufacturing Malaysia Berhad

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Panasonic Manufacturing Malaysia Berhad, which comprise the statements of financial position as of 31 March 2016 of the Combined Entity and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Combined Entity and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 92.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *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 about 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 judgement, 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 of financial statements that give a true and fair view 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 give a true and fair view of the financial position of the Combined Entity and of the Company as of 31 March 2016 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### 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.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PANASONIC MANUFACTURING MALAYSIA BERHAD  
(CONT'D)

### OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 23 on page 93 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

### OTHER MATTERS

The financial statements of the Combined Entity and of the Company as of and for the year ended 31 March 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 27 May 2015.

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.

**KPMG**

Firm Number: AF 0758  
Chartered Accountants

Petaling Jaya, Malaysia

Date: 30 May 2016

**Mok Wan Kong**

Approval Number: 2877/12/16(J)  
Chartered Accountant

## 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		152 48 233
	Factory and administrative office				7 - 50	3,346
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		5,665
	Factory and administrative office				4 - 25	1,173

# STATISTICS ON SHAREHOLDINGS

as at 30 June 2016

## 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	899	17.76	17,871	0.03
100 - 1,000	2,313	45.68	1,222,146	2.01
1,001 - 10,000	1,566	30.93	5,088,255	8.38
10,001 - 100,000	246	4.86	6,730,256	11.08
100,001 to 3,037,288 (less than 5% of issued shares)	37	0.73	15,670,135	25.79
3,037,289 and above (5% and above of issued shares)	2	0.04	32,017,117	52.71
<b>Total</b>	<b>5,063</b>	<b>100.00</b>	<b>60,745,780</b>	<b>100.00</b>

## DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct Interest	No. of Shares	
			%	Deemed Interest %
1	In the Company Siew Pui Ling	100	Negligible	-
1	In the ultimate holding company, Panasonic Corporation Akira Nishimura	5,000	Negligible	-

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	Direct Interest	No. of Shares	
			%	Deemed Interest %
1	Panasonic Management Malaysia Sdn Bhd	28,823,871	47.45	-
2	Employees Provident Fund Board - Citigroup Nominees (Tempatan) Sdn Bhd	4,093,146	6.74	-
3	Panasonic Corporation	-	-	28,823,871
4	Panasonic Holding (Netherlands) B.V.	-	-	28,823,871
5	Panasonic Asia Pacific Pte. Ltd	-	-	28,823,871
6	Kumpulan Wang Persaraan (Diperbadankan)	2,273,300	3.74	1,050,300
7	Aberdeen Asset Management PLC	-	-	7,538,800
8	Mitsubishi UFJ Financial Group, Inc.	-	-	5,100,000



## STATISTICS ON SHAREHOLDINGS

AS AT 30 JUNE 2016  
(CONT'D)

## 30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	PANASONIC MANAGEMENT MALAYSIA SDN. BHD.	28,823,871	47.45
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	3,193,246	5.26
3	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS LUX FOR ABERDEEN GLOBAL	2,374,600	3.91
4	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	2,273,300	3.74
5	CHINCHOO INVESTMENT SDN.BERHAD	1,259,748	2.07
6	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD ( A/C CLIENTS )	1,028,358	1.69
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	999,000	1.64
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	899,900	1.48
9	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR PANGOLIN ASIA FUND	814,700	1.34
10	TAN KAH LAY	550,000	0.91
11	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	367,080	0.60
12	AMSEC NOMINEES (TEMPATAN) SDN BHD ABERDEEN ASSET MANAGEMENT SDN BHD FOR TENAGA NASIONAL BERHAD RETIREMENT BENEFIT TRUST FUND (FM-ABERDEEN)	334,300	0.55
13	MAYOON SDN BHD	320,000	0.53
14	SHEN & SONS SDN BHD	272,000	0.45
15	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	271,277	0.45
16	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS SECURITIES SERVICES (SINGAPORE - SGD)	260,800	0.43
17	AMSEC NOMINEES (ASING) SDN BHD KGI FRASER SECURITIES PTE. LTD. FOR YEO GEOK CHOO (19003)	241,538	0.40
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	223,000	0.37
19	AMSEC NOMINEES (ASING) SDN BHD KGI FRASER SECURITIES PTE. LTD. FOR TAI TAK SECURITIES PTE LTD (1442)	209,000	0.34

## STATISTICS ON SHAREHOLDINGS

AS AT 30 JUNE 2016

(CONT'D)

## 30 LARGEST SHAREHOLDERS (CONTINUED)

No.	Name of Shareholders	No. of Shares	%
20	TAN KAH GHIE MARY @ TAN KAH GHEE MARY	204,800	0.34
21	HO HAN SENG	200,000	0.33
22	LAI YAN YONG	191,700	0.32
23	AMSEC NOMINEES (ASING) SDN BHD KGI FRASER SECURITIES PTE. LTD. FOR YEO KOK GEE (19359)	184,478	0.30
24	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG CONSUMER PRODUCTS SECTOR FUND	177,500	0.29
25	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	159,584	0.26
26	AMSEC NOMINEES (TEMPATAN) SDN BHD KGI FRASER SECURITIES PTE. LTD. FOR CHONG YEAN FONG (1139)	158,600	0.26
27	AMSEC NOMINEES (TEMPATAN) SDN BHD KGI FRASER SECURITIES PTE. LTD. FOR CHONG KAH MIN (1835)	157,920	0.26
28	UOBM NOMINEES (ASING) SDN BHD UNITED OVERSEAS BANK NOMINEES (PTE) LTD FOR TEO POH LIAN PRIVATE LIMITED (16458277-A44)	157,422	0.26
29	AMSEC NOMINEES (TEMPATAN) SDN BHD KGI FRASER SECURITIES PTE. LTD. FOR CHONG KAH YUNG (1854)	150,513	0.25
30	CIMB COMMERCE TRUSTEE BERHAD PUBLIC FOCUS SELECT FUND	148,700	0.24
	<b>Total</b>	<b>46,606,935</b>	<b>76.72</b>

# 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 / 2016	60,745,780	15%	124%	0%	–	139%	84,436,634	S/T	S/T	S/T	–	84,436,634
3 / 2015	60,745,780	15%	35%	92%	–	142%	86,259,008	S/T	S/T	S/T	–	86,259,008
3 / 2014	60,745,780	15%	35%	23%	–	73%	44,344,419	25%	S/T	S/T	2,277,967	42,066,452
3 / 2013	60,745,780	15%	35%	138%	–	188%	114,202,066	25%	25%	25%	28,550,516	85,651,550
3 / 2012	60,745,780	15%	35%	70%	–	120%	72,894,936	25%	25%	25%	18,223,734	54,671,202
3 / 2011	60,745,780	15%	35%	95%	–	145%	88,081,381	25%	25%	25%	22,020,345	66,061,036
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%	–	–	–	–	–	–
<b>Total (Since Date of Incorporation)</b>							<b>1,273,518,341</b>				<b>245,392,384</b>	<b>1,028,125,956</b>

T/E - Tax-exempt  
S/T - Single-Tier

# NOTICE OF 51ST ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 51st 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, 26 August 2016 at 10.30 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 2016 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To declare a final single tier dividend of 124 sen per ordinary share of RM1.00 each for the financial year ended 31 March 2016. **(Resolution 2)**
3. To re-elect the following Directors who are retiring in accordance with Article 97 of the Company's Articles of Association:
  - a. Akira Nishimura **(Resolution 3)**
  - b. Tan Sri Hasmah Binti Abdullah **(Resolution 4)**
4. To re-elect the following Directors who are retiring in accordance with Article 102 of the Company's Articles of Association:
  - a. Toru Okano **(Resolution 5)**
  - b. Koji Takatori **(Resolution 6)**
5. To approve the payment of Directors' fees not exceeding RM410,000 in respect of the financial year ending 31 March 2017. **(Resolution 7)**
6. To re-appoint Messrs. KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

### As Special Business:

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

7. **Re-appointment of Tan Sri Datuk Asmat Bin Kamaludin as Director**

"THAT pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Datuk Asmat Bin Kamaludin 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 9)**
8. **Re-appointment of Datuk Supperamaniam a/l Manickam as Director**

"THAT pursuant to Section 129(6) of the Companies Act, 1965, Datuk Supperamaniam a/l Manickam 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)**

NOTICE OF 51ST ANNUAL GENERAL MEETING  
(CONT'D)9. **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, sales of tools and equipment, purchase of parts, components, raw materials, purchase of equipment, promotion expenses, warranty claims and/or service expenses with those related parties as specified in Sections 2.2(a)(i) to 2.2(a)(iv) and Section 2.2 (b) of the Circular to Shareholders dated 29 July 2016. | <b>(Resolution 11)</b> |
| (ii) Payment of fees to those related parties as specified in Section 2.2(a)(v) and receipt of fees from those related parties as specified in Sections 2.2(a)(vi) of the Circular to Shareholders dated 29 July 2016.  | <b>(Resolution 12)</b> |
| (iii) Placement of cash deposits and other treasury services with Panasonic Financial Centre (Malaysia) Sdn Bhd as specified in Section 2.2(a)(vii) of the Circular to Shareholders dated 29 July 2016.   | <b>(Resolution 13)</b> |

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 51ST ANNUAL GENERAL MEETING (CONT'D)

### Notice of Dividend Entitlement

**NOTICE IS HEREBY GIVEN** that a final single tier dividend of 124 sen per ordinary share of RM1.00 for the financial year ended 31 March 2016, will be paid on 23 September 2016 to depositors registered in the Record of Depositors and Register of Members at the close of business on 8 September 2016.

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

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 8 September 2016 in respect of transfers.
- (b) 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)**  
Company Secretary

Shah Alam  
29 July 2016

### 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. When a Member is an exempt authorised nominee, there is no limit to the number of proxies which it may appoint.
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 **Boardroom Corporate Services (KL) Sdn Bhd, Lot 6.05, Level 6 KPMG Tower, 8 First Avenue, Bandar Utama 47800 Petaling Jaya, Selangor Darul Ehsan** not less than 48 hours before the holding of the meeting or any adjournment thereof.
4. Explanatory Note to Special Business:
  - Resolution 9  
The proposed resolution 9 in relation to re-appointment of Tan Sri Datuk Asmat Bin Kamaludin if passed will enable him to continue in office as a Director until the conclusion of the next Annual General Meeting of the Company.
  - Resolution 10  
The proposed resolution 10 in relation to re-appointment of Datuk Supperamaniam a/l Manickam 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 29 July 2016 for further information.
5. Depositors who appear in the Record of Depositors as at 18 August 2016 shall be regarded as Member of the Company entitled to attend the 51st Annual General Meeting or appoint a proxy to attend and vote on his behalf.

## NOTICE OF 51ST ANNUAL GENERAL MEETING (CONT'D)

### **PERSONAL DATA POLICY**

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

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

**Form of Proxy**

CDS Account No. \_\_\_\_\_

I/We, \_\_\_\_\_

\*NRIC No./Company No./Passport 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 51st 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, 26 August 2016 at 10.30 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 single tier dividend of 124 sen per ordinary share.		
3.	Re-election of Akira Nishimura.		
4.	Re-election of Tan Sri Hasmah binti Abdullah.		
5.	Re-election of Toru Okano.		
6.	Re-election of Koji Takatori.		
7.	Approval of the payment of Directors' fees.		
8.	Re-appointment of Auditors.		
	<b>Special Business</b>		
9.	Ordinary Resolution: Re-appointment of Tan Sri Datuk Asmat Bin Kamaludin as Director.		
10.	Ordinary Resolution: Re-appointment of Datuk Supperamaniam a/l Manickam as Director.		
11.	Ordinary Resolution: Approval of Recurrent Related Party Transactions ("RRPT") - Sales of products, sales of tools and equipment, purchase of parts, components, raw materials, purchase of equipment, promotion expenses, warranty claims and/or 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. The proxy is to vote on the resolutions set out in the Notice of the Meeting as you have indicated. If no specific instruction as to voting 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 \_\_\_\_\_ 2016

\_\_\_\_\_  
Signature / Common Seal of Shareholder

**Notes:**

- 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. When a Member is an exempt authorised nominee, there is no limit to the number of proxies which it may appoint.
- 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.
- The instrument appointing a proxy or proxies must be deposited at **Boardroom Corporate Services (KL) Sdn. Bhd. Lot 6.05, Level 6 KPMG Tower, 8 First Avenue Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan** not less than 48 hours before the holding of the meeting or any adjournment thereof.
- Depositors who appear in the Record of Depositors as at 18 August 2016 shall be regarded as Member of the Company entitled to attend the 51st Annual General Meeting or appoint a proxy to attend and vote on his behalf.

\* Strike out whichever is not applicable.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms as set out in the Notice of Annual General Meeting dated 29 July 2016.



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Affix  
Stamp

**The Administration and Polling Agent**  
**Panasonic Manufacturing Malaysia Berhad**

Boardroom Corporate Services (KL) Sdn Bhd  
Lot 6.05, Level 6 KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan

*Then fold here*

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**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](mailto:ir.pmma@my.panasonic.com)

[pmma.panasonic.com.my](http://pmma.panasonic.com.my)