



Panasonic

Panasonic Manufacturing Malaysia Berhad
(Registration No.: 196501000304 (6100-K))

2020

ANNUAL REPORT

For the financial year ended 31 March 2020

A Better Life, A Better World



Kitchen Appliances

WHAT'S INSIDE

CORPORATE OVERVIEW

Corporate Information | **2**

Chairman's Statement | **3**

Managing Director's Management Discussion
& Analysis | **7**

Increase in Shareholders' Wealth | **16**

Sustainability Reporting | **17**

BUSINESS REVIEW

Five-Year Financial Summary | **37**

Financial Highlights | **38**

Financial Calendar | **38**

Share Performance | **39**

Five-Year Trend | **40**

GOVERNANCE

Profile of Directors and Company Secretary | **42**

Strategic Management Committee Profile | **52**

Corporate Governance Overview Statement | **56**

Nomination Committee Report | **70**

Audit Committee Report | **72**

Statement on Risk Management and
Internal Control | **76**

Additional Compliance Information | **79**

FINANCIAL STATEMENTS

Directors' Report | **81**

Statement of Financial Position | **85**

Statement of Profit or Loss and Other
Comprehensive Income | **86**

Statement of Changes in Equity | **87**

Statement of Cash Flows | **88**

Notes to the Financial Statements | **90**

Statement by Directors | **142**

Statutory Declaration | **142**

Independent Auditors' Report | **143**

ADDITIONAL INFORMATION

List of Properties Owned by the Company | **147**

Statistics on Shareholdings | **148**

History of Dividend Payment | **151**

Notice of 55th Annual General Meeting | **152**

Notice of Dividend Entitlement | **154**

Form of Proxy

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI ASMAT BIN KAMALUDIN
(Chairman)

TOYOKATSU OKAMOTO
(Managing Director)

TAN SRI HASMAH BINTI ABDULLAH
RAJA ANUAR BIN RAJA ABU HASSAN
DATO' KAZIAH BINTI ABD KADIR
CHENG CHEE CHUNG
SHIGERU DONO
SIEW PUI LING
KWAN WAI YUE

AUDIT COMMITTEE

Raja Anuar Bin Raja Abu Hassan
(Chairman)
(Independent Non-Executive Director)

Dato' Kaziah Binti Abd Kadir
(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)

Raja Anuar Bin Raja Abu Hassan
(Independent Non-Executive Director)

Dato' Kaziah Binti Abd Kadir
(Independent Non-Executive Director)

NOMINATION COMMITTEE

Dato' Kaziah Binti Abd Kadir
(Chairman)
(Independent Non-Executive Director)

Raja Anuar Bin Raja Abu Hassan
(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

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 – 7890 4700
Fax : +603 – 7890 4670
Email : BSR.Helpdesk@boardroomlimited.com

PRINCIPAL BANKERS

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

AUDITORS

KPMG PLT

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 & Services
Sub-sector : Household Goods
Stock Code : PANAMY 3719

CHAIRMAN'S STATEMENT

Dear Shareholders,

The year 2019 is marked as a tumultuous and challenging year for the Company as it weathers the changes brought on by ongoing global issues which has impacted both the operations and results of the Company. Amidst the volatility, the Company strived to remain strong and resilient.

The ongoing trade dispute between the United States of America ("US") and the People's Republic of China ("China") has affected the business sentiments globally resulting in cautious consumer spending in both the domestic market and other regions of which the Company trades in.



Chairman's Statement (Cont'd)

Since December 2019, when the Coronavirus Disease 2019 (COVID-19) first surfaced in Wuhan, the Company faced challenges in disruptions of supply of materials which were sourced from other parts of China due to the lockdown measures implemented by the Chinese government. Alternative supply source was quickly arranged to ensure supply chain remains intact and to ensure production and delivery of goods to our customers continued.

When the virus rapidly spread to other countries, including Malaysia, the operations of the Company was not spared. In March 2020, the Malaysian government declared the implementation of Movement Control Order (MCO) where almost all sectors including the economic sector was ordered to a standstill, except for businesses which were deemed as "essential". The production and sales of home appliances was not classified under the essential services category, therefore the manufacturing activities of the Company came to a complete halt from 18th March 2020 to early May 2020.

Despite these challenging times, the Company was still able to achieve fairly satisfactory results.

FINANCIAL REVIEW

On behalf of the Board of Directors, it gives me great pleasure to present to you the Annual Report and the Audited Financial Statements of the Company for the financial year ended 31 March 2020.

This year, the Company achieved a revenue of RM1.052 billion, a decrease of RM75.9 million or 6.7% as compared to the previous year's revenue, affected to a certain extent by the sudden cessation of operations in the mid of March 2020 to comply with the MCO as announced by the Malaysian government.

However, results from operating activities improved by RM15.6 million mainly attributed to improve margins and higher operating income. With a lower interest income received and a share of loss from the associated company as compared to a gain in the previous year, the Company registered a combined profit before taxation of RM141.2 million for the year ended 31 March 2020, which was higher by 7.6% or RM9.9 million as compared to the previous year's profit before taxation of RM131.3 million.

ACHIEVEMENTS

The Company recognises that to move forward with agility and in alignment with Panasonic Corporation - Appliances Company's direction, the SAP Global Standard Template (SGST) was implemented in September 2019 with the primary aim of standardising its business operations including supply chain and manufacturing processes across all its global entities. The system also serves to ultimately build up a strong foundation in supporting the Digital Transformation plan for the Panasonic Appliances group of companies worldwide.

The management team has successfully completed the implementation of the fully integrated system within a much shorter time frame as it would be necessary given the complexity and size of its operations and achieved a significantly lower cost of implementation by leveraging on the Panasonic Corporation's global platform.

PREVENTING CORRUPTION

The Company has consistently followed Panasonic's Code of Conduct that prohibits the offering of benefits of any kind regardless of whether they occur as entertainment, gifts, or in any other form or receiving any personal benefits in any situation in which they would be in violation of laws or social ethics. In line with the Panasonic Corporation's regulations, the Company adopted the Global Anti-Bribery/Anti-Corruption Policy, Rules on Third-Party Intermediary Risk Management for Anti-Bribery/Anti-Corruption, Rules on Gift and Hospitality for Anti-Bribery/Anti-Corruption, and Rules on Conflict of interest.

The Company also introduced processes for reviewing new risks to discover bribery and corruption risks before transactions take place when starting or renewing dealings with "Third-Party Intermediary" in 2019. These rules are meant to mitigate the risks of bribery and other forms of corruption regarding intermediary sellers or service providers and to prevent, discover, investigate, and correct genuine or potential problems related to these risks.



Chairman's Statement (Cont'd)

With the enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act (Amendment 2018) on 1 June 2020, which imposes liability on commercial organisations for corruption committed by persons associated with the commercial organisation, the Board is pleased to inform that the Company has put adequate anti-bribery measures to prevent, detect or respond in the event of any corrupt act occurring. In addition, the Company is widely promoting compliance awareness programs amongst its employees at all levels, from the top management to the staff at the production floor.

The Board of Directors is committed to maintain the highest standards of corporate governance within the Company and provide assurance to its stakeholders that the Company is operating in compliance with its policies and any applicable regulatory requirements on anti-corruption as well as effectively manages the key corruption risks arising from the Company's business operation.

TOWARDS INDUSTRY 4.0

The Company is taking a strategic direction in its approach towards the adoption of digital transformation in its core manufacturing processes through the promotion of Industry 4.0 initiatives. These initiatives has been implemented since 2018 over a five year mid-term plan. Starting from Smart Robotics, the Company will further embark on Industrial Internet of Things (IIoTs) and Robotic Process Automation (RPA) aimed at improving job efficiency, enabling predictive analysis and real-time visualization of production processes and ultimately up-scaling the overall level of manufacturing capabilities.

SAFETY FROM PANDEMIC

With the ongoing COVID-19 global pandemic outbreak which to a certain extent, has been limited in its spread in this country, the virus will still remain as a threat until a vaccine has been developed. Therefore, the Company is taking utmost caution in its daily operations to ensure the safety of all its employees and their family members. Safety measures such as increasing the sanitisation frequencies at the working premises, daily temperature checks, wearing of mask, provision of hand sanitisers as well as putting in place social distancing in all work and rest areas. With all the safety measures in place, the Company is now able to operate as usual and at the same time able to provide a safe comfort environment to all employees.



DIVIDENDS

The Company is pleased to propose at the forthcoming Annual General Meeting for the financial year ended 31 March 2020 ("FY 2020"), a final dividend of 183 sen (FY2019: 211 sen) per ordinary share which together with the interim single tier dividend of 15 sen per ordinary share makes the total gross dividend for FY 2020 to be 198 sen (FY2019: 226 sen) per ordinary share.

INDUSTRY OUTLOOK AND PROSPECTS FOR 2020

The global economy experienced a sharp slowdown in the first quarter of 2020 due to the rapid spread of the COVID-19 virus that resulted in the introduction of lockdown and social distancing measures in many major economies.

In the regional economies, the introduction of aggressive containment measures had affected both domestic supply and demand conditions as well as disrupting supply chain.

The Malaysian economy has not been spared; it moderated sharply to 0.7% in 1st Quarter 2020 (4Q19: 3.6%), reflecting the early impact of measures taken both globally and domestically to contain the spread of the COVID-19 pandemic. The domestic demand is expected to weaken with the mobility restrictions and closure of non-essential services imposed during the MCO, even though the MCO has gradually been eased to a recovery phase now.

Chairman's Statement (Cont'd)

Nevertheless, the Company will strive to remain strong and resilient during these challenging times.

The Board opined that with the strong business fundamentals and stable financial position, the Company will be able to face the current market volatility and to remain profitable for the next financial year.

DIRECTORATE

The Company welcomes Dato' Kaziah Binti Abd Kadir who was appointed as a new member of the Board on 3 September 2019. She has vast experience in advising on various government policies on the manufacturing sector and services related to manufacturing, operational and development works.

ACKNOWLEDGEMENT

I would like to express my sincere gratitude to my fellow colleagues on the Board, the management team and all employees of the Company for their invaluable insights and dedicated efforts throughout this challenging period.

I would also like to extend my deepest appreciation to all business partners, associates, valued customers, stakeholders and various regulatory authorities for their continued support and confidence in us.

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

TAN SRI ASMAT BIN KAMALUDIN
(Chairman)

MC-CG373RV47

Suitable for Edge Cleaning

- Big Handle
- Full Capture Nozzle
- 3.6 kg Lightweight
- Max. Input Power 1800 W
- Suction Power 420 W
- HEPA Exhaust Filter
- Plastic Telescopic Wand
- 5.0 m Cord Length

Light & Powerful

1800 W | **420 W**
MAX. INPUT POWER | SUCTION POWER



MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

"It is my pleasure and honour to present the Management Discussion and Analysis for the financial year ended 31 March 2020."

Toyokatsu Okamoto
Managing Director



BUSINESS STRATEGY

The Company's strategy is to be the No. 1 Small Home Appliances Factory in Asia conceptualising the slogan to be "A Giant in a Small Island", which means to gain significant market share in niche businesses. Being a key player in this market, the Company aspires to widen our presence in the market, especially for key products such as ceiling fans, home showers and kitchen appliances. The Company will provide value to its customers in residential spaces like bathroom, kitchen, living room and bedroom by developing local fit products especially for key products which has high market growth potential.

Fans and other home appliances such as home showers, kitchen appliances and vacuum cleaner remain a preferred brand amongst consumers and dominate the top three market position in Malaysia and certain countries within the ASEAN region.

Certain products such as the fans, home shower, kitchen appliances categories are market leaders locally and certain countries in the ASEAN region.

To remain competitive amidst rising cost of labour and labour shortage especially in the 3D (Dirty, Difficult, Dangerous) environment, the Company will continue to drive automation in manufacturing processes with an aim to achieve "Smart Factory" by 2030. Progress of this initiative will be further explained in Operations Review.

BUSINESS STRUCTURE

The Company operates at two factories which are Section 15 (SA1 Plant) and Section 23 (SA2 Plant), Shah Alam, Selangor. The Company as an electrical appliances manufacturer has a unique portfolio where it manufactures a total of 11 products under two business segments; namely Appliances and Life Solutions. These two business segments are part of the seven major business segments under Panasonic Corporation, Japan.

Products in the Appliances segment are Home Shower, Vacuum Cleaner, Iron, Bidet, Rice Cooker and Kitchen Appliances whilst Electric Fan, Ceiling Fan, Ventilating Fan and Dish Dryers belong to the Life Solutions segment.

These products are distributed in Malaysia and other countries within the ASEAN region such as Thailand, Vietnam, the Philippines and other neighboring countries. Sales to this region represent approximately 74% of total Company's revenue with domestic sales contributing approximately 41%, followed by Vietnam and Thailand at 18% and 4% respectively.

Exports to the Middle East region contribute approximately 19% of total revenue and the remaining sales are to other countries including Japan.

MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

INTRODUCTION

2019 was a tough year for the Company; facing various challenges from persisting economic conflicts and geopolitical tensions which has affected overall global business sentiment and the markets that the Company traded in.

Towards the end of the financial year under review, global growth experienced a sharp slowdown due to the rapid spread of the Coronavirus Disease-19 (COVID-19) which has resulted in the introduction of lockdown and social distancing measures in many major economies including Malaysia.

The Company, despite all the macroeconomic challenges faced, was still able to deliver relatively strong financial performance for the financial year ended 31 March 2020.

FINANCIAL REVIEW

The Company recorded revenue of RM1.052 billion for the financial year, which was a decrease of RM75.9 million or 6.7% as compared to the previous year's revenue of RM1.128 billion.

Generally, the domestic sales had been slightly sluggish throughout the financial year. The revenue for the financial year under review was further impacted by the drop in revenue attributed to the sudden announcement of the Movement Control Order in mid-March 2020.

Despite the lower revenue, the Company managed to achieve a higher profit from operating activities of RM121.4 million for the year ended 31 March 2020, representing an increase of RM15.6 million or 14.7% as compared to the previous year's profit of RM105.8 million. The higher profitability was attributed to lower cost of materials, lower operating expenses incurred and a higher foreign exchange gain.

At the combined entity level, the Company achieved a higher combined profit before tax of RM141.2 million for the year ended 31 March 2020, representing an increase of RM9.9 million or 7.6% as compared to the previous year's results of RM131.3 million. Results at the combined entity level was affected by lower interest income derived and a share of loss of the associated company as compared to a share of profit in the previous financial year.

RM Million	2020	2019	% Changes
Revenue	1,052.0	1,127.9	(6.7)
Operating expenses	(942.8)	(1,023.5)	(7.9)
Other operating income	14.1	8.5	65.9
Other operating expenses:			
- Fair value losses on derivative financial instruments	(1.9)	(7.1)	(73.2)
Results from operating activities	121.4	105.8	14.7
Finance income	20.1	23.9	(15.9)
Share of results of associated company (net of tax)	(0.3)	1.6	(118.8)
Profit before taxation	141.2	131.3	7.6
Taxation	(24.2)	(25.5)	(5.1)
Profit after taxation for the period	117.0	105.8	10.6

Analysis of Profit by Segment

Home Appliances

Home Appliances profit before tax of RM67.1 million for the year ended 31 March 2020 was higher by 11.9% or RM7.2 million as compared to the previous year's profit before tax of RM59.9 million. The increase in profitability was mainly attributable to lower cost of materials, improved profit margins for certain products and reduction in fixed operational costs.

Fan Products

Fan products has recorded a lower profit before tax of RM66.6 million for the year ended 31 March 2020, a decrease of 3.2% or RM2.2 million as compared to the profit before tax registered in the previous year amounting to RM68.8 million; mainly attributed to lower sales in the current financial year.

MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

OPERATION REVIEW

Delivery New Line Up

APPLIANCES PRODUCTS

Despite the global economic challenges and uncertain market conditions, the Company continued to produce and deliver good quality products that meet the needs of its customers. During the financial year ended 31 March 2020, the Company had launched the new stainless steel pan rice cooker, new blender M series, extreme series tank vacuum cleaner and storage water heater.

Rice Cooker

The RX189 rice cooker which comes with stainless steel pan has been delivered to Malaysian market in December 2019. The multi-layered clad material rice pan consists of high grade steel, aluminium and outer metallic gray coating which gives a good heat conductivity that ensures uniform heating and expedites the process of cooking.

The stainless steel pan has been constructed with an ergonomic silver color design, elegant round-shaped and cool-touch body. The stainless steel pan is durable and long lasting, where it can withstand common agents of wear and tear and it is more reliable in the long run.

This rice cooker model comes with a simple one touch button. Additional attractive and functional accessories includes the detachable steam release vent to dissipate excess moisture and steaming basket to steam fish, vegetables and other delicacies.



SR-RX189, the rice cooker that provides you greater conveniences, healthier rice, grab one at your local dealer's store!

Blender M Series

The new Blender M series with 4 models variants, MX-M300 (with glass jug) and 3 models, M210, M200 and M100 (with plastic jug) were launched in August 2019. M series are 1-Litre Jug capacity models with a base price for mass market appeal.

This new series features Panasonic's original soft square design. It offers a touch of minimalism with a wide and flat surface to benefit easy cleaning of stains. It comes exclusively in 2 body color, metallic silver and solid white, complementing well with a transparent color jug. The operation of the new blenders are easier and uncomplicated. Its centralised control provides direct and quick access to operate the blender with just one push on the "On/Off" button.



With Panasonic Cooking tagline Healthy Every Day, our new M series give you finer textures and healthier treats for your every day's needs!

Motor is the life of a blender. Thus, the new blenders are incorporated with a circuit breaker to protect the motor and prevent it from failure during overloading of ingredients. It also comes with a safety locking system which prevents the operation of the blender if it is not locked properly. Customer's safety will always be the Company's top priority and due to that all the new models of blender comes with a lid cover with multi-layered seals to prevent leakages during use.

MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

Industry First Detachable Tank Vacuum Cleaner (Extreme Series)

Panasonic Extreme series were introduced to Middle East and Asia regions in 2H 2019. The Extreme range, available in five models, with two models from Japan and three Extreme models made in Malaysia, PMMA. There are MC-YL798, with 2300W input power, 21L capacity and equipped with a Full Capture Nozzle, which enables a thorough cleaning right up to the edges and in corners; MC-YL788, with 2200W input power and 21L capacity; and, MC-YL778, with 2100W input power and 18L capacity.

The Panasonic Extreme Series Tank Vacuum Cleaner offers supreme convenience and efficiency with its breakthrough detachable drum feature.

In the meantime, enhancing the appliance's durability is the rubber shield on the motor, which keeps sand and dust out. For extra safety, a ground chain is attached to the drum as a countermeasure for static electricity. The Extreme Vacuum Cleaners' Anti-Bacterial filter includes copper in the fabric. This copper eliminates odour particles through chemical bonding to keep the filter clean while improving air quality and free of pollutants.

Finally, a cord rewind function eliminates messy, tangled cords, at the same time allows for trouble-free storage. The low position of the hose also ensures improved maneuverability and stable movement.

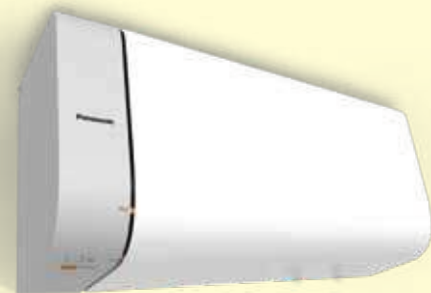
Panasonic Extreme Series Tank Vacuum Cleaner provides the ideal cleaning solution for better cleaning experience and it is now available at dealers' showroom, let's grab one for your house cleaning!



Panasonic Extreme Series Tank Vacuum Cleaner provide the ideal cleaning solution for better cleaning experience



Storage Water Heater



Panasonic Storage Water Heater that give you peace of mind showering experience with an Ultimate Safety and Durable Quality product.

The first Panasonic Storage Water Heater with 3 models DH-15HAM, DH-20HAM and DH-30HAM were introduced to Vietnam in August 2019. It comes with 3 capacity (15L, 20L, 30L) to suit different family member size. The lightweight and compact design will fit any bathroom perfectly while making it easy for installation and space saving.

The stainless steel storage water heater is based on the Japan technology that offers ultimate safety and long-lasting durability for hassle free showering experience. The stainless steel tank was manufactured using quality and durable materials with a corrosion prevention structure and the tank does not need an anode bar and low risk of water contamination by rust.

The product provide excellent thermal performance with energy efficiency such as curve-shaped insulation foam and the optimum placement of bottom heating element. In addition to that, high safety features include protection against water splashes and other potential accidental contact.

MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

(Cont'd)

FAN PRODUCTS

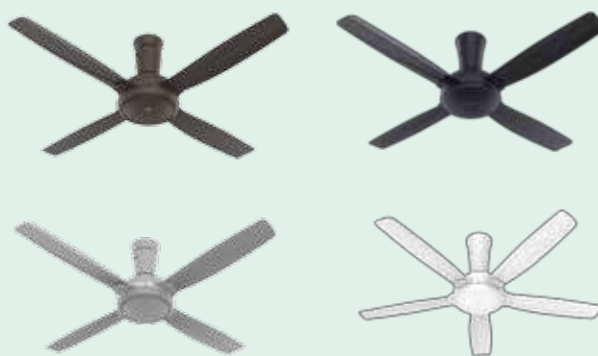
Bayu series ceiling fan which is the most popular remote control Panasonic Ceiling Fan comes back with with Bayu 4 and Bayu 5, where both were launched to replace older version of Bayu models. The Company also launched a few series of Sirocco and Propeller type of ventilation fan in 2019 to meet different consumer requirements under different conditions.

Bayu Series Ceiling Fan

With the modern outlook design and suitable for interior decoration for residential and light commercial area, the Company introduced the new Bayu Series Ceiling Fan, Bayu 4 (F-14CZ) and Bayu 5 (F-14D5). Both Bayu 4 and Bayu 5 are 56-inch Ceiling Fan with 4 blades and 5 blades, respectively.

What makes these fans more special is because they are well-equipped with innovative fan blade design which optimise the air delivery while ensuring quiet and smooth operation. These fans also comes with durable Alternative Current (AC) motor and it has been awarded with the highest 5 Stars MEPS (Minimum Efficient Performance Standard) Energy Rating from Suruhanjaya Tenaga.

Safety features that complement both Ceiling Fans are the safety limit Switch that cut off power supply to fan if any malfunction occurs, the safety wire that will secures the ceiling fan motor to the ceiling hook to prevent the fan body from falling off, the current fuse that will protects fan from electrical surges and the safety blade hanger which prevents any mishaps of blade dropping.



Bayu Ceiling Fan provides you with natural breeze and comfortable temperature management for your home.



Ventilation Fan – The Indoor Air Solution

The Company launched the 15cm Ceiling Mount Propeller type ventilation fan in June 2019 which aims to provide comprehensive indoor air solutions for smaller space area such as kitchen, bathroom, store room and etc. The unique Q blade design aims to enhance air performance and minimize the noise level. This ventilation model also equipped with high performance condenser motor and durable bearing that will maximised the air performance and good for energy-saving.

The Sirocco type of Ventilation Fan which comes in two sizes 17 cm and 24 cm, respectively are connected with duct work which creates higher pressured airflow than normal ventilation fan. It is more suitable to be used for office due to its concealed design and quiet operation.

All ventilation models manufactured by the Company, adopted the Panasonic safety standards and well-equipped with thermal fuse. This thermal fuse will cut off when there is an abnormal over-heating of motor.

The Ventilating Fans were designed to improve indoor air quality and to remove the source of pollutants.

MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

TOWARDS GREEN TECHNOLOGY

The Company is committed in the use of green technology in order to achieve its goal to conserve the use of energy and natural resources and also promote the use of renewable energy which minimises the degradation of environment and reduces the negative impact of human activities. The commitment is in line with the Malaysian government's plan to promote green technology through various tax incentives given for the use of approved green technology based assets.

Amongst the initiatives undertaken by the Company include incorporating green technology as part of the Company's current and future expansion plan. During the year under review, the Company had commenced the installation of solar panels on certain factory building rooftops; thus generating renewable energy for the factory's own consumption. Plans are underway to further to expand the installation areas.

In addition, the new building in SA2 which is currently undergoing construction, has energy saving features incorporated too.

NEW BUILDING AT SA2 PLANT

The Company looks forward to the completion of the new factory building at SA2 Plant which will be incorporated with green technology features such as the Air Conditioning Mechanical Ventilation Energy Efficient Ventilation System, a technology currently used in Japan to reduce energy consumption by promoting the use of air flow ventilation to reduce heat generation.

The construction of the three-storey factory building is estimated to complete by early 2021.



SOLAR PANELS

The Company had collaborated with Panasonic Life Solutions Malaysia Sdn. Bhd. to install solar panels on the roof top of the existing SA2 plant buildings. The project, which started on March 2019 is expected to complete by July 2020.

The solar panel project at SA2 will generate approximately 2,044 MWh of solar energy per year, with a capacity of 1,583 KWp. This could save energy consumption by 14% whilst reducing emission of Co2 by approximately 1,024 ton annually. The expected return of investment is within six years, taking into consideration the tax savings and reduction in electricity costs.

The Company will consider other suitable areas to further expand the installation of solar panels for the coming years.

MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

TOWARDS INDUSTRY 4.0 REVOLUTION

The Company has embarked on its Industry 4.0 Digital Transformation journey, focusing on 3 main areas with the implementation of Smart Robotics, Industrial Internet of Things and Robotic Process Automation.

The Company has incorporated Smart Robotics in certain manufacturing processes since 2018 and has continuously expanded the use of robots into more labor-intensive processes to improve process safety, product quality and reducing labor cost. To date, approximately 6% of the production floor workforce has been replaced with automation and the Company targets to replace up to 20% of the production floor labor force by 2023 through a systematic plan to implement robots in its production processes.

The Manufacturing Capabilities Department (MCD) has been formed in 2020 to accelerate the growth of Digital Transformation in the Company's operations. Apart from Smart Robotics, the MCD will continue to drive other areas of improvement under the scope of Industry 4.0; focusing mainly on Industrial Internet of Things (IIOT) and Robotic Process Automation (RPA). Feasibility studies are currently being performed on various business operations to identify suitability of processes for implementation of IIOT and RPA; whilst considering the merits of the project implementation.

These digitisation initiatives are targeted to improve process visualisations which will enable management real-time decision making, promoting digital skills development and improving connectivity towards the creation of a smart factory by 2030.



Adopting smart robotics to ensure safety, improve quality and increase productivity

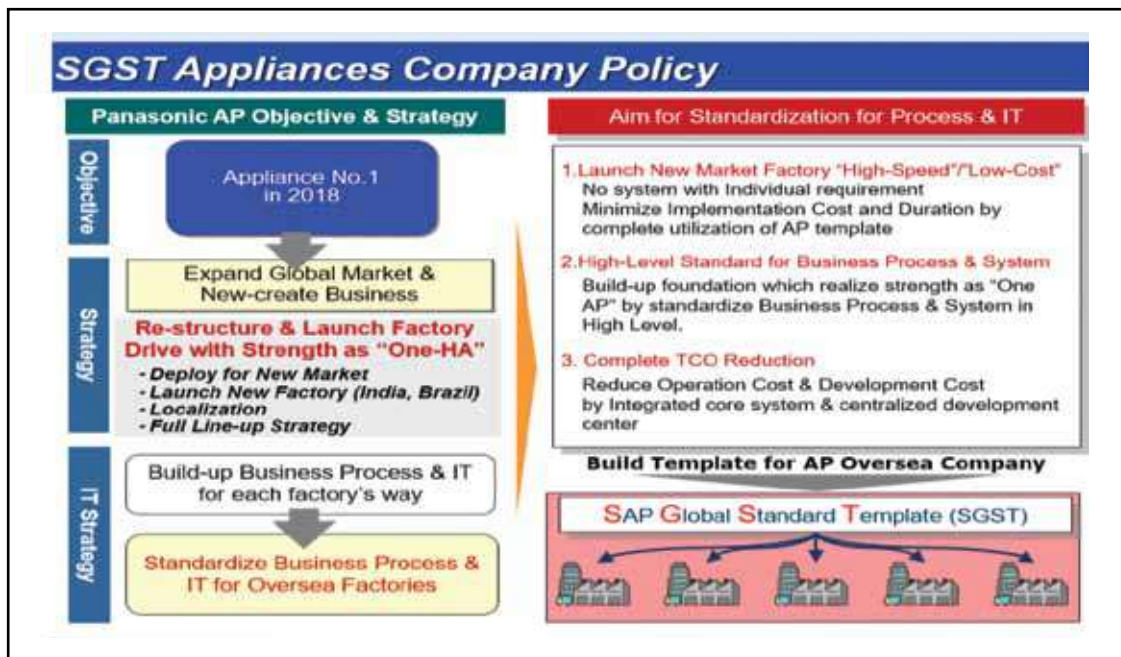
MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

NEW INTEGRATED SYSTEM IMPLEMENTATION

Since 2018, the Company in line with the Appliances Company, Panasonic Corporation's global direction embarked on a feasibility study to implement the SAP Global Standard Template (SGST) for its end to end business operations. The fully integrated system has been implemented in other manufacturing locations worldwide over the last few years. The project, which undertook a duration of nearly a year, successfully went on live in September 2019. Leveraging on the global template, the Company was able to reduce both implementation cost and time.

The new system adopted innovative tools to enhance Supply Chain Management with the aim of achieving data visibility, minimising wastages and costs as well as streamlining operations for optimal business performance.

The unification of two previously distinct systems namely Oracle (Financial and Distribution modules) and Sapphire (Supply and Production modules) to one integrated system has enabled the Company to strengthen its management control through data visualisation in a single platform. The new system was further enhanced with additional scanning and imaging capabilities, seamless connectivity with other support platforms and electronic data transfers flowing through from suppliers to customers which forms the backbone of the Company's direction towards full digitalisation in the future.



MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

(Cont'd)

RISK AND EXPOSURE

Market Risk

Market risk is the risk that changes in market prices such as interest rates and currency risk that will affect the Company's financial position. The Company is exposed to the foreign currency risk on sales and purchases that are denominated in a currency other than the Ringgit Malaysia (RM). The Company's income and operating cash flows are substantially independent of changes in market interest rates. The interest rates exposure arises from Company's deposits placed with a related company, Panasonic Financial Centre (Malaysia) Sdn. Bhd..

Credit Risk

Credit risk is the risk of a financial loss to the Company. The Company's exposure to credit risk arises principally from its receivables from customers, and deposits with related company.

Liquidity Risk

Liquidity risk management implies how the Company manages sufficient cash to meet the obligations as and when they fall due. The management of liquidity is important to ensure a healthy level of cash and cash equivalents appropriate to the operating environment and expected cash flows of the Company.

Supply Chain Risk

Supply chain risk relates to the Company's exposure to supply chain risk arising from suppliers and end customers which causes disruptions to the Company's business.

BUSINESS OUTLOOK

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

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

In Malaysia, following the gradual and progressive re-opening of the economy since early May 2020, economic activities have begun to recover. The stimulus packages announced by the government are positive factors to improve the economic outlook in the country.

Nevertheless, the Company will continue with its efforts to maintain its business competitiveness by introducing more quality and friendly products with special features. The Company will also work with the sales companies within the Panasonic group to strengthen the products' presence in existing markets and to penetrate new sales destinations. To further strengthen its manufacturing capabilities, the Company will forge ahead with its digitalization and automation plans.

With these measures in place, the Company will be able to meet any challenges ahead with agility and resilience.

INCREASE IN SHAREHOLDERS' WEALTH

As at 31 March 2020, 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 to-date, he would be holding a total of 19,384 shares (inclusive of 18,034 bonus shares) worth RM583,071 based on the market price of RM30.08 as at 10 June 2020. In addition, he would have received a total gross cash dividends of RM559,355 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 13.9% 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 (10 June 2020)	RM	30.08
Total value of shares held	RM	583,071
Cumulative gross cash dividends received / receivable (1969 – 2019)	RM	559,355
Total Wealth of a shareholder since Initial Investment	RM	1,142,426

SUSTAINABILITY REPORTING

ABOUT THIS REPORT

Scope of Reporting

Panasonic Manufacturing Malaysia Berhad (PMMA) Sustainability Report 2020 is the third edition of PMMA's sustainability performance disclosures. We strive to incrementally improve the quality of our reporting and close the information gaps year-on-year, in order to better disclose our short, medium, and long-term business strategies. We hope to continue to make positive strides towards achieving our sustainability goals and strengthen our approach in managing sustainability topics which are material to our business.

The basic concept of Panasonic Corporation's Management Philosophy of being a **"public entity for society"** forms the foundation of all our business activities. We remain committed in upholding responsible management and sustainable development on the Economic, Environment and Social ("EES") fronts.

We are always mindful about the impact that we have on all our stakeholders from the work that we do. Our focus is to enrich lives for a sustainable future and to create value for our stakeholders.

As we progress along our sustainability journey, we present to you, our respected and valued stakeholders, PMMA's Third Sustainability Report. The reporting of our sustainability initiatives not only gives us an opportunity to showcase our progress and performance, the expectations and concerns of our stakeholders are also identified and addressed.

Our Reporting Approach

This report has been prepared with reference to the Sustainability Reporting framework and guidelines provided by the Global Reporting Initiative (GRI) Standards and in accordance with Bursa Malaysia Securities Berhad (Bursa Malaysia) Main Marketing Listing Requirements relating to Sustainability Statement in Annual Reports. The content of this report is based on the reporting principles as defined by GRI Standards, which includes:

- **Stakeholder Inclusiveness:** capturing our stakeholders' expectations and concerns
- **Sustainability Context:** presenting our performance in the wider context of sustainability
- **Materiality:** identifying and prioritising the key sustainability issues that the Company encounters
- **Completeness:** reporting all sustainability topics that are relevant to the Company and influence our stakeholders

The material references included in this report are as stated below:

- GRI 201 Economic Performance
- GRI 204 Procurement Practices
- GRI 205 Anti – corruption
- GRI 301 Materials
- GRI 305 Emissions
- GRI 307 Environmental Compliance
- GRI 401 Employment
- GRI 402 Foreign Labour Management
- GRI 403 Occupational Health and Safety
- GRI 416 Health and Safety of Products
- GRI 418 Data Security Practices

Reporting Period

This report covers the overall sustainability performance and business progress of PMMA for the period starting from 1 April 2019 to 31 March 2020 (unless indicated otherwise). Our inaugural sustainability report was published in 2018. We are committed to publish continuously our sustainability key performance and progress annually through our sustainability report.

Scope and Boundaries

The scope of this report is within the business owned and operated by PMMA in Malaysia. The report illustrates in detail our efforts to create value in the areas that are relevant to the Company and also focus on the material issues identified by our internal materiality assessment.

Sustainability across Supply Chain

As a way of upholding sustainable practices across its supply chain, PMMA embeds its sustainability strategies across its supply chain establishing symbiotic collaboration with external stakeholders, e.g. vendor(s).

Feedback

For further details, you may contact:

Email : ir.pmma@my.panasonic.com
Telephone : +603 5891 5000

Sustainability Reporting (Cont'd)

HIGHLIGHTS OF FINANCIAL YEAR ENDED 31 MARCH 2020



* For further details, kindly refer to Page 29

Sustainability Reporting
(Cont'd)

BOARD STATEMENT

PMMA as a leading electrical appliances manufacturer, is one of the key economic driver of Malaysia's Electrical & Electronic (E&E) Industry and contributes to the nation's export earnings.

We are committed to engage and cultivate local talents to meet the changing demand of business shift and be ready to be included as part of national supply chain. This is our third consecutive years of reporting PMMA's sustainability performance, it confirms our strong commitment towards action taken to ensure continuous sustainability efforts alongside its pursuit for business growth and creating long-term value for our stakeholders in term of sustainable living and advance technological innovation.

Moving forward into the next phase, the Company through collaboration with Panasonic Appliances R & D Centre Asia Pacific Sdn. Bhd. (PAPRADAP) is expected to fully develop new technology and expertise in sustainable engineering in order to deliver innovative solutions which will definitely improve our customers trust and confidence towards our business approach. We have also established the Manufacturing Capability Development Department to spearhead digitalisation of business as part of Industry 4.0 initiatives and to transform PMMA through Industrial Internet of Things ("IIOT"), Robotics Process Automation ("RPA") and Smart Robotics in order to strengthen business competitiveness. Various actions such as structured training and development program for Production Engineering Personnel, development of Information Sharing Platform and Innovative Meeting Platform planned to drive the digital transformation culture.

This year's report has been prepared as per Bursa Malaysia's Main Market Listing Requirement with reference to the Global Reporting Initiative (GRI) standards, demonstrates our continuous commitment towards embracing sustainable practice, whereby we address the key material issues of Economic, Environment and Social Impacts (EES) that substantially influence our stakeholders. We at PMMA reaffirms our support, aligning to the national aspirations towards achieving National Sustainability Goals and also United Nations Sustainability Development Goals (SDGs). Our sustainable initiatives and practices are geared towards achieving a common goal beyond our business economy growth that is the betterment of society and enriching the lives of all stakeholders.

We are optimistic that our Economic, Environment and Social impacts disclosures are very vital for our shareholders rational decision making. As such, we will continue to collaborate further with our stakeholders to identify their expectations and concerns much better. As part of PMMA's continuous pursuit for sustainability, we have revisited relevant sustainability matters outlined last year as the material matter for this reporting year. Rest assured, our sustainability report is a transparent, accurate and fair report addressing economic, environment and social impact of the Company's day-to-day operation activities.

Thank you.

The Board

SR-RN188SSL/PEP

Mechanical Jar Rice Cooker

- 1.8 litre Capacity
- Non-stick Coated Pan
- Steam Basket
- Keep Warm (Up to 5 hours)
- Detachable Inner Lid
- Detachable Steam Vent



Sustainability Reporting (Cont'd)

STAKEHOLDER ENGAGEMENT

We define stakeholders as individuals or interest groups who are impacted or influenced by our business activities and/or presence and vice versa. As such, we actively pursue engagement with our stakeholders through a range of platforms, all with the aim of hearing and understanding their concerns and expectations.

Stakeholders	Mode of Engagement	Frequency of Engagement	Concerns
Media 	<ul style="list-style-type: none"> Media events Advertising agent 	<ul style="list-style-type: none"> As needed As needed 	
Investors 	<ul style="list-style-type: none"> Annual general meeting Briefing/meeting Extraordinary general meeting Electronic communication 	<ul style="list-style-type: none"> Annually 3 times a year As needed As needed 	<ul style="list-style-type: none"> Mechanisms and policies in place to curb corruption Recovery of materials for recycling and reuse Carbon emissions management and evaluation Employee appreciation and benefits Occupational health and safety management and policies Procurement practices Health and safety of products Data security protection Foreign labour management Employee engagement and satisfaction
Suppliers 	<ul style="list-style-type: none"> Supplier audit Policy announcement Supplier Performance Evaluation 	<ul style="list-style-type: none"> Annually Annually Monthly 	
Regulators 	<ul style="list-style-type: none"> Income tax filing Annual return SST reporting Electronic communication 	<ul style="list-style-type: none"> Annually Annually Bi-monthly As needed 	
Employees 	<ul style="list-style-type: none"> Monthly payroll Management meetings Staff appraisals Training and product knowledge briefing General Morning Assembly Employees Opinion Survey 	<ul style="list-style-type: none"> Monthly Bi-weekly Annually As needed Monthly Annually 	
Local Communities 	<ul style="list-style-type: none"> Corporate Social Responsibility (CSR) programme 	<ul style="list-style-type: none"> As needed 	

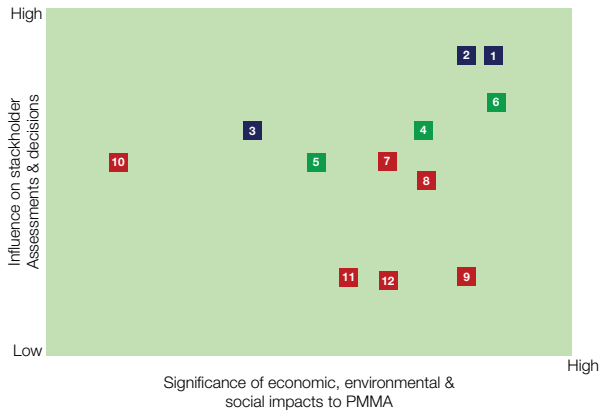
The table above illustrates the list of stakeholder we engaged to identify key material disclosures which include our mode and frequency of engagement.

Sustainability Reporting (Cont'd)

MATERIALITY

We conducted discussions with internal key stakeholders to identify and to understand their perspective on material matters to PMMA. The material issues that shape our strategies and business decision making are not limited to Company's financial performance alone but also to Economic, Environmental and Social Impact. We shortlisted 12 material areas of disclosures into a matrix. This materiality matrix showcases the material disclosures based on its unique influence on the stakeholders and EES impact to the organisation. The materiality matrix were approved by the Board of Directors of PMMA and can be seen in the table on the right.

■ Economic ■ Environment ■ Social



Material Sustainability Topics

- 1 GRI 201 : Economic Performance
- 2 GRI 205 : Anti-Corruption
- 3 GRI 204 : Procurement Practices
- 4 GRI 301 : Materials
- 5 GRI 305 : Emissions
- 6 GRI 307 : Environmental Compliance
- 7 GRI 401 : Employment

Material Sustainability Topics

- 8 GRI 403 : Occupational Health and Safety
- 9 GRI 416 : Health & Safety of Products
- 10 GRI 418 : Data Security
- 11 GRI 401 : Employee engagement and Satisfaction
- 12 GRI 402 : Foreign Labour Management

Material Topics				
Category	#	Material Topics	GRI Index	Material Disclosures
Economic	1	Economic Performance	GRI 201-1	Direct economic value generated and distributed
	2	Anti-corruption	GRI 205-1	Communication and training about anti-corruption policies and procedures
	3	Procurement Practices	GRI 204-1	Proportion of spending on local suppliers
Environment	4	Materials	GRI 301-1	Materials used by weight or volume
	5	Emissions	GRI 305-5	Reduction of GHG emissions
	6	Environmental Compliance	GRI 307-1	Non-compliance with environmental laws and regulations
Social	7	Employment	GRI 401-1	New employee hires and employee turnover
			GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or particular employees
	8	Occupational Health and Safety	GRI 403-1	Workers representation in formal joint management-worker health and safety committees
			GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
	9	Health and Safety of Products	GRI 416-1	Assessment of the health and safety impacts of product and service categories
	10	Data Security Practices	GRI 418	Data Privacy
	11	Employee Engagement and Satisfaction	GRI 401	Employment
	12	Foreign Labour Management	GRI 402	Labour/Management Relations

Sustainability Reporting (Cont'd)

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed : GRI 201-1

PMMA as one of the key economic growth leader for Malaysia is committed to align sustainability strategy in our daily business activities across all aspects of our operation, which we believe is the fundamental factor for our economic performance contribution. Our business success goes beyond revenue and profits, whereby we embark on various initiatives to cultivate local talent and suppliers for the benefits of local communities and contribute to the local markets' economic performance. Thus, employee salaries and benefits has been considered a key priority of our business's sustainability.

Revenue RM 1,052 million	Operating Expenses RM 945 million	Salary and Benefits RM 139 million
------------------------------------	---	--

Note: Please refer to the Annual Report Page 38 for detailed Economic Performance figures.

Anti-corruption : GRI 205-1

PMMA operates based on Panasonic Corporation's Code of Conduct which defines our efforts to establish fair business practices as a public entity. Since our business is dependent on our customers and other stakeholders, we must conduct our business activities transparently in order to be held accountable. We must continue to be fair and honest in our business dealings. To show our commitment towards clean and fair business dealings, on a yearly basis, all PMMA employees including temporary and foreign workers are required to sign the Clean Business Dealing Agreement (CBDA). This acts as a pledge to prevent from engaging in bribery and unethical business dealings and engaging in activities where there is conflict of interest as well.

PMMA engaged a Risk Advisory Consultant in October 2019 to assess the internal controls, processes and governance framework in relation to PMMA's existing processes and procedures. This is to ensure that all of PMMA's existing processes and procedures are in line with the Guidelines on Adequate Procedures issued by the Prime Minister's Department. By implementing the recommended procedures, PMMA is confident that it has established a suitable defence to protect both the Company and Top Management from the Corporate Liability offence arising from the implementation of Section 17(A) of Malaysian Anti-Corruption Commission Act 2009 (MACC Act).



Principle 1 – Top Level Commitment

PMMA demonstrates top level commitment for preventing corruption and this involves employees and stakeholders' communication of the Policies and Procedures, as well as Senior Management's involvement in developing the corruption prevention procedures.



Principle 2 – Risk Assessment

PMMA has performed a gap analysis review in relation to the Company's current processes and procedures as compared with the Guidelines on Adequate Procedures and also engaged Legal Consultant to conduct a regulatory audit specifically in relation to the conformance with the requirements under the MACC Act 2009. An Enterprise Risk Management ("ERM") is in place where Risk Register has been developed whereby corruption risk is identified as one of the key risk.



Principle 3 – Undertake Control Measure

PMMA has appropriate policies and procedures in place outlining the responsibilities and rules of Clean Business Dealings for the Board, Employees, Trade and Non Trade Suppliers and this includes due diligence on any relevant parties or personnel (such as Board Members, Employees and Suppliers) prior to entering into a formal relationship.



Principle 4 – Systematic, Review, Monitoring and Enforcement

PMMA Compliance Team provides assurance, promote and monitor all compliance activities including but not limited to corruption prevention initiatives. Compliance Meetings involving the Senior Management are conducted quarterly to report and discuss on compliance related matters.

The establishment of Whistleblowing Policy as a communication channel for all employees, business partners and stakeholders to voice out their concerns in a secured manner.

Sustainability Reporting (Cont'd)



Principle 5 – Training and Communication

PMMA communicates the Policies and Procedures within the Company through various channels comprising amongst others, physical training, emails, posters etc. The Policies and Procedures are made available to employees and Stakeholders via Intranet and Website. The communication within the Company in creating awareness on anti-corruption policies are further enhanced via e-learning and e-survey conducted by regional headquarters.

PMMA is strongly committed to maintain clean and fair business dealings, we will not engage in bribery of any kind. We will be sensitive to and shall abide by laws and regulations and social ethics that govern the offer of benefits of any kind, including gifts, meals and entertainment. In the same manner, we will not receive personal benefits from any of our stakeholders. As a result of this commitment and with the support of all stakeholders, we have recorded zero cases of non-compliance relating to corruption in the reporting year.

Communication – Anti Corruption Policy Public Accessibility

Policies and procedures such as Whistleblowing Policy (including the reporting channel), Code of Conduct, APAC Region Anti-Bribery and Anti-Corruption Rules (Rules for Clean Business Dealings in Southeast Asia and Oceania) are published in the PMMA's intranet and website, which is accessible to all the employees and stakeholders. Links from its website for the relevant Policies are as follows;

- Anti-bribery and corruption rules - <http://pmma.panasonic.com.my/wp-content/uploads/APAC-Regional-ABC-Rules-wef-1-August-2019.pdf>;
- Whistleblowing policy - <http://pmma.panasonic.com.my/about-panasonic/about-pmma/whistle-blowing-policy/>; and
- Code of conduct - <http://pmma.panasonic.com.my/wp-content/uploads/code-of-conduct.pdf>.



Zero
Cases of Corruption

Whistleblowing Mechanism

PMMA has a whistleblowing channel made available to the employee and stakeholders via its intranet and website respectively.

- Whistleblowing Reports can be made on an anonymous basis
- Employees and Stakeholders can make Whistleblowing Reports through any of the following channels:

- Letter - there are two (2) letter boxes placed at PMMA's premises, SA1 and SA2 respectively;
- Online submission to Panasonic Global via <https://secure.ethicspoint.eu/domain/media/en/gui/104773/index.html>;
- Electronic email to compliance_pmma@my.panasonic.com; and
- Global Hotline to Panasonic Global at 1-800-81-8923. The "Global Hotline Poster" is available within PMMA's premises to raise employees' awareness



Sustainability Reporting (Cont'd)

PMMA's Procurement Practice : GRI 204-1

PMMA's mission of contributing to society through supplying good quality products with reasonable price to the market, can be realised with a stable and strong procurement practice. We are committed to ensure the practice is Environment, Custom and CSR compliance. Our Central Procurement Department takes lead to procure materials in best cost scales, conform to environment requirements, meeting quality standards, delivery on time at competitive prices.

This year, we accelerate and enhance our cost reduction (CR) activities through collaboration with suppliers in various key initiatives, namely the introduction of Standard Quotation format to improve costing accuracy, to enhance traceability with e-Quotation implementation, to promote parts cost reduction activities and strengthen VAVE (Value Analysis/Engineering) activities for product costing improvement.

We are committed to further enhance the supply chain management and ensure no supply disruption. We adopted new enterprise resource planning (ERP) system, SAP Global Standard Template (SGST) which was successfully implemented in September 2019. Reengineering business processes were done through simplification and ultimately build an efficient and effective stakeholder information flow (Supplier -> PMMA -> Customer). Apart from that, the SGST was able to improve efficiency and competitiveness in the whole of PMMA's business operations.

Prior to engaging a new supplier, a systematic supplier assessment will be conducted based on quality, delivery, cost, environment and CSR aspect. We carry out supplier training and supplier audit continuously to ensure all suppliers comply with PMMA's directions and requirements.

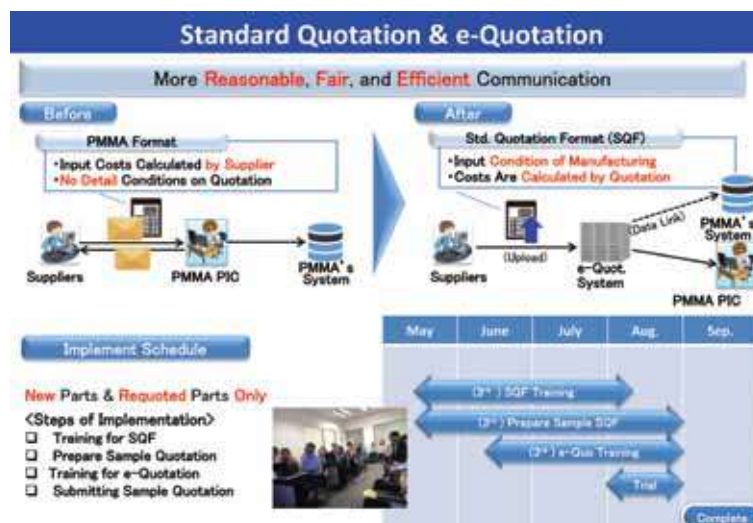
Local suppliers constitutes 79% of our total suppliers. We strongly support local supplier in our procurement practices. This year, we have engaged 7 new local suppliers.



Best Supplier Award Presentation



Supplier Policy Announcement May 2019



Standard Quotation and e – Quotation: More Reasonable, Fair and Efficient Communication

Sustainability Reporting (Cont'd)

PMMA's Suppliers Quality Improvement Activities : GRI 204-1

Apart from safety, the quality of products produced is also one of the main elements for the Company. Any quality issues with the parts will lead to inferior quality products delivered to market resulting in a tarnished brand image and losing customers trust on our products. This year, to ensure suppliers continuously meet our quality standards and requirements, we initiated various joint activities to enhance our suppliers total quality management to produce high quality parts. We worked together with suppliers through frequent supplier visit/audits to provide continuous support and guidance in order to strengthen supplier process control and minimise defects. Improvement ideas were discussed in weekly meeting. During Quarterly Review meeting, suppliers presented their commitment and action plans. Relevant and effective improvement ideas were shared horizontally to all others suppliers.



ENVIRONMENT

Recycled Material : GRI 301-1

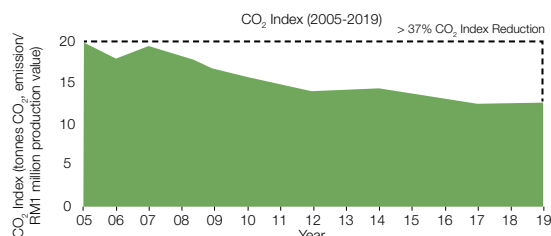
Being one of the leading electrical home appliances manufacturer in Malaysia, PMMA is committed to protect the environment through full compliance with applicable regulations and standards. In line with the Panasonic Corporation Environmental Sustainability Policy – Green Plan 2018 to promote usage of recycled materials and preserve natural resources, PMMA will optimize its resources by pursuing recycling – oriented manufacturing which also contribute to raw material cost saving and improve our business operating profits.

As part of PMMA sustainability key initiatives, we adopted the use of recycled Polypropylene ("PP") and Acrylonitrile Butadiene Styrene ("ABS") resins for selected Vacuum Cleaner Product's parts. Quality Control Department together with PAPRADAP have assessed and ensured that the recycled raw material resins quality level meets our material specification and product quality standard. PMMA will not compromise on product quality and is fully committed to continuously deliver excellent quality products without fail to our valued customers.

Carbon Emissions : GRI 305-5

Panasonic formulated the Environment Vision 2050 in 2017 to achieve "a better life" and "a sustainable global environment", "aiming for a society with clean energy and a more comfortable lifestyle". In line with this direction, PMMA is committed to reduce carbon emissions through various environmental initiatives.

Over the past 14 years, we have successfully reduced more than 37% in CO₂ index (tonnes CO₂ emission / RM1 million production value), from 20.05 in 2005 to 12.62 in 2019, through various carbon reduction initiatives such as total utilisation of Light Emitting Diode (LED) in our newly constructed SA1 plant office building. This reporting year, we have collaborated with Panasonic Life Solution to successfully install solar panels at our existing SA2 plant building roof. Subsequently, we will expand the installation of solar panels at SA1 new building roof top and SA1 car park in the year 2020. In coming years, aligned with Panasonic Corporation vision to realise zero CO₂ emissions factories, we will continue to promote and adopt best sustainability practices in energy and carbon reduction.



Sustainability Reporting (Cont'd)

Environmental Compliance : GRI 307-1

At PMMA, we recognise the importance of protecting the environment and we remain committed towards our accountability on environmental issues. Thus, our priority is to ensure our business complies with applicable environmental laws and regulations in Malaysia through our established Environmental Policy. We have set up PMMA Environmental Facilities Committee (EFC) and its main function is to continuously conduct periodical monitoring and reviews of environmental performance at our manufacturing locations. The Environment Management Department Team Leader, as the appointed representative takes the lead to ensure all environmental-related requirements are fulfilled and also responsible for preparing and submitting PMMA's environmental performance reports to Panasonic Corporation on a monthly basis.

Both of the manufacturing factories SA1 and SA2 in Shah Alam continuously strive to promote environmental stewardship within our business, and had been awarded the esteemed ISO 14001: 2015 Environmental Management System Certification (EMS) certification from SIRIM.

We manage our compliance towards related environmental laws, regulations, standards and other requirements through annual internal audits and external audits. We monitor our environmental performance, which enables us to make informed business decisions around protection of the environment. We analyse our environmental data to understand our performance and help identify potential areas of improvement. For the financial year under review, we did not receive any fines or sanctions due to non-compliance with environmental legislation across the reporting regulations and requirements.



Zero
Cases of Environmental
Non-compliance

SOCIAL

Employment : GRI 401-1 GRI 401-2

Panasonic Group has long embraced the concept of "Make people before making products", which shows that 'people' are its driving force. As a labor-oriented organisation, PMMA acknowledges the importance to develop people to meet both their career goals and organisation goals. We are committed and will strive to prepare all our 2,160¹ employees by providing education and relevant skill training to enhance their ability in facing any kind of business challenges.

We believe our success lies in each and every one of our employee, we strive to attract, train and retain the right talents in the right position. This was attained through talent development and provision of fair and safe working environment in the Company.

Moving forward, we aspire to develop the next generation of Panasonic leaders through the structured global talent management framework. The Executive Development Training, through specially designed customized programs that prod, inspire, motivate, and enlighten executive candidates with fresh ideas, innovation ways of thinking, mindset change, deeper awareness of self, others and of the rapidly changing environment will develop the next generation of Panasonic leaders. With exposure to deeper insights in business strategy and trends, candidates develop strategic and critical thinking skills through traditional and action learning, interactions and discussions with academics from top class universities and professional expert trainers with deep industrial experience, as well as peer learning through project work, sharing and discussions with like-minded colleagues from diverse backgrounds across Panasonic Group.

¹ This includes total number of permanent, temporary, outsource and foreign employees at PMMA during the reporting year.

Sustainability Reporting
(Cont'd)

Permanent Employee Statistics for Financial Year Ended 31 March 2020

In total, 86.7% of PMMA's **new permanent non-executive employees** account for those under the age of 30. Our new permanent non-executive employees are mainly male due to the nature of our manufacturing operation, whereby percentage for male is higher with 70.1%. As for the **new permanent executives** also from the under the age of 30 group with 73.1% and new male hired is 61.5%. Overall, PMMA saw an average turnover rate of 5.0% for **permanent non-executive employees** and 7.9% for **permanent executive employees** during the reporting year[^].

Executive Employees (Total = 291)**Rate of employee hire FY2020**

Rate of new employee hires by age	Male	Female	Total
Under 30 years old	11	8	19 (73.1%)
30-50 years old	5	2	7 (26.9%)
Over 50 years old	-	-	-
Total	16 (61.5%)	10	26

Rate of employee turnover FY2020

Rate of new employee hires by age	Male	Female	Total
Under 30 years old	4	2	6
30-50 years old	6	9	15
Over 50 years old	2	-	2
Total	12	11	23 (7.9%)

Non-executive Employees (Total = 984)**Rate of new employee hire FY2020**

Rate of new employee hires by age	Male	Female	Total
Under 30 years old	62	29	91 (86.7%)
30-50 years old	12	2	14 (13.3%)
Over 50 years old	-	-	-
Total	74 (70.5%)	31	105

Rate of employee turnover FY2020

Rate of new employee hires by age	Male	Female	Total
Under 30 years old	23	4	27
30-50 years old	7	5	12
Over 50 years old	10	-	10
Total	40	9	49 (5.0%)

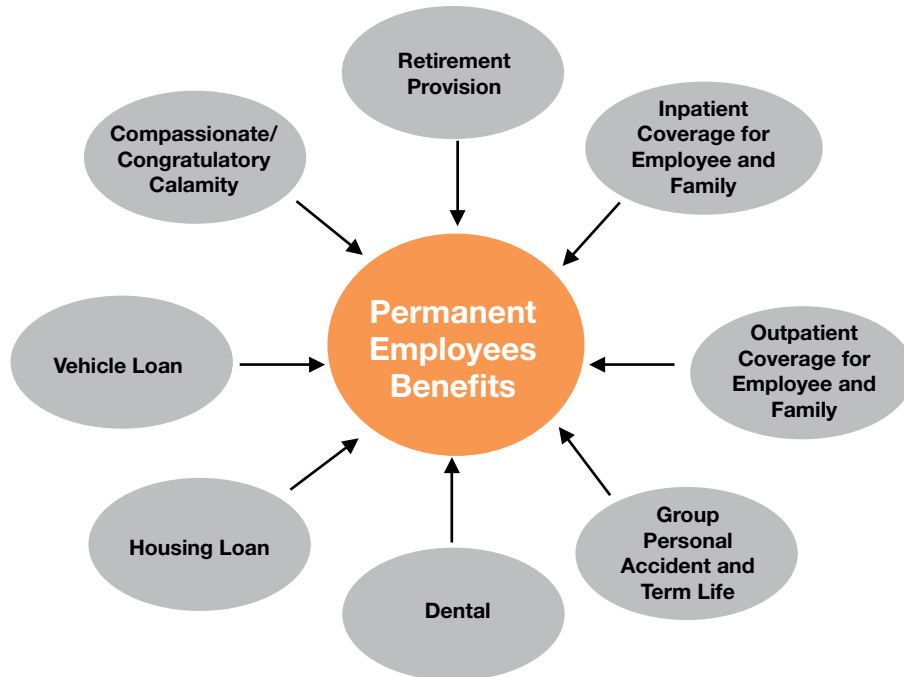
[^] The employee statistics does not include PMMA's temporary, outsource and foreign employees at PMMA during the reporting year.

Sustainability Reporting (Cont'd)

Permanent Employee Benefits

In order to provide our employees with a fair and better working environment, PMMA strive to ensure all legal requirements regarding employee benefits are met. For this reporting year we comply with all related Employment Laws and Regulation.

The following are the benefits we provide to our permanent employees.



Occupational Health and Safety : GRI 403-1 GRI 403-2

PMMA acknowledges the importance of employees' welfare in terms of safety and health. We are committed and will strive to secure a safe and conducive working environment for all our employees. We believe Occupational Safety and Health (OSH) is an important part of risk management program to prevent injuries and ill health hazards in all work environment, improve productivity and employee moral as well as to ensure compliance to related legal and other local requirements. OSH increases employees' awareness on work safety and legal compliance.

All our practices pertaining to Safety and Health are guided by PMMA own localised OSH Policy that details our strong commitment to occupational safety and health matters. In order to establish a good OSH governance framework, our OSH Policy is supported with very thorough standard operating procedures (SOPs) for each and every activities in both our manufacturing plants. In addition to our own SOPs, we also adopted SOPs from Panasonic Corporation's OSH Activity Guideline for more stringent controls. Our OSH Management System that has been established since the year 2013 has further enhanced our efforts in maintaining established policies and continuously improving the SOPs. In line with our OSH policy, various key initiatives have been made compulsory in our day to day operation namely safety condition review for all newly installed machines, daily OSH procedures and safety training for employees.

Our Safety and Health Committee is headed by our Managing Director and committees consist of all departments representative as per legal requirement that include management, executives and on-the-ground workers. The joint management-worker Health and Safety Committee consists of approximately 5% representative from on-the-ground workers. We conduct monthly review meeting with our Managing Director, who is responsible for driving the implementation of OSH management systems and evaluation. The committee is responsible for organising initiatives related to OSH that includes internal and external training. Adequate budgets are allocated for OSH training and developments. Internal / External feedback or complain mechanism has been established. All feedbacks will be reviewed by the management representative and reported to the top management. Any feedback or complains will be investigated accordingly and where necessary programs will be initiated within 14 days period.

Sustainability Reporting (Cont'd)

In order to continuously strengthen our processes, we have annual internal and external audits such as Safety, Health and Environment Committee and SIRIM, on our OSH practices. We are also subject to reference audits from Panasonic Corporation and its business units. As a result of our continuous monitoring and enhancement of our OSH practices, we have been successfully certified with ISO 45001: 2018 Occupational Health and Safety Management in January 2020. Through a well-structured management system, PMMA aim to continuously instil awareness of hazards and reduced risk, improve health and safety in the work place and move towards achieving zero rate of injury.

Total number of lost workdays due to reported injuries & occupational diseases	15
Total number of injury cases	12
Injury rate	0.56

Note: The above is based on 4,300,128 hours worked.

The total number of lost workdays refers to the total number of days where workers are unable to perform their usual work because of occupational disease/accident/injury (which in this case does not include MC, hospitalisation leaves due to other causes).

The injury rate refers to the total number of injury cases x 200,000 / the total number of hours worked in a year (The factor of 200,000 results from 50 working weeks for 40 working hours per 100 employees. The rate obtained using this formula relates to the number of employees and not number of hours).

¹ This includes total number of permanent, temporary, outsource and foreign employees at PMMA during the reporting year.

Occupational Safety and Health Activities



Annual Local Exhaust Ventilation (LEV) Inspection



Chemical Exposure Area Monitoring



Ergonomic Risk Assessment at workplace



Night Evacuation Fire Drill - Assembly Point



Hosted Malaysia Panasonic OSH Skill Competition



PMMA participants ready for Fire Fighting Skill

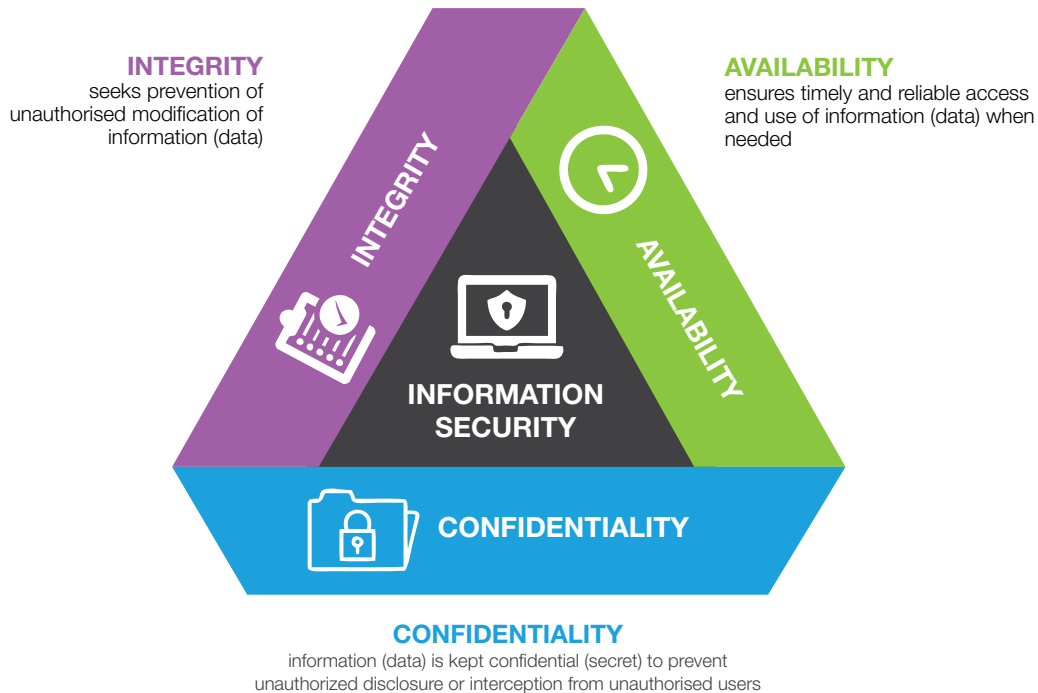
Sustainability Reporting (Cont'd)

Ensuring Health and Safety of Our Products : GRI 416-1

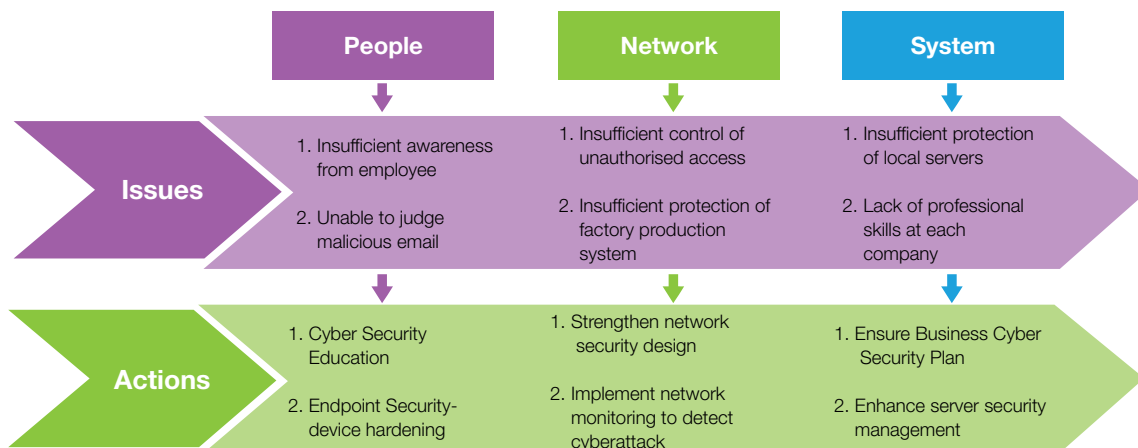
It has been a priority for PMMA to ensure that all products produced are safe to be used by consumers. PMMA adheres to the Panasonic Corporation Safety Standard in addition to Public/Government Authority requirements assuring products developed and marketed are safe thus limiting the extent of liability claims. Every new model has to go through stringent construction and performance check from safety aspect and reported to Top Management. As for safety issues in market, immediate reporting to Managing Director has been established to ensure quick information gathering and decision making. This is in line with PMMA's target to **'Zero Product Safety issue'** in market, in term of harm to consumer and property damage. In addition, various internal and external (SIRIM and respective countries certification bodies) quality audits are conducted to further examine the effectiveness of PMMA's processes and procedures in safeguarding the health and safety standards of our products.

PMMA's Information Security Management (ISM) System : GRI 418

PMMA is committed to safeguard the Confidentiality, Integrity and Availability of the Company's Confidential Information against internal and external threats/risks. Through such efforts, information security heightens public confidence and further enhance our corporate value to sustain the growth of the company.



In this digital transformation age, cyber security is the priority of PMMA's operation and we shall manage the cyber risk diligently. To ensure effective information security, identified issues were categorised under people, network and system along with the mitigation actions.



Sustainability Reporting (Cont'd)

Well-planned awareness education and trainings are continuously provided to all our employees in order to ensure continuous compliance with the Information Security Management System ISO27001: 2013. This includes AP Domain ISM educational program and ISM e-test for our employees.

Profiles of **Information Security** related enhancement activities implemented during the reporting year include:

- Protect Smart Product from Cyber Attack
- Protect Cloud Services from IoT Business
- Factory Network Security Firewall
- Endpoint Security Enhancement (EDR) for Unknown Malware Virus Protection

Employee Engagement and Satisfaction : GRI 401

PMMA participated in Panasonic **Employee Opinion Survey (EOS)** which is conducted at least once every two years by an independent consulting firm partnering with Panasonic for the purpose of finding opportunities to create more value for employees working in Panasonic. Our permanent employees are able to express their opinion on a set of questions relating to common themes of selected dimension towards Company's operation.

Based on the survey results, we will continuously take necessary actions for the betterment of company and employees benefits as well, ensuring company and employees grow together.

EOS 2019 highlighted the three most favorably scoring themes where our employees feel most positive are Quality & Customer Focus, Employee Enablement and Clear & Promising Direction.

A Better Dialogue : GRI 401

Panasonic launched **A Better Dialogue** to promote an environment where employees and Panasonic can grow together, with each employee playing a vital role. Panasonic focuses on the employee-manager relationship, the most basic unit of organisation and the dialogue in that relationship. To change how each employee thinks and acts and benefits from them growing and taking on challenges, we must implement A Better Dialogue based on Panasonic Basic Business Philosophy.

This year, at PMMA we started the face to face dialogue program starting from the Group Manager's level flowing down to their team members (management staff) to foster a more open communication platform through each management levels. We will continuously strive to achieve and maintain an effective two-way communication through top-down approach and bottom-up suggestion for improving employee's and company's performance.

Foreign Labour Management : GRI 402

This year, Panasonic Group of Companies in Malaysia established a Policy on the Responsible Recruitment and Employment of Foreign Migrant Workers. The purpose is to provide Panasonic Group of Companies in Malaysia with standards for managing the recruitment and employment of foreign migrant workers in a responsible and sustainable way that comply with national laws in Malaysia and in the relevant countries of origin, as well as with relevant international standards and existing best practices. Compliance with the Policy is mandatory for Panasonic Group Companies in Malaysia.

As for PMMA, we will adopt this Policy as an intermediate step in achieving the Panasonic Global Human Rights and Labor Policies. We will not charge nor allow recruitment agencies to charge foreign migrant workers any recruitment fees or costs related to their employment. All foreign workers will be provided with employment contract in English and translated into the workers' native languages. We will ensure they are free of any form of harsh, abusive or inhumane treatment at workplace and provide safe and decent accommodations.

Pandemic Outbreak – COVID-19

When news of the first COVID-19 outbreak in China broke in early January, our initial expectation was that it was temporary and most of the global economy would be insulated. However, this situation has changed dramatically when COVID-19 has now become a pandemic of unprecedented scale in this generation. The rapid spread of this virus has resulted in the implementation of lockdown and social distancing which later resulted in significant decline of economic activities.

In Malaysia, the government has announced the implementation of Movement Control Order (MCO) as a measure to control the spread of the COVID-19 and subsequently, it has been enhanced with several other conditions and regulations which witnessed a new normal in the lives of Malaysians. Under a "Conditional Movement Control Order" (CMCO), most businesses are allowed to operate including PMMA provided that a strict standards of practice must be complied. Now that the MCO has been extended until 31st August 2020 and it entered the recovery phase which is now called the Recovery Movement Control Order (RMCO).

At PMMA, we have implemented standard operating procedure ("SOP's") in compliance with the Ministry of International Trade and Industry ("MITI"), Ministry of Health ("MOH") and Department of Occupational Safety and Health ("DOSH") guidelines. As such, efforts to control the spread of the virus, including social distancing within our working premises, and frequent sanitisation will still be essential in our day-to-day lives.

Sustainability Reporting (Cont'd)

PMMA established an emergency response plan team outlining key personnel of the organisation with clear roles and responsibilities. Various measures implemented by the Company such as daily temperature check, wearing of gloves and face mask by employees, hand sanitisers placed throughout the plant, regular disinfection activity carried out at the end of shift at workplace and partition installed in canteen, production line and at the office. With all these measures in place and strictly follow accordingly, the Company will be able to operate safely and efficiently under the new norm.

PMMA's COVID -19 Standard Operation Procedures

Temperature Check at PMMA Entrance

All employees, suppliers and visitors must undergo daily temperature check before the entering company's premises and the reading will be recorded (Entry allowed only for those with temperature reading below 37.5 C). All employees will be given 1 face mask. Face mask should be worn at all times.



Hand sanitiser at common areas

Hand sanitisers are available at the entrance and also at various locations in the plant. Common area sanitisation is carried out three (3) times a day.



Sustainability Reporting (Cont'd)

Daily disinfection at common and work areas



Disinfection is carried out daily at the end of shift for production floor, office, canteen and rest corners.



Social distancing at office, production line, meeting rooms & canteen



Social Distancing is implemented at the office, production floor and canteen. Installation of partitions were made to ensure social distancing. All employees need to keep social distance with minimum 1 meter and observe floor marking in their daily activities.



Sustainability Reporting (Cont'd)

GRI Standards Content Index

GRI Standards	Disclosures	Page Reference
ORGANISATIONAL PROFILE		
GRI 102-1	Name of the organisation	Cover Page
GRI 102-2	Activities, brands, products and services	7-14
GRI 102-3	Location of headquarters	2
GRI 102-4	Location of operations	7
GRI 102-5	Ownership and legal form	2, 90
GRI 102-6	Markets served	3, 8
GRI 102-7	Scale of the organisation	3, 8
GRI 102-8	Information on employees and other workers	27
GRI 102-9	Supply chain	17, 24
GRI 102-10	Significant changes to organisation and its supply chain	-
GRI 102-11	Precautionary Principle or approach	30
GRI 102-12	External initiatives	-
GRI 102-13	Membership of associations	-
STRATEGY		
GRI 102-14	Statement from senior decision-maker	4, 19
ETHICS AND INTEGRITY		
GRI 102-16	Values, principles, standards and norms of behaviour	56-69
GOVERNANCE		
GRI 102-18	Governance Structure	56
STAKEHOLDER ENGAGEMENT		
GRI 102-40	List of stakeholder groups	20
GRI 102-41	Collective bargaining agreements	-
GRI 102-42	Identifying and selecting stakeholders	20
GRI 102-43	Approach to stakeholder engagement	20
GRI 102-44	Key topics and concerns raised	20
REPORTING PRACTISE		
GRI 102-45	Entities included in the consolidated financial statements	90
GRI 102-46	Defining report content and topic Boundaries	17
GRI 102-47	List of material topics	21
GRI 102-48	Restatements of information	-
GRI 102-49	Changes in reporting	17
GRI 102-50	Reporting period	17
GRI 102-51	Date of the most recent report	17
GRI 102-52	Reporting cycle	17
GRI 102-53	Contact point of questions regarding the report	17
GRI 102-54	Claims of reporting in accordance with the GRI Standards	In reference
GRI 102-55	GRI content index	34-36
GRI 102-56	External assurance	-

Sustainability Reporting
(Cont'd)

GRI Standards Content Index (Cont'd)

GRI Standards	Disclosures	Page Reference
TOPIC : ECONOMIC PERFORMANCE		
GRI 103-1	Explanation of the material topic and its Boundary	22
GRI 103-2	The management approach and its components	22
GRI 103-3	Evaluation of the management approach	22, 37
GRI 201-1	Direct economic value generated and distributed	22
TOPIC : ANTI-CORRUPTION		
GRI 103-1	Explanation of the material topic and its Boundary	22
GRI 103-2	The management approach and its components	22
GRI 103-3	Evaluation of the management approach	22
GRI 205-2	Communication and training about anti-corruption Policies and procedures	23
TOPIC: PROCUREMENTS PRACTICES		
GRI 103-1	Explanation of the material topic and its Boundary	24
GRI 103-2	The management approach and its components	24
GRI 103-3	Evaluation of the management approach	24
GRI 204-1	Proportion of spending on local suppliers	24
TOPIC : MATERIALS		
GRI 103-1	Explanation of the material topic and its Boundary	25
GRI 103-2	The management approach and its components	25
GRI 103-3	Evaluation of the management approach	25
GRI 301-1	Materials used by weight or volume	25
TOPIC : EMISSIONS		
GRI 103-1	Explanation of the material topic and its Boundary	25
GRI 103-2	The management approach and its components	25
GRI 103-3	Evaluation of the management approach	25
GRI 305-5	Reduction of GHG emissions	25
TOPIC : ENVIRONMENTAL COMPLIANCE		
GRI 103-1	Explanation of the material topic and its Boundary	26
GRI 103-2	The management approach and its components	26
GRI 103-3	Evaluation of the management approach	26
GRI 307-1	Non-compliance with environmental laws and regulations	26
TOPIC : EMPLOYMENT		
GRI 103-1	Explanation of the material topic and its Boundary	26
GRI 103-2	The management approach and its components	26-28
GRI 103-3	Evaluation of the management approach	27, 28
GRI 401-1	New employee hires and employee turnover	27
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or particular employees	28
TOPIC : OCCUPATIONAL HEALTH AND SAFETY		
GRI 103-1	Explanation of the material topic and its Boundary	28
GRI 103-2	The management approach and its components	28
GRI 103-3	Evaluation of the management approach	28
GRI 403-1	Workers representation in formal joint management-worker health and safety committees	28

Sustainability Reporting (Cont'd)

GRI Standards Content Index (Cont'd)

GRI Standards	Disclosures	Page Reference
TOPIC : OCCUPATIONAL HEALTH AND SAFETY		
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	29
TOPIC: HEALTH AND SAFETY OF PRODUCTS		
GRI 103-1	Explanation of the material topic and its Boundary	30
GRI 103-2	The management approach and its components	30
GRI 103-3	Evaluation of the management approach	30
GRI 416-1	Assessment of the health and safety impacts of product and service categories	30
TOPIC: Data Security Practices		
GRI 103-1	Explanation of the material topic and its Boundary	30
GRI 103-2	The management approach and its components	30
GRI 103-3	Evaluation of the management approach	30
GRI 418	Data Privacy	30
TOPIC: Employee Engagement and Satisfaction		
GRI 103-1	Explanation of the material topic and its Boundary	31
GRI 103-2	The management approach and its components	31
GRI 103-3	Evaluation of the management approach	31
GRI 401	Employment	31
TOPIC: Foreign Labour Management		
GRI 103-1	Explanation of the material topic and its Boundary	31
GRI 103-2	The management approach and its components	31
GRI 103-3	Evaluation of the management approach	31
GRI 402	Labour/Management Relations	31

FIVE-YEAR FINANCIAL SUMMARY

Financial Year Ended 31 March

Financial Data		2016	2017	2018	2019	2020
Revenue	RM'000	1,086,735	1,122,964	1,199,120	1,127,886	1,051,980
Profit before taxation	RM'000	185,172	158,099	166,312	131,310	141,227
Profit after taxation	RM'000	146,900	127,118	131,025	105,752	116,989
Gross dividends paid / proposed	RM'000	84,437	71,073	150,650	137,261	120,277
Net dividends paid / proposed	RM'000	84,437	71,073	150,650	137,261	120,277
Total assets	RM'000	986,093	1,005,444	1,071,194	1,009,729	976,742
Share capital	RM'000	60,746	60,746	60,746	60,746	60,746
Shareholders' funds	RM'000	779,103	821,784	881,736	836,838	816,541
Financial Ratios						
Return on shareholders' funds	%	18.9	15.5	14.9	12.6	14.3
Earnings per share	sen	242	209	216	174	193
Net assets per share	RM	12.83	13.53	14.52	13.78	13.44
Dividend rate (gross)	sen	139	117	248	226	198

F-M15EXVBRQH/RH

Cool & Comfortable, Always

Ceiling fans create a strong airflow and also aid the circulation of cool air from air conditioning systems. Panasonic Ceiling Fans combine innovative technology with beauty contemporary designs.

- DC Motor Technology
- Yuragi function
- Enhanced safety features
- LCD remote control
- 9-sequential speed selection
- Durable blades (PPG Material)
- 1 - 8 hour off timer
- 2 - 8 hour sleep timer
- Sleek and smooth design



FINANCIAL HIGHLIGHTS

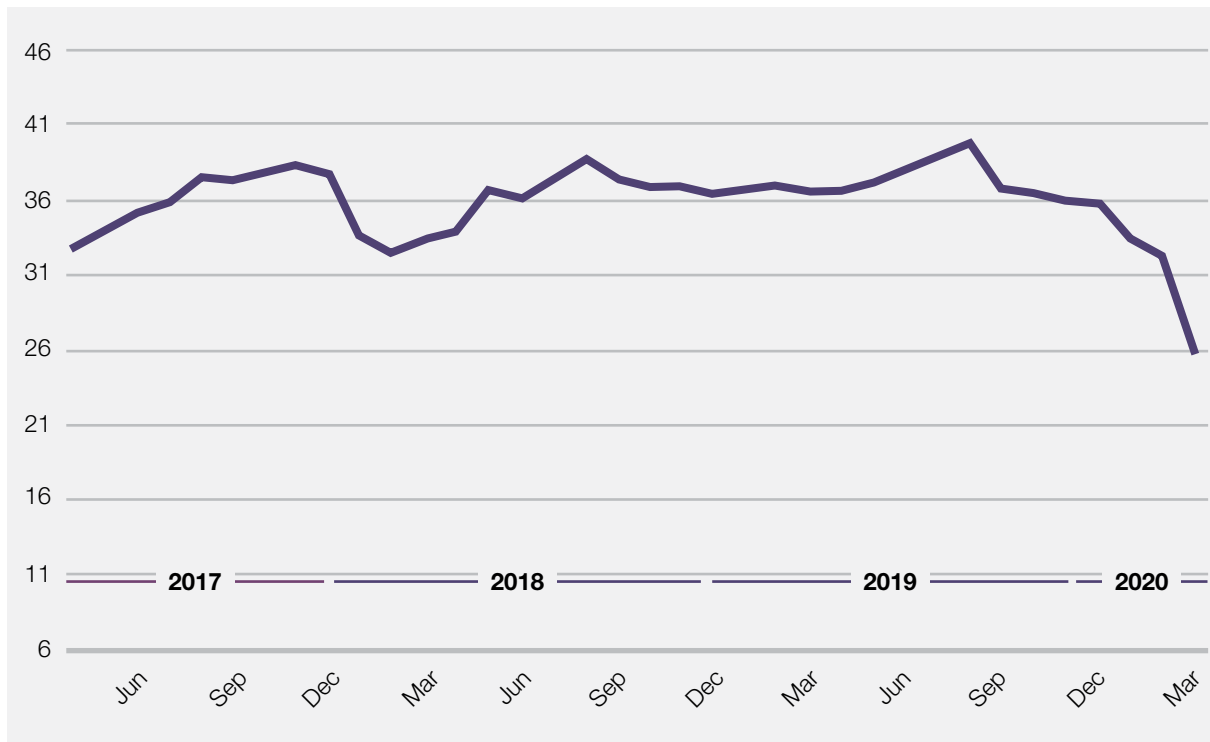
Financial Data		Year Ended 31 March 2020	Year Ended 31 March 2019
Revenue	RM'000	1,051,980	1,127,886
Profit before taxation	RM'000	141,227	131,310
Profit after taxation	RM'000	116,989	105,752
Percentage of revenue	%	11.1	9.4
Return on shareholders' funds	%	14.3	12.6
Earnings per share	sen	193	174
Dividend rate	sen	198	226
Shareholders' funds	RM'000	816,541	836,838
Net assets per share	RM	13.44	13.78
Total assets	RM'000	976,742	1,009,729
Capital expenditure	RM'000	50,438	54,386

FINANCIAL CALENDAR

Financial Year Ended	31 March 2020
Announcement of Results	
- First Quarter	27 August 2019
- Second Quarter	25 November 2019
- Third Quarter	26 February 2020
- Fourth Quarter / Annual	29 June 2020
Issuance of 2020 Annual Report and Financial Statements	28 July 2020
55th Annual General Meeting	26 August 2020
Interim Dividend	
- Notice of Dividend Entitlement	25 November 2019
- Entitlement Date	23 December 2019
- Payment Date	22 January 2020
Proposed Final and Special Dividends	
- Notice of Dividend Entitlement	29 June 2020
- Entitlement Date	10 September 2020
- Payment Date	25 September 2020
Investor Meeting	
- 1st Meeting	24 April 2019
- 2nd Meeting	31 July 2019
- 3rd Meeting	5 September 2019

SHARE PERFORMANCE

Closing Share Price (RM)



	2019										2020	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Highest (RM)	38.30	38.80	39.90	40.60	41.02	41.20	38.20	38.10	39.92	37.00	34.60	33.00
Lowest (RM)	37.20	37.52	38.00	39.34	39.54	37.50	37.42	37.00	36.80	34.52	30.74	22.82
Closing Share Price (RM)	37.82	38.32	39.40	40.00	40.98	37.80	37.68	37.08	37.00	34.60	33.36	26.88
Lots Traded (100 shares)	1,578	705	2,505	2,608	1,350	6,166	4,580	1,514	7,207	6,911	3,207	6,025

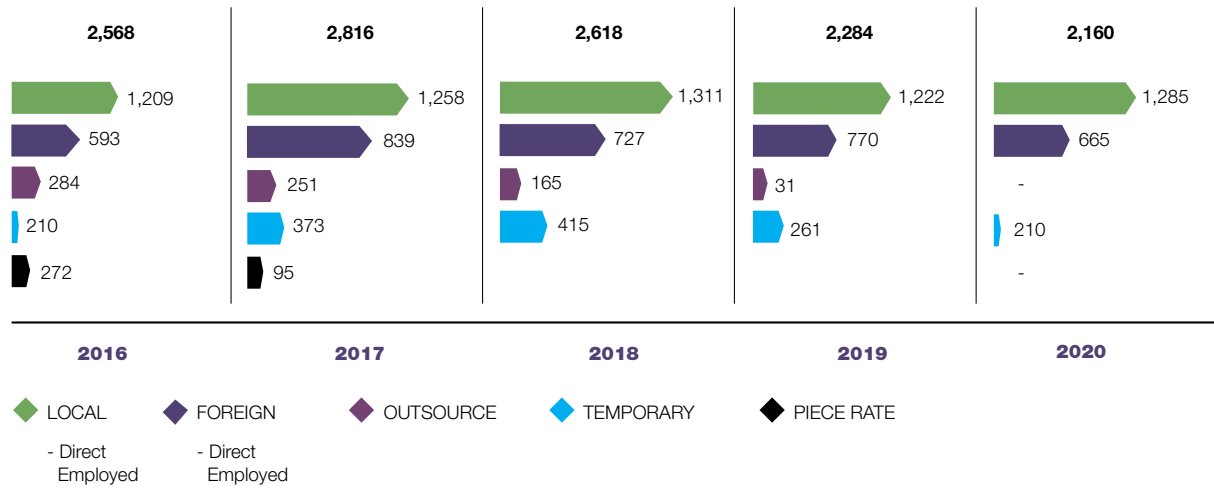
	2018										2019	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Highest (RM)	35.12	40.00	38.88	38.84	41.90	40.40	39.18	38.60	38.10	38.40	39.00	38.48
Lowest (RM)	33.50	30.00	35.60	36.50	38.84	37.40	37.28	37.52	37.40	37.42	37.60	37.10
Closing Share Price (RM)	35.00	38.00	37.34	38.78	40.00	38.56	38.06	38.00	37.68	38.00	38.10	37.70
Lots Traded (100 shares)	4,684	6,766	3,577	5,239	9,049	3,936	7,281	12,186	6,680	2,486	3,545	9,290

	2017										2018	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Highest (RM)	34.80	37.18	36.46	37.50	39.50	40.30	39.06	40.80	39.50	38.98	34.78	36.00
Lowest (RM)	33.10	33.80	34.80	36.26	36.90	37.12	38.02	38.30	38.00	34.70	33.00	33.68
Closing Share Price (RM)	33.98	35.12	36.30	37.00	38.70	38.42	39.02	39.50	38.96	34.70	33.70	34.60
Lots Traded (100 shares)	3,553	4,147	1,586	2,225	2,046	13,044	2,267	8,411	12,517	2,180	1,303	4,621

FIVE-YEAR TREND

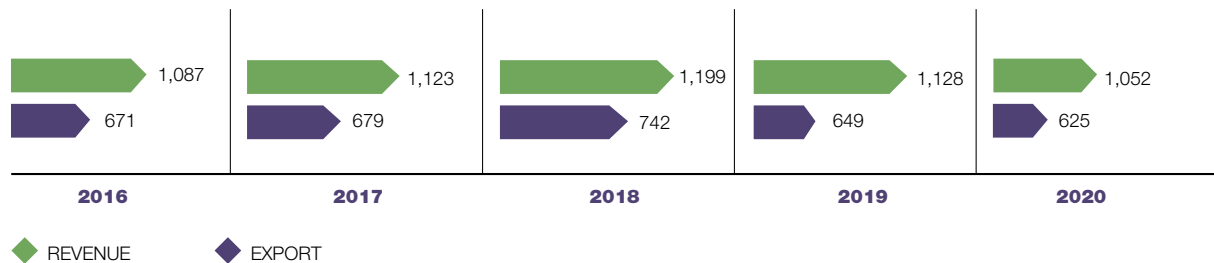
EMPLOYMENT

(Number of persons)

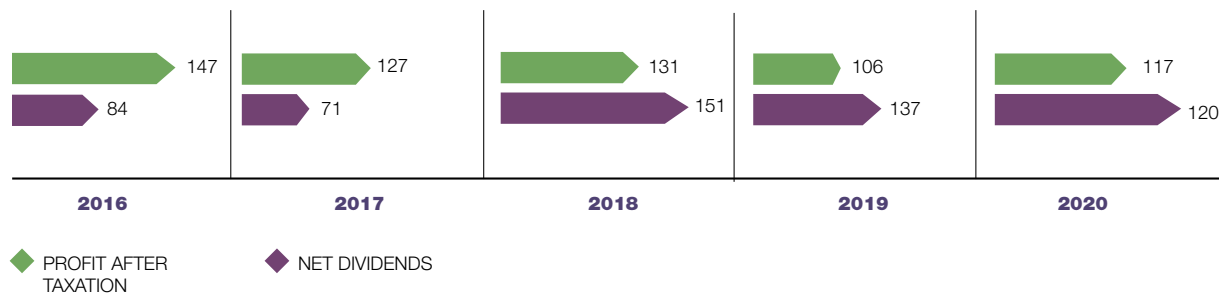


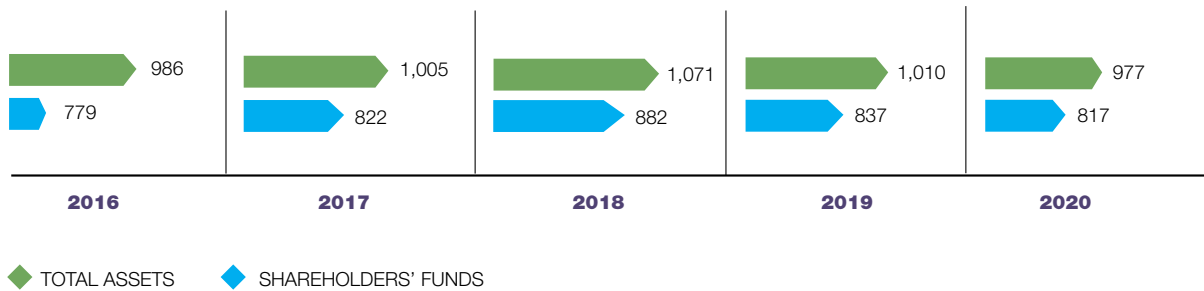
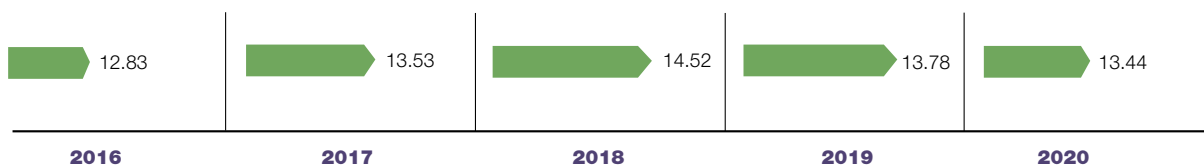
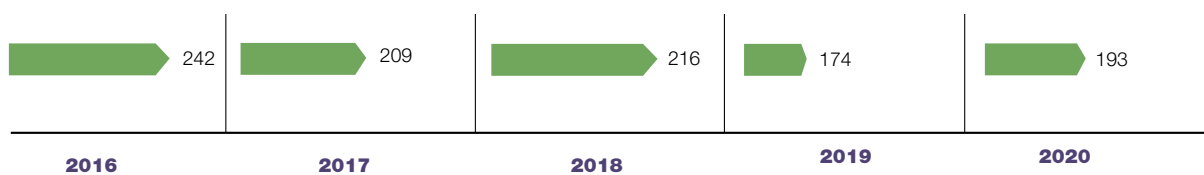
REVENUE / EXPORT

(RM' Million)

PROFIT AFTER TAXATION /
NET DIVIDENDS PAID / PROPOSED

(RM' Million)



FIVE-YEAR TREND
(Cont'd)**TOTAL ASSETS / SHAREHOLDINGS FUNDS**
(RM' Million)**NET ASSETS PER SHARE**
(RM)**EARNINGS PER SHARE**
(Sen)

PROFILE OF DIRECTORS AND COMPANY SECRETARY

TAN SRI ASMAT BIN KAMALUDIN

Chairman /
Senior Independent Non-Executive Director

- *First appointment as Chairman/
Senior Independent Non Executive Director
on 29 August 2001*

AGE

76

GENDER

M

NATIONALITY



Tan Sri 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 Asmat also had a 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 Asmat is the Group Chairman of Compugates Holdings Berhad, and a Non-Executive Vice-Chairman of YTL Cement Berhad. He also sits on the Board of 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 a position he held for six years.

Tan Sri 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 5 years, other than traffic offences, if any.

Profile of Directors and Company Secretary (Cont'd)

TOYOKATSU OKAMOTO

Managing Director

- *First appointment as Managing Director on 1 October 2016*

AGE

62

GENDER

M

NATIONALITY



Mr Toyokatsu Okamoto graduated with a Bachelor's Degree in Osaka City University (Faculty of Engineering), Osaka, Japan.

He joined Matsushita Electric Works, Ltd ("MEW"), an affiliated company of Matsushita Electric Industrial Co., Ltd. ("MEI") and was assigned to System Engineering Section, Corporate Technology Research Laboratory as a technical staff in April 1981. In January 1984, he was assigned to Electrical Appliance Research Laboratory as a Coordinator and was assigned to Engineering Development Department, Personal Care Product Division after 4 years.

Mr Toyokatsu Okamoto was appointed an Engineer in the Engineering Development Department, Device Product Division in January 1996 and was assigned to Engineering Development Department, Personal Care Product Division as the Manager on January 1998. Subsequent to that, he was appointed the Manager of the Quality Assurance Department, Beauty & Personal Care Product Division before being appointed as the Manager of the Manufacturing Department, Beauty & Personal Care Product Division in January 2002.

In January 2004, Mr Okamoto was appointed as the General Manager of the Engineering Development Department, Beauty & Personal Care Product Division. Subsequently in year 2011, he was the General Manager of the Cooking Appliances Group, Beauty & Personal Care Product Division, Panasonic Electric Works Co., Ltd, ("PEW"), an affiliated company of Panasonic Corporation. Since January 2012, Mr Okamoto was appointed the General Manager of Cooking Appliances Department, Beauty & Living Product Division. He held this position until his appointment to Panasonic Manufacturing Malaysia Berhad as Managing Director.

Mr Okamoto holds 4,500 shares of Panasonic Corporation, the ultimate holding company of the Company but has no shareholdings in the Company and the 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 Board meetings held during the financial year and has no convictions for any offences within the past 5 years, other than traffic offences, if any.

Profile of Directors and Company Secretary (Cont'd)

TAN SRI HASMAM BINTI ABDULLAH

Independent Non-Executive Director

- *First appointment as Independent Non-Executive Director of the Company on 2 October 2013*

AGE

69

GENDER

F

NATIONALITY



Tan Sri Hasmah is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company. Tan Sri Hasmah graduated with a Bachelor of Arts (Honours) from University of Malaya. She is also a Fellow of the Chartered Tax Institute of Malaysia.

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

Tan Sri Hasmah had led 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.

Tan Sri Hasmah was also a Tax Advisor to PricewaterhouseCoopers Malaysia for the period 1 July 2011 to 30 September 2013 and a Commission Member of Securities Commission of Malaysia from 10 March 2011 until 31 December 2018. Currently, Tan Sri Hasmah is an Independent Non-Executive Director of UMW Holdings Berhad, a trustee of Malaysian Tax Research Foundation Dana Amal Jariah, Yayasan Allammiyah and since 30 April 2018, a trustee of the Alzheimer Disease Foundation Malaysia. She is also an Executive Council member of the Selangor and Federal Territory Association for the Mentally Handicapped.

On 12 September 2018, Tan Sri was appointed as the Chairperson of the Tax Reform Committee, set up by the Minister of Finance to look into reforms of the Malaysian tax system.

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 of the Board Meetings held during the financial year and has no convictions for any offences within the past 5 years, other than traffic offences, if any.

Profile of Directors and Company Secretary (Cont'd)

SIEW PUI LING

Executive Director

- *First appointment as Executive Director on 4 August 2014*

AGE

56

GENDER

F

NATIONALITY



Ms Siew was 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 24 years of experience 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. Ms Siew was appointed as an Assistant Director in year 2012 and currently, she is responsible for Sales & Marketing, Logistic and Product Planning functions of the Company. Starting from April 2017, her portfolio has expanded to include Human Resource Department. She is currently the Senior Division Executive for Sales and Human Resource 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 of the Board Meetings held during the financial year and has no convictions for any offences within the past 5 years, other than traffic offences, if any.

Profile of Directors and Company Secretary (Cont'd)

CHENG CHEE CHUNG

Non-Independent Non-Executive Director

- *First appointment as Non-Independent Non-Executive Director of the Company on 1 April 2015*

AGE

54

GENDER

M

NATIONALITY



Mr Cheng Chee Chung graduated with a Bachelor's Degree of Economics from University of Malaya.

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.

Mr Cheng Chee Chung 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. A year later he was promoted to the position of Director, Consumer Product Sales Division. With more than 20 years of sales experience, PM recognised his capability and promoted him to Deputy Managing Director in April 2013. He assumed the position of Managing Director of PM on 1 April 2015. Whilst he still holds this position, his scope of work now also includes regional oversight with his appointment as the Managing Director of Panasonic Management Malaysia Sdn Bhd on 4 January 2016.

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.

Profile of Directors and Company Secretary (Cont'd)

RAJA ANUAR BIN RAJA ABU HASSAN

Independent Non-Executive Director

- *First appointment as Independent Non-Executive Director of the Company on 1 January 2017*

AGE

65

GENDER

M

NATIONALITY



YM Raja Anuar is the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee of the Company. He is a Fellow of the Association of Chartered Certified Accountants ("FCCA"), a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and the Institute of Internal Auditors. He is also a Chartered Accountant of the Malaysian Institute of Accountants.

During his career, YM Raja Anuar held senior positions in finance and internal audit in several public listed companies in the financial services, manufacturing, telecommunications and plantations industries. YM Raja Anuar's previous experiences also include being on the board of several other public listed companies.

YM Raja Anuar has no shareholdings in the Company and its associate 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 5 years, other than traffic offences, if any.

Profile of Directors and Company Secretary (Cont'd)

**KWAN
WAI YUE**

Executive Director

- First appointment as Executive Director of the Company on 1 March 2018

AGE

52

GENDER

F

NATIONALITY



Ms Kwan graduated with a Bachelor of Accounting from University of Malaya. Upon graduation, Ms Kwan joined a Big-4 audit firm in Malaysia as an Audit Assistant in 1992 and was promoted to Audit Senior two years later. The portfolios of client which she audited included large multinational companies and local corporations. She is also a member of the Malaysian Institute of Accountants.

In 1995, Ms Kwan joined a food manufacturing-based public listed company as an Accountant and in 2000, was promoted to a Financial Controller. Her role as Financial Controller involved overseeing the accounts department, preparation of financial reports, overseeing all tax and regulatory/compliance issues as well as contributing to decisions regarding financial strategy.

Ms Kwan joined Panasonic Manufacturing Malaysia Berhad in 2007 as the Assistant General Manager of Finance Department taking charge of accounting and financial reporting. She was promoted to General Manager in 2009 and her scope of duties expanded to cover overall financial management, treasury and company secretarial functions. In 2013, following her exemplary leadership in strengthening the internal control processes, the Company promoted her to Assistant Director of Finance. In 2015, her scope of work was expanded to overseeing the Legal & Compliance department. She is currently been tasked to oversee the operations of the Information System Department.

Ms Kwan 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 5 years, other than traffic offences, if any.

Profile of Directors and Company Secretary (Cont'd)

SHIGERU DONO

Non-Independent Non- Executive Director

- *First appointment as Non-Independent Non-Executive Director of the Company on 19 July 2019*

AGE

58

GENDER

M

NATIONALITY



Mr Shigeru Dono was graduated from Kyoto University in Engineering Science.

Mr Shigeru Dono joined Matsushita Electric Works Company (now known as Panasonic Corporation ("PC")) in Japan in April 1986. In June 2000 Mr Dono was promoted as the Manager of the Corporate Research & Development Center and in April 2006, he rose to the rank of Assistant Director of the Appliances Business Division.

Thereafter, he held a senior management position in various manufacturing, procurement and innovation business units. In April 2015, Mr Dono was promoted to the position of Managing Officer, Appliances Company and was put in charge of planning and execution and in 2017, he took charge of the Food Retail & Commercial Equipment Business.

In April 2019, Mr Dono was appointed the Executive Officer of PC. He is also the Vice President of Appliance Company and the Director of Kitchen Appliances Business Division of PC.

Mr Dono holds 2,965 shares of Panasonic Corporation, the ultimate holding company of the Company but has no shareholdings in the Company and the 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 two out of three Board Meetings held during the financial year since his appointment to the Board and has no convictions for any offences within the past 5 years, other than traffic offences, if any.

Profile of Directors and Company Secretary (Cont'd)

Dato' Kaziah is the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company. Dato' Kaziah graduated with a Bachelor of Economics from University of Malaya.

Dato' Kaziah has vast a experience in various government policies on the manufacturing sector and services related to manufacturing, operational and development works on the service industry promoted under the Third Industrial Master Plan (IMP3) and investment measures for Malaysia within ASEAN, APEC, ASEM and WTO.

She started her career as an Assessment Officer at the Department of Inland Revenue. She then joined Malaysian Investment Development Authority ("MIDA") and gathered more than 30 years experience there holding various positions including as Economist of Evaluation and Regional Affairs Division, Deputy Director of Resource-based Industries Division, Deputy Director of Industrial Promotion Division and Director of Strategic Planning and International Cooperation Division. She held the position of Deputy Director General I from 2003 until her retirement on 1 April 2008.

During her tenure with MIDA, she was the Chairperson of the ASEAN Investment Coordinating Committee on Investment for the term 2006/2007 and a member of the Malaysian Logistic Council and the Malaysian Services Development Council from 2006 until 2008.

Following her retirement from public service, she served as an advisor to the Investment Management Division of the East Coast Economic Region Development Council from March 2009 until February 2019 and contributed to a project to enhance the ECER incentive package and formulated the standard operating procedures for incentive application and evaluation. She was also appointed as Advisor to Pricewaterhouse Coopers Taxation Services Sdn Bhd in 2008 assisting on industrial policies and tax incentives.

Dato' Kaziah is an Independent Non-Executive Director on the Board of the Malaysian Industrial Development Finance Berhad, MIDF Amanah Investment Bank Berhad and Sterling Insurance Brokers Sdn Bhd.

Dato' Kaziah 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 of the Board Meetings held during the financial year since her appointment to the Board and has no convictions for any offences within the past 5 years, other than traffic offences, if any.

Dato' KAZIAH BINTI ABD KADIR

Independent Non-Executive Director

- First appointment as Independent Non-Executive Director of the Company on 3 September 2019.

AGE

70

GENDER

F

NATIONALITY



Profile of Directors and Company Secretary (Cont'd)

LEONG OI WAH

Company Secretary

- *First appointment as Company Secretary of the Company on 1 April 2008*

AGE

60

GENDER

F

NATIONALITY



Ms Leong is a Fellow of Malaysian Institute of Chartered Secretaries and Administrators.

Ms Leong has more than 35 years of experience in handling corporate secretarial matters in the profession and the corporate sector.

She has been involved in advisory on corporate secretarial requirements including corporate restructuring as well as attending to compliance with various regulatory bodies such as the Registrar of Companies, Bursa Malaysia Securities Berhad, Securities Commission and other authorities.

She is also actively involved in training on secretarial practice for professional institutions and various training providers.

Ms Leong 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 has no convictions for any offences within the past 5 years, other than traffic offences, if any.

STRATEGIC MANAGEMENT COMMITTEE PROFILE



TOYOKATSU OKAMOTO

Managing Director
Male, Japanese, 62

Date of Appointment to Committee:

- 1 October 2016

Academic and Professional Qualification:

- Bachelor's Degree in Osaka City University (Faculty of Engineering), Osaka, Japan

Working Experience:

- **Mr Toyokatsu Okamoto** joined Matsushita Electric Works, Ltd ("MEW") as a technical staff of System Engineering Section, Corporate Technology Research Laboratory in April 1981.
- January 1984 assigned to Electrical Appliance Research Laboratory as a Coordinator
- January 1988 assigned to Engineering Development Department, Device Product Division as a Coordinator.
- January 1996 assigned to Engineering Development Department, Personal Care Product Division as an Engineer.
- January 1998 promoted as Manager of Engineering Development Department, Personal Care Product Division.
- January 2000 appointed as Manager of Quality Assurance Department, Beauty & Personal Care Product Division.
- In January 2002 appointed as Manager of the Manufacturing Department, Beauty & Personal Care Product Division.
- January 2011 assigned as General Manager of Cooking Appliances Group, Beauty & Personal Care Product Division, Panasonic Electric Works Co., Ltd, ("PEW"), an affiliated company of Panasonic Corporation.
- In January 2012 appointed as General Manager of Cooking Appliances Department, Beauty & Living Product Division. He held this position until his appointment to the Company as Managing Director.



SIEW PUI LING

Executive Director
Female, Malaysian, 56

Date of Appointment to Committee:

- 21 March 2012

Academic and Professional Qualification:

- Bachelor Degree of Business Administration Management, Asia University of Tokyo

Work Experience:

- **Ms Siew** joined the Company in 1991. She has more than 24 years of experience in Sales and Marketing in 1991. 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 appointed as an Assistant Director and currently, she is responsible for Sales & Marketing, Logistic and Product Planning functions of the Company.
- In 2017, her portfolio has expanded to include Human Resource Department. She is currently the Senior Division Executive for Sales and Human Resource Division.

STRATEGIC MANAGEMENT COMMITTEE PROFILE (Cont'd)



KWAN WAI YUE

Executive Director
Female, Malaysian, 52

Date of Appointment to Committee:

- 21 March 2013

Academic and Professional Qualification:

- Bachelor of Accounting, University of Malaya

Working Experience:

- **Ms Kwan** joined a Big-4 audit firm in Malaysia as an Audit Assistant in 1992 and was promoted to Audit Senior two years later. The portfolios of client which she audited included large multinational companies and local corporations. In 1995, she joined a food manufacturing-based public listed company as an Accountant and was promoted to Financial Controller in 2000. Her role as a financial controller involved overseeing the accounts department, preparation of financial reports, overseeing all tax and regulatory/compliance issues as well as contributing to decisions regarding financial strategy.
- In 2007, she joined the Company as Assistant General Manager of Finance Department taking charge of accounting and financial reporting. She was promoted to General Manager in 2009 and her scope of duties expanded to cover overall financial management, treasury and company secretarial functions. In 2013 promoted to Assistant Director of Finance. In 2015 her scope of work was expanded to overseeing the Legal & Compliance department. She has currently been tasked to oversee the operations of the Information System Department.



SHU SUMITANI

Director, Appliances Division
Male, Japanese, 49

Date of Appointment to Committee:

- 1 April 2019.

Academic and Professional Qualification:

- Bachelor's Degree from National Institute of Technology, Akashi College, Japan (Mechanical Engineering), Hyogo, Japan

Working Experience:

- **Mr Shu Sumitani** joined Matsushita Electrical Industrial Co., Ltd. ("MEI") in 1991. After an extensive corporate training programme, he was assigned to the Production Engineering Section, Fuku Plant, Kitchen Appliances Division, Corporate Home Appliances.
- In July 1994, Mr Shu Sumitani was assigned to Production Engineering Section, Kobe Plant, Kitchen Appliances Division as a Production Engineer. Mr Sumitani was promoted to the Manager of Production Engineering Section, Kobe Plant of MEI in 2007. In 2013, he was appointed as Manager of Parts and Devices Manufacturing Section, Kobe Plant, Panasonic Corporation ("PC"). In 2015, he was assigned as Manager of Factory Planning Section, and was promoted to Plant Superintendent in April 2016 of Kobe plant. In 2018, he was assigned to Kitchen Appliances Business Division, PC as the Chief Manufacturing Officer (CMO) prior to joining the Company.

STRATEGIC MANAGEMENT COMMITTEE PROFILE (Cont'd)



JUNJI KOJIMA

Director, Life Solutions Division
Male, Japanese, 47

Date of Appointment to Committee:

- 21 December 2018.

Academic and Professional Qualification:

- Osaka Municipal Miyakojima Technical Senior High School (Mechanical Engineering), Osaka, Japan

Work Experience:

- Mr Junji Kojima** joined Matsushita Electrical Industrial Co., Ltd. ("MEI") in April 1991. After an extensive corporate training programme, Mr Junji Kojima was assigned to Parts Manufacturing Section, Production Department, Osaka Division, Matsushita Seiko Co., Ltd. ("MSC"), a subsidiary of MEI, as a Technical Staff.
- Mr Kojima was posted to MEI's Hong Kong subsidiary, Matsushita Seiko Hong Kong International Manufacturing Co., Ltd. ("HIMCO") in 2002 and assigned as the Assistant Manager of R&D Center. Thereafter in 2003, Mr Kojima joined the MEI's Malaysian subsidiary, Matsushita Home Appliance R&D Centre (M) Sdn. Bhd. ("MAHARAD"), as an Assistant Manager of Fan Department. Upon his return to Japan in 2007, he was assigned to Production Department, Kasugai Factory, Matsushita Ecology Systems Co., Ltd. ("MESC"), a subsidiary of MEI, as the Team Leader. Subsequently, he was appointed as the General Manager of Production Department, Kasugai Factory, Panasonic Ecology Systems Co., Ltd. ("PESES"), a wholly owned subsidiary of PC in April 2010, prior to joining the Company.

MOHAMAD ZAIDDI BIN MUHAMAD ZAIN

Assistant Director, AP Division
Male, Malaysian, 50

Date of Appointment to Committee:

- 1 April 2016

Academic and Professional Qualification:

- Bachelor of Electrical & Electronic Information Engineering from University of Nagasaki, Japan in 1994

Working Experience:

- Mr Zaidi** joined the Company as Junior Executive of Gas Cooker/Engineering department in 1994. In 2002, he was promoted as Assistant Manager of Housing Product Department. In 2005, he was assigned as the Section Chief of Customer Satisfaction Section, Quality Assurance Department. Subsequently, in 2006 he was appointed as the Department Chief of Factory Engineering Department of appliances products. In 2008, he was assigned as Team Leader of Product Development Engineering Department for Home Shower new model development.
- In 2016, he was promoted to Assistant Director and was assigned to the factory operation management. Currently, he is responsible for kitchen appliances, home shower and electric iron.

STRATEGIC MANAGEMENT COMMITTEE PROFILE (Cont'd)



GOH CHEE CHUN

Assistant Director, Life Solutions Division
Male, Malaysian, 53

Date of Appointment to Committee:

- 1 April 2013

Academic and Professional Qualification:

- Certificate in Mechanical Engineering from Polytechnic Sultan Haji Ahmad Shah, Kuantan, Pahang in 1987

Work Experience:

- **Mr Goh** joined the Company in 1988 as a Technician and had since held various positions in the Rice Cooker Department from 1988 to 1995. In 1995, he was assigned as Senior Executive of Rice Cooker Department. Thereafter, in 2001 he was promoted to Assistant Manager of R&D Centre for Home Appliance.
- In 2003, he was appointed as Manager of Rice Cooker Department. Subsequently, he was assigned as the Assistant General Manager of Rice Cooker Department in 2007. He was the Project Leader of Oracle System from 2009 until 2012 prior his appointment as a Group Manager of Product Development Engineering Department for appliance products.
- In 2016, he was assigned to the factory operation management of the Company and is responsible for kitchen appliances and electric iron. In 2020, he was assigned to Life Solutions Division as Division Executive.



WONG KEE MING

Assistant Director, Manufacturing Capability Department
Male, Malaysian, 60

Date of Appointment to Committee:

- 1 April 2012

Academic and Professional Qualification:

- Certificate in Radio & Television Engineering from the Technical Training Institute Kuala Lumpur in 1977

Working Experience:

- **Mr Wong** joined the Company in 1978 as a Production Staff with Colour TV department and was promoted as a Technician in Production Engineering. He was later assigned a supervisory role in the TV Assembly section.
- He attended the Matsushita Oversea Training Centre in Japan and was trained in Manufacturing Engineering and Plant Management. He was also an active unionist for 10 years in the Electrical Industry Workers Union before being promoted to a management position in 1989. He has more than twenty (20) years of experience in the Manufacturing of Colour Televisions.
- In the subsequent years he was promoted to Manager and General Manager and was responsible for Manufacturing in the Kitchen Appliances Department. In 2013 he was promoted to Assistant Director and was assigned to the Appliances Division, responsible for its business growth and expansion.
- He was later transferred to the Panasonic Ecology System Division in 2015 and was appointed as the Division Executive responsible for Manufacturing of Electric Fan products. In 2020, he was assigned as Division Executive of Manufacturing Capability Development and Promotions of Industry 4.0 Digital Transformation Programme.

- Save for the disclosure of interest on page 148, none of the Strategic Management Committee members have shareholdings in the Company.
- The Strategic Management Committee members do not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.
- The Strategic Management Committee members have no conviction for any offences within the past 5 years, other than traffic offences, if any.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2017 (the "Code"), Panasonic Code of Conduct and Panasonic Basic Business Philosophy (available at <https://www.panasonic.com/global/corporate/management/code-of-conduct/scope.html>). 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.

This Corporate Governance Overview Statement sets out the principle features of the Company's corporate governance approach, summary of corporate governance practices during the financial year ended 31 March 2020 ("FY2020") as well as key focus areas and future priorities in relation to corporate governance. The detailed application of the Company's corporate governance practices vis-à-vis the Code as a Large Company (market capitalisation of above RM2.0 billion) is set out in the Corporate Governance Report that is available on the Company's website, pmma.panasonic.com.my. The Board is pleased to present this statement and explain how the Company has applied the three (3) principles set out in the MCCG:-

- Board leadership and effectiveness;
- Effective audit and risk management; and
- Integrity in corporate reporting and meaningful relationship with stakeholders.

This Corporate Governance Overview Statement should also be read in tandem with other statements in the Annual Report, namely Statement on Risk Management and Internal Control, Audit Committee Report, Nomination Committee Report and the Sustainability Report.

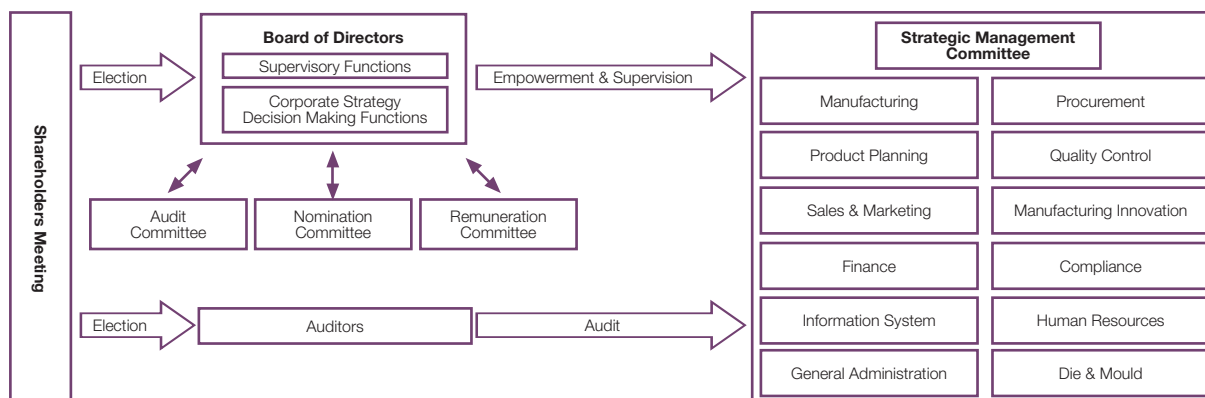
The Company has applied all the Practices encapsulated in the Code for the financial year ended 31 March 2020 except for:

- Practice 4.1 (Majority Independent Directors);
- Practice 4.2 (Two-tier shareholder voting process to retain an Independent Director who has served for more than 12 years);
- Practice 7.2 (Disclosure of the top five Senior Management personnel's remuneration on a named basis in bands of RM50,000);
- Practice 11.2 (Adoption of integrated reporting); and
- Practice 12.3 (Voting in absentia and remote shareholders' participation at General Meetings).

The Code does provide that if the Board finds that it is unable to implement any of the Code's practices, the Board should apply a suitable alternative practice to meet the Intended Outcome. In this respect, the Company has provided forthcoming and appreciable explanations for the departures from the said practices. The explanations on the departures are supplemented with a description on the alternative measures that seek to achieve the Intended Outcome of the departed Practices, measures that the Company has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Further details on the application of each individual Practice of the Code are available in the Corporate Governance Report.

The diagram below describes the governance framework of the Company, showing the relationship between the shareholders and the Board.

Diagram of Corporate Governance Structure:



Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

Board's Role, Duties and Responsibilities

The Board takes full responsibility for the oversight and overall performance of the Company and provides leadership, championing good governance and ethical practices throughout the Company. The Board carries out its role within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The Board sets the strategic direction, ensuring that the necessary resources are in place for the Company to meet its objectives and deliver sustainable performance.

The Directors of the Board are selected on a diversity of experience which directly benefits the operation of the Board as well as on the criteria of proven skill and ability in their particular field of endeavour. The full biography of each Board member is provided on pages 42 to 51.

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 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.

Nevertheless, to ensure accountability, the Board has an overall responsibility for the proper conduct of the Company's business and the Board Charter sets out the respective roles and responsibilities of the Board and the management and is available on the Company's website. The Board Charter is to be reviewed annually in November each year or as and when required to take consideration the needs of the Company as well as development in rules, regulations and laws which may have an impact on the discharge of Board's duties and responsibilities. The Board Charter was last reviewed by the Board on 22 November 2019.

On time commitment, the Board is satisfied with the level of commitment given by each Director in fulfilling their roles as Director of the Company. Each Director is expected to commit sufficient time to attend all Board and Committee meetings, AGM/EGM, Directors' training, discussion with Management of the Company and meetings with stakeholders of the Company. Pursuant to Paragraph 15.06 of the Listing Requirements, a Director must not hold directorships of more than 5 public listed companies. None of the Directors have exceeded the limit while members of the Board were expected to notify the Chairman prior to their acceptance of any new directorship in another public listed company.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Schedule of matters reserved to the Board

The Board reserves full decision-making powers, amongst others, on the following matters (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the Committees of the Board of Management):

- Conflict of interest issues relating to a substantial shareholder or a Director;
- Material acquisitions and disposals of undertakings and properties not in the ordinary course of business;
- Material investments in capital projects;
- Annual budgets (including major capital commitments);
- Material corporate or financial exercise/ restructuring;
- Declaration of Dividend and Directors' Fee and Benefits; and
- Annual and interim results.

The Board is free to alter the matters reserved for its decision, subject to the limitations imposed by the Constitution of the Company and the applicable law.

Board Size, Leadership and Competencies

The current Board size of 9 members consists of 4 Independent Non-Executive Directors (including the Chairman), a Managing Director, 2 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.

Presently the number of Non-Executive Directors are more than the Executive Directors. This is to ensure that the Executive Directors do not dominate the Board's decision making. This composition also allows for more effective oversight of management even though the Independent Non-Executive Directors do not form majority of the Board.

The Company is a subsidiary of Panasonic Corporation ("PC"), a multinational company listed on the Tokyo Stock Exchange and Nagoya Stock Exchange and which has, since its establishment, operated its business under its business philosophy, "contributing to the progress and development of society and the well-being of people worldwide through its business activities". Also, PC believes it is important to increase corporate value by fulfilling accountability through dialogue with various stakeholders such as shareholders and customers, making effort to execute transparent business activities, and swiftly conducting business activities with fairness and honesty based on its basic philosophy of "a company is a public entity of society".

Currently, five (5) of the Directors on the Company's Board are representatives of PC, to enable the latter to implement its policy and strategy for the PC Group as a whole. The current ratio of Independent Directors to Non-Independent Directors are 4 : 5.

The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Company's business and direction. Taking into account the scope and nature of its operations, the Board believes that its present composition represents an appropriate balance of Executive and Non-Executive Directors to achieve the promotion of shareholder interests and effective governance of the business, and yet allow for effective decision making.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Size, Leadership and Competencies (Cont'd)

The Company appreciates the spirit of the Code where the Board is encouraged to incorporate the new dimensions of a composition of majority independent directors into the decision-making processes. To this extent, the Company has improved on the ratio of Independent Directors to Non-Independent Directors from 4 : 7 to 4 : 5 in the financial year ended 31 March 2019 even though it was earlier targeted to be achieved by the financial year ending 31 March 2020. The earlier achievement of the 4 : 5 ratio reflects the earnestness of the Company to advance nearer to the intended application of the Code. The Board has reviewed this alternative practice to achieve the intended outcome for board decisions to be made objectively in the best interest of the Company taking into account diverse prospective and insights.

The Independent Non-Executive Director, Tan Sri Asmat Bin Kamaludin has served on the Board for a cumulative term of more than nine (9) years. Notwithstanding the Practice 4.2 of the Code that limits the tenure of the Independent Directors to 9 years, the Board views that a Director's independence cannot be determined arbitrarily with reference to a set period of time. Nevertheless, the Board has agreed to set a limit for the tenure of independent directors to not exceed 12 years which will be implemented after the financial year ending 31 March 2021.

For the Independent Non-executive 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 Japanese Executive Directors are rotated among the companies in the Panasonic Corporation in enhancement of their career development. As there are changes in the Japanese members of the Executive Board every 2-3 years, the Company views that there should be stability in the members of the Independent Non-Executive Directors to ensure that the Company's culture, conduct and philosophy are maintained or enhanced by the new executive members.

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

The Company has included a policy on diversity of gender, ethnicity and age and although the Company had set the target to have at least 30% women directors within 5 years, i.e. by financial year ending 31 March 2023. The Company had achieved this target in financial year ended 31 March 2019. The appointment of Tan Sri Hasmah Binti Abdullah, Ms Siew Pui Ling, Ms Kwan Wai Yue and recently Dato' Kaziah Binti Abd Kadir as Directors reflects that the Board recognises the value of female members of the Board. The women directors presently form 44% of the Board. The age of the Directors range from 52 to 76 as the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

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 in office at the Board Meetings held during the financial year ended 31 March 2020 was as follows:

Name of Director	Meeting Attendance	% of Attendance
Tan Sri Asmat Bin Kamaludin	4/4	100
Toyokatsu Okamoto	4/4	100
Raja Anuar Bin Raja Abu Hassan	4/4	100
Tan Sri Hasmah Binti Abdullah	4/4	100
Siew Pui Ling	4/4	100
Cheng Chee Chung	4/4	100
Kwan Wai Yue	4/4	100
Shigeru Dono (Appointed on 19 July 2019)	2/3	66.66
Dato' Kaziah Binti Abd Kadir (Appointed on 3 September 2019)	2/2	100
Datuk Supperamaniam a/l Manickam (Retired on 30 August 2019)	2/2	100
Yasuo Tonooka (Resigned 1 July 2019)	1/1	100

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 Constitution.

Minutes of each Board and Board Committees Meetings are circulated to the members of the Board/Committee as soon as practicable for perusal prior to confirmation of the minutes at the following meetings.

Directors' Continuing Education

All Directors are scheduled to attend the Mandatory Accreditation Programme as required under the Main Market Listing Requirements within the timeframe allowed under the Main Market Listing Requirements. Newly appointed Directors also undergo a formal orientation and education programme including factory visits guided by other Executive Directors and senior management.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors' Continuing Education (Cont'd)

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
1	Tan Sri Asmat Bin Kamaludin <ul style="list-style-type: none"> New Era of Corporate Liability under Malaysian Anti Bribery laws 	20 June 2019
2	Toyokatsu Okamoto <ul style="list-style-type: none"> Panasonic Appliances Marketing Asia Pacific FY2019 Business Policy Conference APAC FY2019 Business Policy Conference New Era of Corporate Liability under Malaysian Anti Bribery laws FY2019 1st Manufacturing MD Conference 	25 April 2019 26 April 2019 20 June 2019 05 July 2019
3	Tan Sri Hasmah Binti Abdullah <ul style="list-style-type: none"> National Tax Conference 2019 Audit Committee (AC) Leadership Track Session Exclusive for Board and Audit Committee PwC Budget 2020 Seminar 	5 and 6 August 2019 8 October 2019 21 October 2019
4	Siew Pui Ling <ul style="list-style-type: none"> Inspiring and Supporting Women Leaders Panasonic AP HR Conference, Singapore Global Human Rights Workshop Big Data Business Analytics 2019 FY2020 PAPAP Merchandising Confirmation Meeting 2019 Human Capital Trends Event Global Panasonic Ecology System Conference in Kasugai, Japan FMM Industry 4.0 Conference 2019: Reimagining The Manufacturing Experience Panasonic Appliances Asia Pacific New Product Idea Contest Training Maxis Business Spark Summit, KL 	30 April 2019 29 May 2019 9 July 2019 17 to 19 July 2019 30 July 2019 2 August 2019 11 September 2019 26 September 2019 3 October 2019 31 October 2019
5	Cheng Chee Chung <ul style="list-style-type: none"> FY2019 Panasonic Appliances Marketing Asia Pacific Policy Conference FY2019 Policy Announcement Meeting for Southeast Asia and Oceania Region BP2020 Panasonic Appliances Asia Pacific Policy Meeting FY2020 Global Marketing Strategy Meeting Legal Compliance Training Briefing on Corruption Risk in Malaysia in conjunction with MACC-Panasonic Group of Companies' Corruption Free Pledge Panasonic Copyright e-Learning 	25 April 2019 26 April 2019 1 October 2019 16 to 17 October 2019 18 October 2019 14 January 2020 11 March 2020
6	Raja Anuar Bin Raja Abu Hassan <ul style="list-style-type: none"> Data Intelligence & Analytics Conference 2019 Strategic Procurement, negotiation skills & cost reduction techniques New Era of Corporate Liability under Malaysian Anti Bribery laws 	29 April 2019 17 to 18 June 2019 20 June 2019

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors' Continuing Education (Cont'd)

No.	Continuing Education Programme Attended	Date
7	Kwan Wai Yue <ul style="list-style-type: none"> CFO Conference 2019 Panasonic Accounting Conference Singapore New Era of Corporate Liability under Malaysian Anti Bribery laws 	13 June 2019 18 June 2019 20 June 2019
8	Shigeru Dono <ul style="list-style-type: none"> Mandatory Accreditation Programme 	21 to 22 November 2019
9	Dato' Kaziah Binti Abd Kadir <ul style="list-style-type: none"> Session on Corporate Governance & Anti-Corruption Securities Commission of Malaysia's Audit Oversight Board Conversation with Audit Committee 	31 October 2019 8 November 2019

Board Committees

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

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

Audit Committee

The Audit Committee provides independent review of the Company's financial results and internal control system to ensure compliance with the statutory and accounting policy disclosures requirements and to maintain a sound system of internal control. A full Audit Committee Report enumerating its membership, terms of reference and summary of activities is set out on pages 72 to 75 of the Annual Report. The terms of reference of the Audit Committee can be viewed on the Company's website.

On a formal assessment on the performance and effectiveness of the Audit Committee and its members in FY2020, the Board with the exception of the Directors who are also Audit Committee members were 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 Audit Committee members have also fulfilled the requirements in terms of roles and responsibilities and in their relationship with External Auditors and Internal Auditors.

In the assessment, the Board finds 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 was found to be experienced and effective in conducting meetings. With the Audit Committee meeting usually held a couple of days before the Board meeting, the Chairman of the Audit Committee will provide the Board with a written summary of the salient discussions held at the Audit Committee for reference and brief on the findings and recommendations.

The Board has retained the position of the Chairman of the Audit Committee and its members for the next financial term.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Nomination Committee

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

No.	Name	Designation
1.	Dato' Kaziah Binti Abd Kadir (Chairman) <i>(Appointed on 3 September 2019)</i>	Independent Non-Executive Director
2.	Datuk Supperamaniam a/l Manickam (Chairman) <i>(Retired on 30 August 2019)</i>	Independent Non-Executive Director
3.	Tan Sri Hasmah Binti Abdullah (Member)	Independent Non-Executive Director
4.	Raja Anuar Bin Raja Abu Hassan (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 were properly documented and minuted by the Company Secretary. The terms of reference of the Nomination Committee is also available on the Company's website.

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

Re-election of Directors

In accordance with the Company's Constitution, 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 who wishes to continue his office before making recommendation to the Board. The Nomination Committee has at its meeting on 18 June 2020 evaluated the performance and recommended the re-election of Tan Sri Hasmah Binti Abdullah, Mr Toyokatsu Okamoto, Raja Anuar Bin Raja Abu Hassan and Dato' Kaziah Binti Abd Kadir.

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 (Chairman)	Independent Non-Executive Director
2.	Raja Anuar Bin Raja Abu Hassan (Member)	Independent Non-Executive Director
3.	Dato' Kaziah Binti Abd Kadir (Member) <i>(Appointed on 3 September 2019)</i>	Independent Non-Executive Director
4.	Datuk Supperamaniam a/l Manickam (Member) <i>(Retired on 30 August 2019)</i>	Independent Non-Executive Director

At a meeting held on 16 May 2019, the Remuneration Committee made a recommendation to the Board for payment of Directors' fees not exceeding RM550,000 in aggregate for FY2020 to the Independent Non-Executive Directors and meeting allowance of RM1,500 per meeting attended. It was approved by the shareholders at the AGM held on 30 August 2019.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration Committee (Cont'd)

The meeting allowance is paid on attendance of the Independent Non-Executive Director at the meetings of the Board/ Committees. The Directors' fees in respect of FY2020 was paid quarterly in arrears:

No.	Details of remuneration	Date of payment
1.	Directors' fees for 1 st quarter ending 30 June 2019	Within 1 week of AGM date
2.	Directors' fees for 2 nd quarter ending 30 September 2019	Within 1 week of 30 September 2019
3.	Directors' fees for 3 rd quarter ending 31 December 2019	Within 1 week of 31 December 2019
4.	Directors' fees for 4 th quarter ending 31 March 2020	Within 1 week of 31 March 2020

In case any Independent Non-Executive Director who does not serve the Company for a continuous full year of services, the Directors' fees shall be adjusted proportionately from date of appointment or up to date of resignation/cessation of office of Director, as the case may be.

The remuneration package of the Independent Non-Executive Directors including the Independent 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 Independent 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 and Strategic Management Committee 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 Japanese Executive Directors appointed by Panasonic Corporation are subject to the global compensation practices of the worldwide Panasonic Group of Companies and deliberates only on the compensation packages of the Malaysian Executive Directors. Nevertheless, the Board views that the compensation packages of the Japanese Executive Directors are fair considering their expatriate position and their job scope.

The bonus of the Malaysian Executive Directors are linked to a combination of the operating profit and cash at hand position against the Business Plan and against the previous financial year results, whilst the increment is based on the Company's overall performance and consumer performance index.

Directors' Remuneration

The details of the remuneration of the Directors of the Company for the financial year ended 31 March 2020 are as follows:

Descriptions	Executive Director RM	Non-Executive Director RM	Total RM
Fees	–	463,850.93	463,850.93
Meeting allowance	–	75,990.00	75,990.00
Salary and other remuneration	2,027,660.89	–	2,027,660.89
Benefits-in-kind (BIK)	66,794.96	–	66,794.96
Total	2,094,455.85	539,840.93	2,634,296.78
Total (excluding BIK)	2,027,660.89	539,840.93	2,567,501.82

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors' Remuneration (Cont'd)

Details of Directors' remuneration for the financial year ended 31 March 2020 are set out as below:

(i) Independent Non-Executive Directors and Non-Independent Non-Executive Directors

Director	Fees (RM)	Meeting allowances (RM)	Total (RM)
Tan Sri Asmat Bin Kamaludin	138,592.88	9,540.00	148,132.88
Raja Anuar Bin Raja Abu Hassan	110,572.00	22,500.00	133,072.00
Datuk Supperamaniam a/l Manickam (Retired on 30 August 2019)	44,726.25	15,000.00	59,726.25
Tan Sri Hasmah Binti Abdullah	107,343.00	21,000.00	128,343.00
Dato' Kaziah Binti Abd Kadir (Appointed on 3 September 2019)	62,616.80	7,950.00	70,566.80
Cheng Chee Chung	–	–	–
Shigeru Dono	–	–	–

(ii) Executive Directors

Director	Salaries and Emoluments (RM)	Bonus (RM)	Benefits-in- kind (RM)	Total (RM)
Toyokatsu Okamoto	708,872.21	168,014.80	66,794.96	943,681.97
Siew Pui Ling	475,000.76	98,828.00	–	573,828.76
Kwan Wai Yue	477,668.12	99,277.00	–	576,945.12

The Company, Directors and officers have jointly contributed to 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.

In line with a more comprehensive disclosure of corporate remuneration structure in the form of the Managing Directors' pay gap ratio and to promote corporate transparency the mean and median employee remuneration for FY2020 is disclosed below:

Managing Director	RM'000
Annual Pay	944
Employee	Total (RM'000)
Mean Pay	38
Median Pay	18
Lowest Total Pay	14
Highest Total Pay	877

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Company Secretary

The Board is supported by a qualified Company Secretary and all Directors have unlimited direct access to the professional advice and services of the Company Secretary as well as access to all information within the Company whether as a full board or in their individual capacity.

The roles and responsibilities of the Company Secretary are as follows:

- (i) attend and ensure that all meetings are properly convened and the proceedings of all meetings including pertinent issues, substance of inquiries and responses, suggestions and proposals are duly recorded and minuted;
- (ii) provides support to the Chairman to ensure the effective functioning of the Board and assists the Chairman in preparation of conduct of meetings;
- (iii) update and advise the Board on Board procedures and ensure that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and all matters associated with the maintenance of the Board or otherwise required for its efficient operation;
- (iv) ensure proper upkeep of statutory registers and records of the Company; and
- (v) advise the Board on compliance of statutory and regulatory requirements.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

The Audit Committee plays a key role in a Company's governance structure. To be better positioned to rigorously challenge and probe the Management on the Company's financial reporting process, internal controls, risk management and governance, the Audit Committee should be independent in its judgment. The Company has since the set-up of the Audit Committee appointed a different Director from the Chairman of the Board. This is to ensure that the Board's objective review of the Audit Committee's findings and recommendations are not impaired. The Chairman of the Audit Committee is responsible for ensuring the overall effectiveness and independence of the Committee. All the members of the Audit Committee are Independent Non-Executive Directors.

The Chairman of the Audit Committee is a member of the Malaysian Institute of Accountants and the other members have the appropriate level of knowledge, skills, experience to discharge the Audit Committee's responsibilities effectively.

The Company has in the past not appointed any former key audit partner and will formalise a policy statement in the Board Charter to observe a cooling-off period of at least two years before any former key audit partner is appointed as a member of the Board.

The Audit Committee has policies and procedures to annually assess the suitability, objectivity and independence of the external auditor. The annual assessment is made on :

- Level of service, independence and level of non-audit services rendered by them;
- Quality and scope of the planning of the audit;
- Quality and timeliness of reports furnished to the Audit Committee;
- Level of understanding demonstrated of the Company's business; and
- Communication with the Audit Committee about new and applicable accounting practices and auditing standards and the impact to the Company's financial statements.

The Company had in place a policy on non-audit services provided by External Auditors. For engagement of external auditor to perform non-audit service, the Audit Committee has to be satisfied that the provision of such services does not impair the auditor's objectivity, judgement or independence. The Audit Committee ensures that the fees chargeable for non-audit services are reasonable before recommending the proposed engagement to the Board of Directors for consideration and approval.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

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 provides 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 2016 to ensure that the financial statements of the Company represent a true and fair view of the state of affairs of the Company 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 Company and to prevent and detect fraud and other irregularities.

Risk Management and Internal Control Framework

The Board, with the assistance of the Audit Committee, continues to review its risk management and 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 features of the Company's risk management and internal control framework, the adequacy and effectiveness of this framework is detailed out in the Statement on Risk Management and Internal Control is set out on pages 76 to 78 of the Annual Report.

Relationship with Internal and External Auditors

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

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

In accordance with the principles set out in ISA 260 "Communication 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 and process control and other related matters that arise from the audit of the financial statements of the Company. 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.

On 19 February 2020, the Audit Committee has recommended to the Board on the change of Internal Auditors for financial year ending 31 March 2021 onwards. Prior to the recommendation, the Audit Committee had assessed the competency of the new Internal Auditors.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Whistleblowing Policy and Anti-Bribery & Corruption Rules

The Company advocates openness and transparency in its commitment to the highest standard of integrity and accountability. The Whistleblowing Policy aims to establish a robust, transparent and accountable communication channel for Employees and Stakeholders of the Company to voice their concerns in an effective, responsible and secured manner when they become aware of actual or potential wrongdoings and enables the Company to take swift, fair and effective corrective actions to comply with the social and corporate responsibilities and maintain the support and trust of Employees and Stakeholders.

Employees and Stakeholders have the option to make whistleblowing reports in strict confidence through any of the following channels:

Reporting Mode	Contact Details
Letter	Panasonic Manufacturing Malaysia Berhad 3, Jalan Sesiku 15/2 40200 Shah Alam, Selangor Attention: Whistleblowing Committee
Online Submission	Whistleblowing Report Form http://pmma.panasonic.com.my http://panasonicapac.ethicspoint.com
Electronic mail	compliance_pmma@my.panasonic.com
Global Hotline	NAVEX Global (24 hours, 365 days) 1-800-81-8923

Confidentiality of all matters raised and the identity of the whistleblower are protected under this policy.

The Company is guided by the APAC Region Anti-Bribery & Corruption Rules and have appropriate policies and procedures in place outlining the responsibilities and rules of Clean Business Dealings for the Board, employees, Trade and Non-Trade Suppliers. This includes conducting due diligence on any relevant parties or personnel such as Board members, employees and suppliers prior to entering into any formal relationship.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

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 Board acknowledges that integrated reporting goes beyond the current reporting as it is to be a clear, concise, integrated story that explains how all of the Company's resources create value. The articulation of the Company's strategy, performance and governance together with deliberation of prospects surrounding the business of the Company would have to make through the connectivity of information. As the concept of value is highly subjective, the Company will need to first establish parameters for the materiality determination process and set the reporting boundary of the various operating and functional units to determine the disclosures required.

For the time being, the Board views that the financial, governance and business review reports that have been included in the Annual Report 2020 provides sufficient information flow to the various stakeholders. The current means of communication with shareholders and investors are as follows:

a) 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 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.

b) Annual General Meeting

For the financial year ended 31 March 2019, the Company issued the notice of AGM on 31 July 2019 and held the AGM on 30 August 2019, provided the shareholders with 29 days notice. All the Directors attended the 2019 AGM. The Managing Director also provided shareholders with a slide presentation on the Company's financial performance and operations.

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 voted on by poll.

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.

This Statement is made in accordance with the resolution of the Board of Directors dated 29 June 2020.

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 2020.

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.	Dato' Kaziah Binti Abd Kadir (Chairman) (Independent Non-Executive Director) <i>Appointed on 3 September 2019</i>	0/0
2.	Dato' Supperamaniam A/L Manickam (Chairman) (Independent Non-Executive Director) <i>Retired on 30 August 2019</i>	3/3
3.	Tan Sri Hasmah Binti Abdullah (Member) (Independent Non-Executive Director)	2/3
4.	Raja Anuar Bin Raja Abu Hassan (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:

- Review and recommend to the Board for approval the following appointments:
 - Members of the Board;
 - Members of the Board Committees;
 - Members of the Senior Management team;
 - Senior Independent Non-Executive Director; and
 - Managing Director
- 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;
- Annually assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director; and
- Review the performance of the Malaysian members of the Senior Management team for approving the renewal of their service contracts, which involve their appointment, replacement or removal.

The Nomination Committee met three (3) times during the financial year ended 31 March 2020.

ACTIVITIES OF THE NOMINATION COMMITTEE

During the financial year ended 31 March 2020, 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; and
- discussed and recommended the appointment of new directors and re-election of retiring Directors.

Nomination Committee Report (Cont'd)

ACTIVITIES OF THE NOMINATION COMMITTEE (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 18 June 2020 was satisfied that the Board and Board Committees structure, size, composition, mix of skills and qualities of the Directors in the financial year ended 31 March 2020 were appropriate. Presently the number of Non-Executive Directors are more than the Executive Directors. This to ensure that the Executive Directors do not dominate the Board's decision making. This composition also allows for more effective oversight of management even though the independent non-executive directors do not form majority of the Board. The Company appreciates the spirit of the Malaysian Code on Corporate Governance where the Board is encouraged to incorporate the new dimensions of a composition of majority independent directors into the decision-making processes. To this extent, the Company has improved the ratio of Independent Directors to Non-Independent Directors from 4 : 7 to 4 : 5, in its earnestness to advance nearer to the intended application of the Code.

The Nomination Committee also conducted a formal assessment on performance and effectiveness of the Board, the Board Committees, individual Directors as well as the Senior Management team. 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.

The Nomination Committee members who are also members of the Board, 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 Nomination Committee agreed that all the Directors have discharged their stewardship duties and responsibilities towards the Company as a Director effectively. 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 Constitution, 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.

At the Nomination Committee meeting held on 18 June 2020, the Nomination Committee evaluated the performance of Tan Sri Hasmah Binti Abdullah, Mr Toyokatsu Okamoto and Raja Anuar Bin Raja Abu Hassan who are standing for re-election pursuant to Article 100 of the Company's Constitution at the forthcoming Annual and of Dato' Kaziah Binti Abd Kadir who was appointed during the financial year and will stand for re-election pursuant to Article 105 of the Company's Constitution at the forthcoming Annual General Meeting. The Nomination Committee recommends for their re-election to the Board of the Company.

Directors' Independence

Consistent with the recommendation of the Code, the Nomination Committee undertook the independence assessment taking into account the Independent Directors' self-declaration on their compliance with the independence criteria under the Listing Requirements and the ability of the Independent Director to continue bringing independent and objective judgement to the Board deliberations. The Nomination Committee notes that there are no reasons that have come to their attention that the independence status of the Independent Directors are affected.

Notwithstanding the Practice 4.2 recommendation of the Code to limit the tenure of the Independent Directors to 9 years, the Nomination Committee views that a Director's independence cannot be determined arbitrarily with reference to a set period of time. Nevertheless, the Board has agreed to set a limit for the tenure of independent directors not to exceed 12 years which will be implemented after the financial year ending 31 March 2021.

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 2020.

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 2020 are as follows:

No.	Name of Audit Committee Member	No. of Meetings Attended
1.	Raja Anuar Bin Raja Abu Hassan (Chairman) (Independent Non-Executive Director)	4/4
2.	Tan Sri Hasmah Binti Abdullah (Member) (Independent Non-Executive Director)	4/4
3.	Dato' Kaziah Binti Abd Kadir (Member) (Independent Non-Executive Director) <i>Appointed on 3 September 2019</i>	2/2
4.	Datuk Supperamaniam a/l Manickam (Member) (Independent Non-Executive Director) <i>Retired on 30 August 2019</i>	2/2

The current Audit Committee comprises of 3 Independent Non-Executive Directors. The Chairman of the Audit Committee, Raja Anuar Bin Raja Abu Hassan is a 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 four (4) Audit Committee Meetings during the financial year ended 31 March 2020. The Managing Director, Executive Director, 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.

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

- To review the quarterly results and annual audited financial statements of the Company, focusing particularly on:
 - changes in or implementation of major accounting policies and practices;
 - significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed ;
 - compliance with accounting standards and other legal requirements; and
 - the going concern assumptions.
- To review any related party transaction and conflict of interest situation that may arise within the Company, including any transaction, procedure or course of conduct that raises question of management's integrity;

Audit Committee Report (Cont'd)

DUTIES AND RESPONSIBILITIES (CONT'D)

Risk Management and Internal Audit

3. To consider and approve Annual Risk Management Plan and be satisfied that the methodology employed allows the identification, analysis, assessment, monitoring and communication of risks in a regular manner that will allow the Company to minimise losses and maximise opportunities;
4. To consider and approve the Annual Internal Audit Plan and programme and be satisfied as to the adequacy of coverage and audit methodologies employed;
5. To ensure that the system of internal control is soundly in place, effectively administered and regularly monitored and to review the extent of compliance with established internal policies, standards, plans and procedures;
6. To review and approve the reports on internal audit and risk management and to ensure that appropriate actions are taken on the recommendations of the internal audit and risk management functions;
7. To recommend to the Board steps to improve the system of internal control derived from the findings of the Internal Auditors and External Auditors and from the consultations from the Audit Committee itself;
8. To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
9. To review any appraisal or assessment of the performance and to approve any appointment, resignation or termination of Internal Auditors and senior members of the internal audit functions and inform itself of any resignations and reasons thereof;

Statutory 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 carry out such other functions as may be directed by the Board.

The Terms of Reference of the Audit Committee can be viewed on the Company's website.

Audit Committee Report (Cont'd)

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

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:

Financial Reporting

1. Reviewed the unaudited quarterly results and performance of the Company and recommended to the Board for approval.
2. Reviewed the draft Statutory Financial Statements of the Company for the financial year ended 31 March 2019 and recommended to the Board for approval.

External Audit

1. Discussed with the External Auditors on the Audit Plan for the financial year ended 31 March 2020 and the External Auditors' Report for the financial year ended 31 March 2019 that were presented to the Audit Committee.
2. Held 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.
3. Reviewed and recommended to the Board on the non-audit services provided by the External Auditors and its affiliates which included review of Statement on Risk Management and Internal Control.
4. Made recommendation to the Board on the re-appointment of the External Auditors.

Internal Audit

1. Reviewed Internal Audit Reports on Product Quality Management and Non-Trade Purchases Management, Safety, Health and Environment Management and Corporate Liability 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.
2. Reviewed the Enterprise Risk Management report.

Compliance

1. Reviewed the state of internal control of the Company and extent of compliance with the established policies, procedures and statutory requirements.
2. Reviewed the Statement on Risk Management & Internal Control and Audit Committee Report prior to the Board's approval for inclusion in the Company's Annual Report 2019.
3. Reviewed the adequacy of the Company's anti-corruption practices against the Guidelines on Adequate Procedures issued pursuant to subsection (5) of the Section 17A under the Malaysian Anti-Corruption Commission Act 2009.
4. Received the reports on the compliance issues on products quality control and monitored the remedial actions.

Related Party Transactions

1. Reviewed the draft circular to shareholders in relation to recurrent related party transactions of a revenue or trading nature (RRPT) and quarterly summary of RRPT and recommended to the Board for approval/ratification.
2. Reviewed the proposed acquisition of solar panels from a related party and recommended to the Board for approval.
3. Reviewed and provided comments to the Board on the proposed new business venture involving a related party.

Audit Committee Report (Cont'd)

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE (CONT'D)

Assessment

1. Assessed the performance and competency of the Internal Auditors and External Auditors.
2. Assessed the competency of the new Internal Auditors and review the matter in relation to the change of Internal Auditors.

Others

1. As directed by the Board, considered and engaged a consultant for the independent valuation of proposed new business.

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 2020 amounted to RM113,866.

On 19 February 2020, the Audit Committee had discussed and recommended to the Board on the change of Internal Auditors from financial year ending 31 March 2021 onwards.

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.

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 (“Board”) 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”. The Malaysian Code on Corporate Governance issued by Securities Commission Malaysia requires the Board to establish a sound risk management framework and internal control system. The Board 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 recognizes 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 and compliance controls and risk management procedures.

KEY PROCESSES OF THE SYSTEM OF INTERNAL CONTROL

The Audit Committee is supported by external service providers, Deloitte Risk Advisory Sdn. Bhd. (“Deloitte”) in discharging the internal audit function of the Company. Governed by the Company’s Internal Audit Charter, Deloitte has maintained their independence, impartiality, and proficiency and due professional care as their plans and review reports are directly under the purview of the Audit Committee.

The internal audits were undertaken to provide independent assessments on the adequacy, efficiency and effectiveness of the internal control systems to manage risk exposures of the Company. Deloitte adopts risk-based approach in executing the planning, reviews and assessments, steered by internal policies, procedures and the Internal Control – Integrated Framework issued by COSO (The Committee of Sponsoring Organisations of the Treadway Commission).

The Audit Committee had full access to the services and advice of the internal auditors and received reports on all audits that were performed.

During the financial year ended 31 March 2020 (“FY2020”), Deloitte has executed the following internal audit works:

- (1) Conducted reviews and assessments based on FY2020 annual audit plans which was approved by the Audit Committee during the 4th meeting of FY2019 covering the areas of:
 - i. Production/ Assembly Management
 - ii. Health and Safety Management
 - iii. Corporate Liability Review - Anti-Bribery and Anti-Corruption Gap Assessment
 - iv. SAP Global Standard Template
- (2) Conducted follow-up with the Management on agreed corrective action items taken on outstanding audit issues to ensure key risks and weaknesses were addressed effectively and timely, where the status of implementation of the said agreed corrective action items are reported to the Audit Committee on a quarterly basis.

Statement on Risk Management and Internal Control (Cont'd)

KEY PROCESSES OF THE SYSTEM OF INTERNAL CONTROL (CONT'D)

The resulting reports from Deloitte, including the findings, recommendations and Management's responses, were presented to the Audit Committee on a quarterly basis.

The Management is responsible to ensure that necessary agreed corrective action items are taken and resolved within the required timeframe.

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's value.

- Company's Enterprise Risk Management Objectives
 - Preserve the safety and health of its employees.
 - Ensure the continuity of its supply to consumers and customers 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.
 - Ensure compliance with the other statutory regulation (i.e. anti-corruption, HR, safety, health and environmental, etc.)
- The risk management function is outsourced to Deloitte, 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 Risk Management Program and its activities in the Audit Committee meeting.
- The 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 that timely information is shared across all divisions and all levels.
- The 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, investment/expenditure by the Company exceeding stipulated amount and to review any changes in the Company's policy and procedures. Its members comprise Assistant Directors and above. It acts as a control for the senior management before the Company's Managing Director 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.
- Accounting and other manuals are in place towards ensuring that the recordings of financial transactions are complete and accurate.

Statement on Risk Management and Internal Control (Cont'd)

ENTERPRISE RISK MANAGEMENT PROCESS (CONT'D)

- 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.
- The Anti-Bribery and Anti-Corruption Policy sets out the policies and procedures on the Company's commitment to conduct its business with high standards of ethics and integrity. The Company adopts a "zero-tolerance" approach towards bribery and corruption by any of the employees or by business partners working on behalf, including suppliers, agents or contractors. In addition, periodic reviews and discussions are held to ensure such risks are mitigated.
- Whistleblowing Policy, provides an avenue for employees and external parties to report actual or suspected malpractice, misconduct or violations of the Company's policies and regulations in a safe and confidential manner.

CONCLUSION

For the financial year under review and up to the date of issuance of the financial statements for inclusion in the annual report, the Managing Director and Finance Director have provided written assurance to the Board stating that the Company's risk management and internal control systems have operated adequately and effectively, in all material aspects, to safeguard shareholders' interests and the Company's assets.

The Board is satisfied that there are sound and sufficient controls in place that have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's annual report. No weaknesses in internal control that have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's annual report were noted.

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) Audit and Non-Audit Fees

For the financial year under review, the statutory audit and other audit related services fees incurred by the Company payable to the External Auditors, KPMG PLT were RM213,000 and RM55,000, respectively.

The other audit related services fees incurred were for the report on the Statement of Risk Management and Internal Control (RM10,000) and the review for the SAP migration (RM45,000).

(3) Material Contracts

Other than the recurrent related party transactions and the following material contract, there were no other 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.

On 27 September 2019, PMMA had issued a letter of award and purchase order for the purchase and installation of 4,872 pieces of 325 Watt/pc solar panels with solar capacity of 1,583.4 kilowatt peak for the Company's rooftop solar panel project at its Shah Alam Plant for a total cash consideration of RM7,950,000 from Panasonic Life Solutions Malaysia Sdn Bhd. The rooftop solar project was undertaken by the Company as part of the cost savings measures on energy consumption and green initiative and to be completed by July 2020.

FINANCIAL STATEMENTS

- Directors' Report | **81**
- Statement of Financial Position | **85**
- Statement of Profit or Loss and Other Comprehensive Income | **86**
- Statement of Changes in Equity | **87**
- Statement of Cash Flows | **88**
- Notes to the Financial Statements | **90**
- Statement by Directors | **142**
- Statutory Declaration | **142**
- Independent Auditors' Report | **143**

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 March 2020.

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 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

ULTIMATE HOLDING COMPANY

The Directors regard Panasonic Corporation, a corporation incorporated in Japan, as the ultimate holding company during the financial year and until the date of this report.

RESULTS

	RM'000
Profit for the year attributable to owners of the Company	116,989

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 amount of dividends paid by the Company were as follows:

- i) In respect of the financial year ended 31 March 2019:
 - a final ordinary dividend of 211 sen per ordinary share totalling RM128,173,596 declared on 28 May 2019 and paid on 25 September 2019.
- ii) In respect of the financial year ended 31 March 2020:
 - an interim single tier dividend of 15 sen per ordinary share totalling RM9,111,867 declared on 25 November 2019 and paid on 22 January 2020.

The final dividend recommended by the Directors in respect of the financial year ended 31 March 2020 of 183 sen per ordinary share will be tabled for the approval of the shareholders at the forthcoming Annual 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 RM111,164,777.

Directors' Report (Cont'd)

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Tan Sri Asmat Bin Kamaludin	
Tan Sri Hasmah Binti Abdullah	
Siew Pui Ling	
Cheng Chee Chung	
Toyokatsu Okamoto	
Raja Anuar Bin Raja Abu Hassan	
Kwan Wai Yue	
Dato' Kaziah Binti Abdul Kadir	(Appointed on 3 September 2019)
Shigeru Dono	(Appointed on 19 July 2019)
Datuk Supperamaniam a/l Manickam	(Resigned on 30 August 2019)
Yasuo Tonooka	(Resigned on 1 July 2019)

In accordance with Article 97 of the Company's Articles of Association, Tan Sri Asmat Bin Kamaludin and Ms Siew Pui Ling retire by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

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 follows:

Company	Number of ordinary shares		
	At 1.4.2019	Bought	Sold
Siew Pui Ling - Direct Interest	100	–	–

Ultimate Holding Company – <u>Panasonic Corporation</u>	Number of common stock		
	At 1.4.2019	Bought	Sold
Toyokatsu Okamoto - Direct Interest	3,700	–	–

None of the other Directors holding office at 31 March 2020 had any interest in the shares of the Company and of its related corporations during the financial year.

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 those fees and other benefits included in the aggregate amount of remuneration 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.

Directors' Report (Cont'd)

ISSUE OF SHARES AND DEBENTURES

There were no issue of shares or 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.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage given to Directors and officers of the Company pursuant to the Directors and Officers Liability Insurance was RM20,000,000. There was no indemnity given to or insurance effected for auditors of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements 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 Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities 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 Company misleading.

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

- i) any charge on the assets 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 Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company 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 Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Company for the financial year ended 31 March 2020 has 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.

Directors' Report

(Cont'd)

AUDITORS

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

The auditors' remuneration is disclosed in Note 16 to the financial statements.

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

Tan Sri Asmat Bin Kamaludin
Director

Toyokatsu Okamoto
Director

Kuala Lumpur

Date: 29 June 2020

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Note	2020 RM'000	2019 RM'000
Assets			
Property, plant and equipment	3	127,306	122,544
Right-of-use assets	4	6,109	–
Intangible assets	5	7,687	–
Interest in associated company	6	96,872	100,350
Deferred tax assets	7	12,871	7,780
Total non-current assets		250,845	230,674
Inventories	8	73,164	49,580
Trade and other receivables	9	74,927	105,240
Derivative financial assets	10	94	923
Cash and cash equivalents	11	577,712	623,312
Total current assets		725,897	779,055
Total assets		976,742	1,009,729
Equity			
Share capital	12	60,746	60,746
Retained earnings		755,795	776,092
Total equity		816,541	836,838
Liabilities			
Provision for liabilities and charges	13	540	443
Lease liabilities		203	–
Total non-current liabilities		743	443
Trade and other payables	14	136,714	162,973
Provision for liabilities and charges	13	11,592	5,159
Derivative financial liabilities	10	1,157	137
Lease liabilities		127	–
Taxation		9,868	4,179
Total current liabilities		159,458	172,448
Total liabilities		160,201	172,891
Total equity and liabilities		976,742	1,009,729

The notes on pages 90 to 141 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 RM'000	2019 RM'000
Revenue	15	1,051,980	1,127,886
Cost of sales		(851,976)	(919,762)
Gross profit		200,004	208,124
Other operating income		14,116	8,542
Distribution and marketing cost		(53,228)	(64,999)
Administrative expenses		(35,847)	(37,321)
Other operating expenses		(3,635)	(8,508)
Results from operating activities		121,410	105,838
Finance cost		(9)	–
Finance income		20,119	23,854
Share of results of associated company (net of tax)	6	(293)	1,618
Profit before tax	16	141,227	131,310
Tax expense	17	(24,238)	(25,558)
Profit for the year and total comprehensive income for the year		116,989	105,752
Basic earnings per ordinary share (sen)	18	193	174

The notes on pages 90 to 141 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Note	Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 April 2018		60,746	820,990	881,736
Total profit and comprehensive income for the year		–	105,752	105,752
<i>Contributions by and distributions to owners of the Company</i>				
Dividends				
- Final dividend for the financial year ended 31 March 2018	19	–	(141,538)	(141,538)
- Interim dividend for the financial year ended 31 March 2019	19	–	(9,112)	(9,112)
Total transactions with owners of the Company		–	(150,650)	(150,650)
At 31 March 2019/1 April 2019		60,746	776,092	836,838
Total profit and comprehensive income for the year		–	116,989	116,989
<i>Contributions by and distributions to owners of the Company</i>				
Dividends				
- Final dividend for the financial year ended 31 March 2019	19	–	(128,174)	(128,174)
- Interim dividend for the financial year ended 31 March 2020	19	–	(9,112)	(9,112)
Total transactions with owners of the Company		–	(137,286)	(137,286)
At 31 March 2020		60,746	755,795	816,541

The notes on pages 90 to 141 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	2020 RM'000	2019 RM'000
Cash flows from operating activities		
Profit before tax	141,227	131,310
<i>Adjustments for:</i>		
Property, plant and equipment		
- depreciation	30,521	28,990
- write-off	131	4
- gain on disposal	(196)	(82)
Depreciation of right-of-use assets	175	–
Amortisation of intangible asset	1,313	–
Movement in provision of liabilities and charges	9,024	4,424
Interest income	(20,119)	(23,854)
Finance cost for lease liabilities	9	–
Share of results of associated company	293	(1,618)
Net unrealised foreign exchange gain	(3,414)	(160)
Fair value loss on derivative financial instruments	1,849	7,106
Operating profit before changes in working capital	160,813	146,120
Changes in working capital:		
Inventories	(23,584)	751
Trade and other receivables	34,703	20,504
Trade and other payables	(27,235)	(18,900)
Cash generated from operations	144,697	148,475
Tax paid	(23,640)	(23,761)
Rework and recall cost paid	(1,304)	(1,010)
Warranty paid	(772)	(1,345)
Employee welfare scheme paid	(413)	(1,712)
Retirement gratuity scheme paid	(5)	(5)
Net cash generated from operating activities	118,563	120,642
Cash flows from investing activities		
Purchase of property, plant and equipment	(45,221)	(54,386)
Purchase of intangible asset	(5,217)	–
Proceeds from disposal of property, plant and equipment	352	115
Interest received	20,119	23,854
Dividends received	3,185	33,127
Net cash (used in)/generated from investing activities	(26,782)	2,710
Cash flows from financing activity		
Dividends paid	(137,286)	(150,650)
Payment of lease liabilities	(95)	–
Net cash used in financing activity	(137,381)	(150,650)

The notes on pages 90 to 141 are an integral part of these financial statements.

Statement of cash flows

(Cont'd)

	Note	2020 RM'000	2019 RM'000
Net decrease in cash and cash equivalents		(45,600)	(27,298)
Cash and cash equivalents at 1 April		623,312	650,610
Cash and cash equivalents at 31 March	11	577,712	623,312

Cash outflows for leases as a lessee

	Note	2020 RM'000	2019 RM'000
Included in net cash from operating activities			
Payment relating to short-term leases	16	1,378	—
Payment relating to low-value leases	16	23	—
Interest paid in relation to lease liabilities	16	9	—
Included in net cash from financing activities			
Payment of lease liabilities		95	—
Total cash outflows for leases		1,505	—

Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1 April 2019 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	At 31 March 2020 RM'000
Lease liabilities	—	(95)	425	330

The notes on pages 90 to 141 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:

Registered office/Principal place of business

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

The financial statements of the Company for the financial year ended 31 March 2020 comprise the Company and the Company's interest in its associated company.

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 6 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 and listed on the Tokyo Stock Exchange and Nagoya Stock Exchange.

These financial statements were authorised for issue by the Board of Directors on 29 June 2020.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of 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 2016 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 Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

Notes to the financial statements (Cont'd)

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 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 Company plans to apply the abovementioned accounting standards, interpretations and amendments:

- From the annual period beginning on 1 April 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020 except for Amendments to MFRS 3.
- From the annual period beginning on 1 April 2021 for the accounting standard that is effective for annual periods beginning on or after 1 June 2020.
- From the annual period beginning on 1 April 2022 for the amendments that are effective for annual periods beginning on or after 1 January 2022 except for Amendments to MFRS 1, Amendments to MFRS 3 and Amendments to MFRS 141.

The Company does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Company.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Company.

(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 Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

Notes to the financial statements (Cont'd)

1. BASIS OF PREPARATION (CONT'D)

(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(k), 7 and 13.

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 Company, unless otherwise stated.

Arising from the adoption of MFRS 16, Leases, there are changes to the accounting policies applied to lease contracts entered into by the Company as compared to those applied in previous financial statements. The impacts arising from the changes are disclosed in Note 25.

(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 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 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.

Notes to the financial statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(ii) Transactions eliminated

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 the Company 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.

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) Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified to subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) *Amortised cost*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(i)(i)) where the effective interest rate is applied to amortised cost.

Notes to the financial statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(b) Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is designated and effective hedging instrument). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduced an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

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

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) 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), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Company's key management personnel; or
- (c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Company recognises the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

Notes to the financial statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

(b) *Amortised cost*

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the 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.

(iv) **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) **Property, plant and equipment**

(i) **Recognition and measurement**

Construction work-in-progress is measured at cost. Other 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 Company'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.

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.

Notes to the financial statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

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 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 Company 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 follows:

• Buildings	2 ½% - 5%
• Plant and machinery	10% - 50%
• Furniture, fittings, structures 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.

(e) Leases

The Company has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 April 2019. Accordingly, the comparative information presented for 2019 has not been restated – i.e. it is presented, as previously reported under MFRS 117, Leases and related interpretations.

Notes to the financial statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (Cont'd)

Current financial year

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Company is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Notes to the financial statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (Cont'd)

Current financial year (Cont'd)

(ii) Recognition and initial measurement (Cont'd)

As a lessee (Cont'd)

The Company excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these as an expense on a straight-line basis over the lease-term.

(iii) Subsequent measurement

As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment in Note 2(d)(iii). In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Previous financial year

As a lessee

Operating lease

Leases, where the Company does not assume substantially all the risks and rewards of ownership were classified as operating lease and, the leased assets were not recognised on the statement of financial position.

Payments made under operating leases were 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 payment.

Notes to the financial statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Intangible assets

(i) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Company, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortisation

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful life for the current and comparative periods are as follows:

- Software and licenses 25%

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) 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.

(h) 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 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.

(i) Impairment

(i) Financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

Notes to the financial statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment (Cont'd)

(i) Financial assets (Cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

The Company estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery amounts due.

(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.

Notes to the financial statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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.

(j) 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 Company 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.

(ii) State plans

The Company'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 Company has no further payment obligations.

(k) Provisions

A provision is recognised if, as a result of a past event, the Company 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 and recall cost

The Company recognises at the reporting date the estimated liability on all expenditure for the rework and recall 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 and recall 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 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.

Notes to the financial statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Provisions (Cont'd)

(ii) Provision for warranty

Existing products

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 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 amount of provision of warranty claims 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.

(l) 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 statement 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.

(m) Revenue and other income

(i) Goods sold

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Company performs;
- (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

(ii) Dividend income

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

Notes to the financial statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Finance income

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

(o) 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.

(p) 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.

(q) 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.

Notes to the financial statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Income tax (Cont'd)

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.

(r) Earnings per ordinary share

The Company 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.

(s) Operating segments

An operating segment is a component of the Company 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 Company'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 Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(t) 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 Company 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 Company 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 Company 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

	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and structures equipment RM'000	Motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
Cost							
At 1 April 2018	7,566	52,820	324,870	48,814	6,240	22,854	463,164
Additions	–	550	28,005	2,318	554	22,959	54,386
Transfers	–	31,448	208	5,590	–	(37,246)	–
Disposals	–	–	(636)	(265)	(169)	–	(1,070)
Write-offs	–	(68)	(10,671)	(1,036)	–	–	(11,775)
At 31 March 2019, as previously reported	7,566	84,750	341,776	55,421	6,625	8,567	504,705
Adjustment on initial application of MFRS 16 (Note 4)	(7,566)	–	–	–	–	–	(7,566)
At 1 April 2019, as restated	–	84,750	341,776	55,421	6,625	8,567	497,139
Additions	–	8,403	9,811	491	961	25,555	45,221
Transfers	–	2,880	4,471	88	–	(7,439)	–
Transfer to intangible asset	–	–	–	–	–	(3,783)	(3,783)
Disposals	–	–	(1,026)	–	(682)	–	(1,708)
Write-offs	–	(495)	(3,933)	(543)	–	–	(4,971)
At 31 March 2020	–	95,538	351,099	55,457	6,904	22,900	531,898

Notes to the financial statements
(Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and structures equipment RM'000	Motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
Accumulated depreciation							
At 1 April 2018	1,622	49,742	267,108	42,932	4,575	—	365,979
Charge for the year	76	499	25,663	2,253	499	—	28,990
Transfers	—	—	(8)	8	—	—	—
Disposals	—	—	(636)	(265)	(136)	—	(1,037)
Write-offs	—	(68)	(10,671)	(1,032)	—	—	(11,771)
At 31 March 2019, as previously reported	1,698	50,173	281,456	43,896	4,938	—	382,161
Adjustment on initial application of MFRS 16 (Note 4)	(1,698)	—	—	—	—	—	(1,698)
At 1 April 2019, as restated	—	50,173	281,456	43,896	4,938	—	380,463
Charge for the year	—	1,309	25,444	3,107	661	—	30,521
Disposals	—	—	(922)	—	(630)	—	(1,552)
Write-offs	—	(495)	(3,929)	(416)	—	—	(4,840)
At 31 March 2020	—	50,987	302,049	46,587	4,969	—	404,592
Carrying amounts							
At 1 April 2018	5,944	3,078	57,762	5,882	1,665	22,854	97,185
At 31 March 2019/1 April 2019	5,868	34,577	60,320	11,525	1,687	8,567	122,544
At 31 March 2020	—	44,551	49,050	8,870	1,935	22,900	127,306

Notes to the financial statements (Cont'd)

4. RIGHT-OF-USE ASSETS

	Leasehold land RM'000	Buildings RM'000	Machine and equipment RM'000	Total RM'000
Cost				
At 1 April 2019 - Adjustment on initial application of MFRS 16 (Note 3)	7,566	–	–	7,566
Additions	–	229	187	416
At 31 March 2020	7,566	229	187	7,982
Depreciation				
At 1 April 2019 - Adjustment on initial application of MFRS 16 (Note 3)	1,698	–	–	1,698
Charge for the year	85	62	28	175
At 31 March 2020	1,783	62	28	1,873
Carrying amounts				
At 1 April 2019	5,868	–	–	5,868
At 31 March 2020	5,783	167	159	6,109

The Company has a 99 years leasehold land which was reclassified as right-of-use asset as at 1 April 2019 from property, plant and equipment at the initial application of MFRS 16, Leases. The Company leases expatriates accommodation and photocopy machines that ran between 2 years and 5 years. Lease payments for these assets remain constant throughout their lease terms.

4.1 Extension options

The lease of buildings contains extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. The extension options held are exercisable only by the Company and not by the lessor. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

	Lease liabilities recognised (discounted) RM'000	Potential future lease payments not included in lease liabilities (discounted) RM'000
Buildings	47	47

Notes to the financial statements
(Cont'd)**4. RIGHT-OF-USE ASSETS (CON'D)****4.2 Significant judgements and assumptions in relation to lease**

The Company assessed at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Company consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Company first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

5. INTANGIBLE ASSETS

	Software and licenses RM'000
Cost	
At 31 March 2019/1 April 2019	–
Transfer from work in progress	3,783
Additions	5,217
At 31 March 2020	9,000
Amortisation	
At 31 March 2019/1 April 2019	–
Amortisation for the year	1,313
At 31 March 2020	1,313
Carrying amounts	
At 31 March 2019/1 April 2019	–
At 31 March 2020	7,687

The software and licenses relates to the development cost for the Company's SAP global standard template ("SGST") system. This is to align with the Panasonic group business division's direction with the primary aim of standardising across its global entities and to enhance efficiency and optimal manufacturing management capabilities for future growth and agility to respond market changes.

Notes to the financial statements
(Cont'd)

6. INTEREST IN ASSOCIATED COMPANY

At cost	2020 RM'000	2019 RM'000
Unquoted shares	2,000	2,000
Share of post-acquisition reserves	94,872	98,350
Interest in associated company	96,872	100,350

Set out below is the associate of the Company as at 31 March 2020, 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	
			2020	2019
Panasonic Malaysia Sdn. Bhd.	Malaysia	Associate	40%	40%

The Company holds a 40% (2019: 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.

(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:

	2020 RM'000	2019 RM'000
<u>Current</u>		
Cash and cash equivalent	233,780	293,014
Other current assets (excluding cash)	223,609	219,298
Total current assets	457,389	512,312
Other current liabilities (including trade payables)	(260,543)	(297,541)
Total current liabilities	(260,543)	(297,541)
<u>Non-current</u>		
Assets	86,798	43,785
Liabilities	(37,646)	(4,173)
Net assets	245,998	254,383

Notes to the financial statements
(Cont'd)**6. INTEREST IN ASSOCIATED COMPANY (CONT'D)**

(a) Summarised financial information for associated company (Cont'd)

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

	2020 RM'000	2019 RM'000
Revenue	1,350,780	1,392,481
Other operating income	37,115	46,170
Finished goods and spare parts purchased/utilised	(1,063,014)	(1,109,691)
Operating expenses	(308,684)	(310,551)
Depreciation of property, plant and equipment	(13,105)	(4,146)
Other operating expenses	(4,114)	(1,124)
Dividend income	–	567
(Loss)/profit from operations	(1,022)	13,706
Finance costs	(1,569)	–
(Loss)/profit before taxation	(2,591)	13,706
Taxation	2,168	(7,501)
Net (loss)/profit and total comprehensive income for the financial year	(423)	6,205
Gross dividends received from associate	3,185	33,127

(b) Reconciliation of net assets to carrying amount as at 31 March

	2020 RM'000	2019 RM'000
Company's share of net assets	98,399	101,753
Elimination of unrealised profits	(1,527)	(1,403)
Carrying amount in the statement of financial position	96,872	100,350

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

	2020 RM'000	2019 RM'000
Company's share of net (loss)/profit and total comprehensive income	(293)	1,618

(d) Other information

	2020 RM'000	2019 RM'000
Cash dividends received by the Company	3,185	33,127

Notes to the financial statements (Cont'd)

7. 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 statement of financial position:

	2020 RM'000	2019 RM'000
At 1 April 2019/2018	7,780	7,687
(Charged)/Credited to profit or loss		
- property, plant and equipment	344	259
- provisions	4,761	(996)
- others	(14)	830
	5,091	93
At 31 March	12,871	7,780

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property, plant and equipment	2,024	1,680	—	—	2,024	1,680
Provisions	10,959	6,198	—	—	10,959	6,198
Others	—	90	(112)	(188)	(112)	(98)
Net tax assets/ (liabilities)	12,983	7,968	(112)	(188)	12,871	7,780

Movement in temporary differences during the year

	At 1.4.2018 RM'000	Recognised in profit or loss (Note 17) RM'000	At 31.3.2019/ 1.4.2019 RM'000	Recognised in profit or loss (Note 17) RM'000	At 31.3.2020 RM'000
Property, plant and equipment	1,421	259	1,680	344	2,024
Provisions	7,194	(996)	6,198	4,761	10,959
Others	(928)	830	(98)	(14)	(112)
	7,687	93	7,780	5,091	12,871

Notes to the financial statements
(Cont'd)**8. INVENTORIES**

	2020 RM'000	2019 RM'000
Raw materials	48,627	34,417
Work in progress	7,024	2,488
Finished goods	17,465	12,653
Consumable stores	48	22
	73,164	49,580
Recognised in profit or loss:		
Inventories recognised as cost of sales	635,323	701,114
Write-down to net realisable value	571	245
Reversal of write-down	(245)	(222)

9. TRADE AND OTHER RECEIVABLES

	2020 RM'000	2019 RM'000
Trade receivables	2,349	903
Amount due from ultimate holding corporation	819	814
Amount due from associated company	18,699	20,422
Amounts due from related companies	43,462	72,453
	65,329	94,592
Other receivables	5,809	7,616
Deposits	957	1,097
Prepayments	2,832	1,935
	74,927	105,240

Credit terms given to trade receivables ranged from 30 to 60 days (2019: 30 to 60 days).

The balances due from ultimate holding corporation, 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 (2019: 30 to 60 days) except for the amounts of RM1,927,000 (2019: RM4,208,000) which are in respect of non-trading transactions that are unsecured, interest free and repayable on demand.

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

Notes to the financial statements (Cont'd)

9. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	2020 RM'000	2019 RM'000
Ringgit Malaysia	35,956	44,599
United States Dollar	33,280	55,735
Japanese Yen	2,574	2,292
Euro	285	679
	72,095	103,305

10. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Nominal value	Assets RM'000	Liabilities RM'000
2020			
Non-hedging derivatives			
Derivatives at fair value through profit or loss	USD14,125,000	–	(1,148)
	YEN106,000,000	94	–
	SGD72,000	–	(1)
	EUR158,300	–	(8)
		94	(1,157)
2019			
Non-hedging derivatives			
Derivatives at fair value through profit or loss	USD28,000,000	881	–
	YEN238,000,000	–	(134)
	SGD112,000	–	(3)
	EUR293,000	42	–
		923	(137)

Non-hedging derivatives

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

Notes to the financial statements
(Cont'd)**11. CASH AND CASH EQUIVALENTS**

	2020 RM'000	2019 RM'000
Fixed deposits	435,000	480,000
Cash and bank balances	142,712	143,312
	577,712	623,312

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

	2020 RM'000	2019 RM'000
Ringgit Malaysia	447,774	504,467
United States Dollar	126,093	117,017
Japanese Yen	3,628	1,682
Euro	176	124
Singapore Dollar	11	22
Pound Sterling	30	–
	577,712	623,312

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

	2020 RM'000	2019 RM'000
- AAA/AA1	806	62
- AA2	1	14
- Non-rated*	576,900	623,226
	577,707	623,302
Cash on hand	5	10
	577,712	623,312

*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 based on Moody's rating agency.

Notes to the financial statements (Cont'd)

11. CASH AND CASH EQUIVALENTS (CONT'D)

(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 follows:

	2020 %	2019 %
Ringgit Malaysia	3.61	3.83

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

	2020	2019
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 and a related company, Panasonic Financial Centre (Malaysia) Sdn. Bhd..

12. SHARE CAPITAL

	Amount 2020 RM'000	Number of shares 2020 '000	Amount 2019 RM'000	Number of shares 2019 '000
Ordinary shares, issued and fully paid: At 1 April/31 March	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.

Notes to the financial statements
(Cont'd)**13. PROVISION FOR LIABILITIES AND CHARGES**

	Rework and Recall cost RM'000	Warranty RM'000	Employee welfare scheme/ Mutual Separation Scheme RM'000	Retirement gratuity scheme RM'000	Foreign workers recruitment fees RM'000	Total RM'000
At 1 April 2018	309	2,331	2,349	261	–	5,250
Charged/(Credited) to profit or loss (Note 16)	3,256	1,205	(224)	94	–	4,331
Utilised during the financial year	(1,010)	(1,345)	(1,712)	(5)	–	(4,072)
Present value adjustments	–	–	–	93	–	93
At 31 March 2019/ 1 April 2019	2,555	2,191	413	443	–	5,602
Charged to profit or loss (Note 16)	5,795	823	1,191	198	1,113	9,120
Utilised during the financial year	(1,304)	(772)	(413)	(5)	–	(2,494)
Present value adjustments	–	–	–	(96)	–	(96)
At 31 March 2020	7,046	2,242	1,191	540	1,113	12,132
2019						
Current	2,555	2,191	413	–	–	5,159
Non-current	–	–	–	443	–	443
	2,555	2,191	413	443	–	5,602
2020						
Current	7,046	2,242	1,191	–	1,113	11,592
Non-current	–	–	–	540	–	540
	7,046	2,242	1,191	540	1,113	12,132

(a) Rework and recall cost

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

Notes to the financial statements (Cont'd)

13. PROVISION FOR LIABILITIES AND CHARGES (CONT'D)

(b) Warranty

The Company recognises 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 Company will undertake to inspect, repair or replace the parts at an appropriate cost.

(c) Employee welfare scheme/Mutual separation scheme

Employee welfare scheme and mutual separation scheme are schemes announced during the financial year to encourage voluntary redundancy. The total provision made as at year end is measured based on the number of employees who are expected to accept the offer.

(d) Retirement gratuity scheme

The Company provides retirement gratuity for employees who have been in employment for a certain number of years. Upon official retirement, the employees shall receive a lump sum payment of RM1,000 per person as recognition of their service contribution to the Company. A provision has been recognised at the financial year end for expected gratuity payments based on the number of staff eligible under this scheme.

(e) Foreign workers recruitment fees

As part of the Panasonic Corporation's global initiatives to increase corporate responsibilities towards foreign workers employed, the Company provides reimbursement of recruitment fees to existing and newly hired foreign workers. A provision has been recognised at the financial year end for the expected payments to the number of workers who are eligible.

14. TRADE AND OTHER PAYABLES

	2020 RM'000	2019 RM'000
Trade payables and accruals	95,388	107,686
Employee benefits	17,327	14,509
Amount due to ultimate holding corporation	1,509	4,127
Amount due to associated company	2,136	3,873
Amounts due to related companies	20,354	32,778
	136,714	162,973

Notes to the financial statements (Cont'd)

14. TRADE AND OTHER PAYABLES (CONT'D)

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

	2020 RM'000	2019 RM'000
Ringgit Malaysia	110,951	124,942
United States Dollar	21,639	27,500
Japanese Yen	3,239	6,654
Thailand Baht	9	2,904
Singapore Dollar	447	973
Chinese Yuan	399	–
Others	30	–
	136,714	162,973

Credit terms of trade payables vary from 30 to 60 days (2019: 30 to 60 days).

The balances due to ultimate holding corporation, associated company and related companies are in respect of trading transactions and are unsecured, interest free and have repayment terms of 30 to 60 days (2019: 30 to 60 days) except for the amounts of RM6,803,000 (2019: RM19,224,000) which are in respect of non-trading transactions that are unsecured, interest free and repayable on demand.

15. REVENUE

	Note	2020 RM'000	2019 RM'000
Revenue from contracts with customers - sales of goods	15.2	1,051,980	1,127,886

15.1 Disaggregation of revenue

	2020 RM'000	2019 RM'000
Major products lines		
Home appliances	508,099	560,037
Fan products	543,881	567,849
	1,051,980	1,127,886

15.2 Sales of goods

Revenue is recognised when control of the goods or services is transferred to the customer. The performance obligation is satisfied at a point in time and the customers are required to pay within the agreed credit terms, ranging between 30 to 90 days (2019: 30 to 90 days). Assurance warranties of 1 year are given to customers.

Notes to the financial statements
(Cont'd)

16. PROFIT BEFORE TAX

	Note	2020 RM'000	2019 RM'000
Profit before tax is arrived at after charging/(crediting):			
Auditors' remuneration:			
- fees for statutory audit		213	205
- fees for audit related services		55	10
Directors' remuneration	24 (e)	2,568	3,258
Direct materials cost	8	635,323	701,114
Amortisation of intangible assets	5	1,313	–
Property, plant and equipment:			
- depreciation	3	30,521	28,990
- write-off	3	131	4
- gain on disposal	3	(196)	(82)
Depreciation of right-of-use assets	4	175	–
Staff costs:			
- salaries, bonus and other employee benefits		128,457	125,646
- defined contribution retirement plan		10,791	10,708
		139,248	136,354
Technical assistance fees		30,278	32,564
Research expenses		31,498	33,896
Fair value loss on derivative financial instruments		1,849	7,106
Foreign exchange:			
- net realised gain		(4,264)	(2,145)
- net unrealised gain		(3,414)	(160)
Provision of liabilities and charges	13	9,120	4,331
Interest income		(20,119)	(23,854)
Expenses arising from leases:			
Finance cost of lease liabilities		9	–
Expenses relating to short-term lease		1,378	–
Expenses relating to low value lease		23	–
Rental expenses		–	2,105

Notes to the financial statements
(Cont'd)**17. TAX EXPENSE**

	2020 RM'000	2019 RM'000
Current tax expense		
- current year	29,398	25,754
- over provision in prior year	(69)	(103)
	29,329	25,651
Deferred tax expense		
- origination and reversal of temporary differences	(2,486)	(759)
- (over)/under provision in prior year	(2,605)	666
	24,238	25,558
Reconciliation of tax expense		
Profit before tax	141,227	131,310
Tax at Malaysian tax rate of 24%	33,894	31,514
Tax effect of		
- expenses not deductible for tax purpose	210	1,889
- tax incentives	(7,192)	(8,408)
- over provision of current tax expense in prior year	(69)	(103)
- (over)/under provision of deferred tax in prior year	(2,605)	666
	24,238	25,558

18. EARNINGS PER ORDINARY SHARE**Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share at 31 March 2020 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	2020	2019
Net profit for the financial year attributable to equity holders (RM'000)	116,989	105,752
Weighted average number of ordinary shares in issue during the financial year ('000)	60,746	60,746
Basic earnings per share (sen)	193	174

Notes to the financial statements
(Cont'd)

19. DIVIDENDS

Dividends recognised by the Company are as follows:

	Sen per share	Total amount RM'000	Date of payment
2020			
Interim single tier dividend 2020			
- Interim single tier dividend	15	9,112	22 January 2020
Final single tier dividend 2019			
- Final single tier dividend	211	128,174	25 September 2019
2019			
Interim single tier dividend 2019			
- Interim single tier dividend	15	9,112	18 January 2019
Final single tier dividend 2018			
- Final single tier dividend	233	141,538	25 September 2018

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 Company.

	Sen per share	Total amount RM'000
Final single tier dividend 2020	183	111,165

20. 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 taxation 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 2020 is as follows:

	Home appliance products		Fan products		Consolidated	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	508,099	560,037	543,881	567,849	1,051,980	1,127,886
Interest income	9,817	10,945	8,258	8,634	18,075	19,579
Depreciation	(8,695)	(8,942)	(16,617)	(16,283)	(25,312)	(25,225)
Profit before taxation	67,117	59,954	66,658	68,828	133,775	128,782
Cash and cash equivalents	261,505	275,623	190,630	203,668	452,135	479,291
Inventories	38,202	25,687	34,914	23,871	73,116	49,558

Revenue of approximately RM1,047mil (2019: RM1,123mil) within both segments are derived from the Panasonic group of companies as disclosed in Note 24 to the financial statements.

Notes to the financial statements
(Cont'd)**20. OPERATING SEGMENTS (CONT'D)**

	2020 RM'000	2019 RM'000
Profit before taxation		
Total profit before taxation of the operating segments	133,775	128,782
Other unallocated income	7,745	910
Share of results of associated company (net of tax)	(293)	1,618
Total profit before taxation based on the statement of profit or loss and other comprehensive income	141,227	131,310
Cash and cash equivalents		
Total cash and cash equivalents of the operating segments	452,135	479,291
Other unallocated cash and cash equivalents	125,577	144,021
Total cash and cash equivalents based on the statement of financial position	577,712	623,312
Inventories		
Total inventories of the operating segments	73,116	49,558
Other unallocated inventories	48	22
Total inventories based on the statement of financial position	73,164	49,580

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:

	2020 RM'000	2019 RM'000
Malaysia	426,569	479,154
Japan	39,859	44,049
Asia (excluding Malaysia and Japan)	356,529	349,738
North America	—	1,667
Europe	3,758	3,097
Middle East	198,058	227,150
Others	27,207	23,031
	1,051,980	1,127,886

Notes to the financial statements (Cont'd)

20. OPERATING SEGMENTS (CONT'D)

Major customers

The following are major customers with revenue equal or more than 10% of the Company's total revenue:

	Revenue		Segment
	2020 RM'000	2019 RM'000	
- Panasonic Logistic Asia Pacific	362,626	385,732	Home appliance and fan products
- Panasonic Malaysia Sdn. Bhd.	281,900	320,826	Home appliance and fan products
- Panasonic Life Solutions (Hong Kong) Co. Ltd.	243,288	237,026	Home appliance and fan products
- KDK Fans (M) Sdn. Bhd.	143,515	157,475	Fan products

21. FINANCIAL INSTRUMENTS

21.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Fair value through profit or loss - Designated upon initial recognition ("FVTPL"); and
- (b) Amortised cost ("AC")

	Carrying amount RM'000	AC RM'000	FVTPL RM'000	Total RM'000
2020				
Financial assets				
Trade and other receivables excluding prepayments	72,095	72,095	–	72,095
Derivative financial instruments	94	–	94	94
Cash and cash equivalents	577,712	577,712	–	577,712
	649,901	649,807	94	649,901
Financial liabilities				
Trade and other payables	(136,714)	(136,714)	–	(136,714)
Derivative financial instruments	(1,157)	–	(1,157)	(1,157)
	(137,871)	(136,714)	(1,157)	(137,871)

Notes to the financial statements
(Cont'd)**21. FINANCIAL INSTRUMENTS (CONT'D)****21.1 Categories of financial instruments (Cont'd)**

The table below provides an analysis of financial instruments categorised as follows: (Cont'd)

	Carrying amount RM'000	AC RM'000	FVTPL RM'000	Total RM'000
2019				
Financial assets				
Trade and other receivables excluding prepayments	103,305	103,305	–	103,305
Derivative financial instruments	923	–	923	923
Cash and cash equivalents	623,312	623,312	–	623,312
	727,540	726,617	923	727,540
Financial liabilities				
Trade and other payables	(162,973)	(162,973)	–	(162,973)
Derivative financial instruments	(137)	–	(137)	(137)
	(163,110)	(162,973)	(137)	(163,110)

21.2 Net gains and losses arising from financial instruments

	2020 RM'000	2019 RM'000
Net gains/(losses) on:		
Financial assets measured at amortised cost	27,395	19,768
Financial liabilities measured at amortised cost	(1,448)	(715)
	25,947	19,053

21.3 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Notes to the financial statements (Cont'd)

21. FINANCIAL INSTRUMENTS (CONT'D)

21.4 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. 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 Company's 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 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 statement of financial position.

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.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Company manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30 days. The Company's debt recovery process is above 180 days past due after credit term, the Company will start to initiate a structured debt recovery process which is monitored by the treasury team.

The Company uses an allowance matrix to measure ECLs of trade receivables. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past two years. The Company also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Company's view of economic conditions over the expected lives of the receivables. Nevertheless, the Company believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 March 2020 which are grouped together as they are expected to have similar risk nature.

Notes to the financial statements (Cont'd)

21. FINANCIAL INSTRUMENTS (CONT'D)

21.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2020			
Current (not past due)	63,402	–	63,402
2019			
Current (not past due)	90,384	–	90,384

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

The credit quality of the trade receivables, amount due from associated company, amount 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 Company's customers.

	2020 RM'000	2019 RM'000
Group 1	–	–
Group 2	63,402	90,384

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

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

Deposits with related company

Risk management objectives, policies and processes for managing the risk

The Company's cash and cash equivalents are deposited with related company. Majority of the Company's deposits, 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.

Notes to the financial statements (Cont'd)

21. FINANCIAL INSTRUMENTS (CONT'D)

21.5 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet the obligations as and when they fall due. The Company manages 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 Company.

The primary tool for monitoring liquidity is the statement of cash flows of 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.

Notes to the financial statements

(Cont'd)

21. FINANCIAL INSTRUMENTS (CONT'D)

21.5 Liquidity risk (Cont'd)

Maturity analysis

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

	Carrying amount RM'000	Contractual interest rate/ Discount 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
2020							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	136,714	-	136,714	136,714	-	-	-
Lease liabilities	330	3.49	341	131	210	-	-
<i>Derivative financial liabilities/(assets)</i>							
Forward exchange contracts	1,063	-					
(gross settled):							
Outflow	-	-	57,218	57,218	-	-	-
Inflow	-	-	(56,155)	(56,155)	-	-	-
	138,107		138,118	137,908	210	-	-
2019							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	162,973	-	162,973	162,973	-	-	-
<i>Derivative financial liabilities/(assets)</i>							
Forward exchange contracts	(786)						
(gross settled):							
Outflow	-	-	106,590	106,590	-	-	-
Inflow	-	-	(107,376)	(107,376)	-	-	-
	162,187		162,187	162,187	-	-	-

Notes to the financial statements (Cont'd)

21. FINANCIAL INSTRUMENTS (CONT'D)

21.6 Market risk

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

21.6.1 Currency risk

Risk management objectives, policies and processes for managing the risk

The Company is 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 United States Dollar ("USD"), Japanese Yen ("JPY"), Singapore Dollar ("SGD"), Euro and Chinese Yuan ("CNY").

The Company uses 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 Company uses forward contracts which are 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 expenditures.

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, Euro and CNY had changed against Ringgit Malaysia by a reasonable possible change as of 31 March 2020 of 2.73% (2019: 7.28%) respectively with all other variables including tax rate being held constant, post-tax profit of the Company would have been changed as a result of foreign exchange gains/(losses).

	2020		2019	
	Strengthen RM'000	Weaken RM'000	Strengthen RM'000	Weaken RM'000
United States Dollar	3,747	(3,747)	10,574	(10,574)
Japanese Yen	79	(79)	(253)	253
Singapore Dollar	(12)	12	(69)	69
Euro	12	(12)	58	(58)
Chinese Yuan	(11)	11	—	—

Notes to the financial statements (Cont'd)

21. FINANCIAL INSTRUMENTS (CONT'D)

21.6 Market risk (Cont'd)

21.6.2 Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from 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 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 Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2020 RM'000	2019 RM'000
Fixed rate instruments		
Financial assets	435,000	480,000

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does 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.

21.7 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.

Notes to the financial statements (Cont'd)

21. FINANCIAL INSTRUMENTS (CONT'D)

21.7 Fair value information (Cont'd)

The table below analyses financial instruments carried at fair value.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
2020					
Financial asset					
Derivative financial instruments:					
- forward foreign currency exchange contracts	–	94	–	94	94
Financial liability					
Derivative financial instruments:					
- forward foreign currency exchange contracts	–	1,157	–	1,157	1,157
2019					
Financial asset					
Derivative financial instruments:					
- forward foreign currency exchange contracts	–	923	–	923	923
Financial liability					
Derivative financial instruments:					
- forward foreign currency exchange contracts	–	137	–	137	137

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).

22. CAPITAL MANAGEMENT

The Company's objectives when managing capital is to maintain an optimal capital structure and safeguard the Company'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 Company defines as results from operating activities divided by total shareholders' equity.

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

Notes to the financial statements
(Cont'd)**23. CAPITAL AND OTHER COMMITMENTS**

	2020 RM'000	2019 RM'000
Approved by the Board but not provided for in the financial statements:		
- Contracted	41,137	60,075
- Not contracted	229	461
	41,366	60,536
Analysed as follows:		
- Property, plant and equipment	41,366	60,536

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

For the purposes of these financial statements, parties are considered to be related to the Company if 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 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 Company 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 Company has related party relationship with its holding corporation, significant investors, subsidiaries and associates related to its holding corporation 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)

24. RELATED PARTIES (CONT'D)

Identity of related parties (Cont'd)

(b) Related party relationships

Related party	Relationship
Panasonic Corporation ("PC")	Ultimate holding corporation
Panasonic Management Malaysia Sdn. Bhd. ("PMAM")	Immediate holding company
Panasonic Malaysia Sdn. Bhd. ("PM")	Associated company
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 Ecology 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 Life Solutions (Hong Kong) Co. Ltd. ("PLSHK")	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 Industrial Devices 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. ("PAPRDY")	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
Panasonic Production Engineering Co. Ltd. ("PSD")	Subsidiary of PC
Panasonic Appliances R&D Centre Asia Pacific Sdn. Bhd. ("PAPRADAP")	Subsidiary of PC

Notes to the financial statements
(Cont'd)**24. RELATED PARTIES (CONT'D)**

(c) Significant related party transactions

	2020 RM'000	2019 RM'000
(i) Sales of products and related components to related parties:		
- Panasonic Logistic Asia Pacific	360,529	382,909
- Panasonic Malaysia Sdn. Bhd.	279,744	318,307
- KDK Fans (M) Sdn. Bhd.	143,220	157,187
- Panasonic Life Solutions (Hong Kong) Co. Ltd.	242,796	236,434
- Panasonic Procurement Malaysia Sdn. Bhd.	6,650	13,117
- P.T. Panasonic Manufacturing Indonesia	9,338	8,622
- Panasonic Ecology System (Thailand) Co. Ltd.	32	279
- Panasonic Appliances R&D Asia Pacific Sdn. Bhd.	13	–
(ii) Sales of service parts to related parties:		
- Panasonic Malaysia Sdn. Bhd.	2,155	2,519
- Panasonic Logistic Asia Pacific	2,097	2,823
- KDK Fans (M) Sdn. Bhd.	294	288
- Panasonic Life Solutions (Hong Kong) Co. Ltd.	493	592
(iii) Purchase of parts, components and raw materials from related parties:		
- Panasonic Procurement Malaysia Sdn. Bhd.	227,295	264,509
- Panasonic Corporation	14,728	15,837
- Panasonic Life Solutions (Hong Kong) Co. Ltd.	25,737	16,290
- Panasonic Industrial Devices Malaysia Sdn. Bhd.	19	59
- Panasonic Industrial Devices Singapore Pte. Ltd.	556	387
- Panasonic Industrial Devices Semiconductor Asia Pte. Ltd.	268	–
- P.T. Panasonic Manufacturing Indonesia	491	110
- Panasonic Industrial Devices AutomationControls Sales Asia Pacific	–	402
- Panasonic Hong Kong Co., Ltd.	198	–
- Panasonic Ecology System (Thailand) Co. Ltd.	450	676
(iv) Technical assistance fee paid and payable to related parties:		
- Panasonic Corporation	14,520	15,978
- Panasonic Ecology Systems Co. Ltd.	15,757	16,586
(v) Interest income received and receivable from a related party:		
- Panasonic Financial Centre (Malaysia) Sdn. Bhd.	20,119	23,854
(vi) Sales promotion, warranty claims and/or service expenses paid and payable to related parties:		
- Panasonic Malaysia Sdn. Bhd.	4,020	6,340
- Panasonic A.P. Sales (Thailand) Co. Ltd.	612	7,526
- Panasonic Corporation	(332)	5,193
- KDK Fans (M) Sdn. Bhd.	1,668	1,493
- Panasonic Vietnam Co. Ltd.	804	2,634
- Other related companies	307	534

Notes to the financial statements
(Cont'd)

24. RELATED PARTIES (CONT'D)

(c) Significant related party transactions (continued)

	2020 RM'000	2019 RM'000
(vii) Research and development expenditure paid and payable to related parties:		
- Panasonic Corporation	258	—
- Panasonic Appliances R&D Centre Asia Pacific Sdn. Bhd.	27,874	30,949
(viii) Brand license fee paid and payable to related parties:		
- Panasonic Ecology Systems Co. Ltd.	2,362	2,581
(ix) IT annual maintenance and support fees payable to related parties:		
- Panasonic Asia Pacific Pte. Ltd. (Oracle System Project)	238	470
- Panasonic Corporation	3,040	2,882
- Panasonic Procurement Malaysia Sdn. Bhd.	894	999
(x) Purchase of fixed assets from a related company:		
- Panasonic Corporation	894	1,293
(xi) Manufacturing innovation services received and receivable from a related company:		
- Panasonic Corporation's Corporate Manufacturing Innovation Division	2,511	2,758
(xii) Service fees paid and payable to related parties:		
- Panasonic Asia Pacific Pte Ltd	2,593	2,885
- Panasonic Management Malaysia Sdn. Bhd.	1,176	359
- Other related companies	1,362	850
(xiii) Repair fee paid and payable to related parties:		
- Other related companies	358	556

Notes to the financial statements
(Cont'd)**24. RELATED PARTIES (CONT'D)**

(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 follows:

	2020 RM'000	2019 RM'000
Amount due to:		
- Panasonic Corporation	1,509	4,127
- Panasonic Malaysia Sdn. Bhd.	2,136	3,873
- Panasonic Procurement Malaysia Sdn. Bhd.	14,227	17,551
- Panasonic Vietnam Co. Ltd.	—	2
- Panasonic Life Solutions (Hong Kong) Co. Ltd.	1,850	2,811
- Panasonic Appliances R&D Centre Asia Pacific Sdn. Bhd.	3,025	6,935
- Panasonic A.P. Sales (Thailand) Co. Ltd.	13	3,240
- Other related companies	1,239	2,239
	23,999	40,778
Amount due from:		
- Panasonic Corporation	819	814
- Panasonic Malaysia Sdn. Bhd.	18,699	20,422
- Panasonic Logistic Asia Pacific	8,518	26,609
- Panasonic Life Solutions (Hong Kong) Co. Ltd.	23,956	30,388
- KDK Fans (M) Sdn. Bhd.	7,928	11,708
- Panasonic Financial Centre (Malaysia) Sdn. Bhd.	1,724	2,109
- Other related companies	1,336	1,639
	62,980	93,689

(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 follows:

	2020 RM'000	2019 RM'000
Directors' fees and meeting allowance	540	468
Salaries, allowance, bonus and other remuneration	15,238	13,575
Defined contribution retirement plan	665	673
	16,443	14,716

Notes to the financial statements (Cont'd)

24. RELATED PARTIES (CONT'D)

(e) Key management personnel compensation (Cont'd)

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

	2020 RM'000	2019 RM'000
Non-Executive Directors:		
- fees	464	440
- others	76	28
Executive Directors:		
- salaries, bonus and other remuneration	1,878	2,641
- defined contribution retirement plan	150	149
	2,568	3,258

The estimated monetary value of benefits provided to Executive Directors during the financial year amounted to RM66,795 (2019: RM97,570).

The estimated monetary value of benefits provided to Executive Directors and other members of key management personnel during the financial year amounted to RM792,988 (2019: RM646,409).

Included in key management personnel compensation is the Executive Directors' remuneration of RM2,027,661 (2019: RM2,789,769).

25. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Company adopted MFRS 16.

Definition of a lease

On transition to MFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee

Where the Company is a lessee, the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 April 2019.

At 1 April 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. The weighted-average rate applied is 3.49%. Right-of-use assets are measured at either:

- their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 April 2019; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

Notes to the financial statements
(Cont'd)**25. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)****As a lessee (Cont'd)**

The Company used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 April 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impacts on financial statements

Since the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 April 2019, there are no adjustments made to the prior period comparatives.

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 31 March 2019, and lease liabilities recognised in the statement of financial position at 1 April 2019.

	RM'000
Operating lease commitments as at 31 March 2019	327
Discounted using the average borrowing rate at 1 April 2019	316
Recognition exemption for short-term leases	(316)
Lease liabilities recognised at 1 April 2019	–

Notes to the financial statements
(Cont'd)

26. SUPPLEMENTARY INFORMATION

The Company adopted Amendments to MFRS 127, *Equity Method in Separate Financial Statements* in financial year ended 31 March 2018. With the adoption of MFRS 127, *Equity Method in Separate Financial Statements*, the investment in associate is accounted for in the Company's financial statements using equity method less any impairment losses, unless it is classified as held for sales or distribution.

For additional information purposes, enclosed below are the Company's financial information before the results of the investment in associate:

(i) Statement of financial position as at 31 March 2020

	2020 RM'000	2019 RM'000
Assets		
Property, plant and equipment	127,306	122,544
Right-of-use assets	6,109	–
Intangible assets	7,687	–
Interest in associated company	2,000	2,000
Deferred tax assets	12,871	7,780
Total non-current assets	155,973	132,324
Inventories	73,164	49,580
Trade and other receivables	74,927	105,240
Derivative financial assets	94	923
Cash and cash equivalents	577,712	623,312
Total current assets	725,897	779,055
Total assets	881,870	911,379
Equity		
Share capital	60,746	60,746
Retained earnings	660,923	677,742
Total equity	721,669	738,488
Liabilities		
Provision for liabilities and charges	540	443
Lease liabilities	203	–
Total non-current liabilities	743	443
Trade and other payables	136,714	162,973
Provision for liabilities and charges	11,592	5,159
Derivative financial liabilities	1,157	137
Lease liabilities	127	–
Taxation	9,868	4,179
Total current liabilities	159,458	172,448
Total liabilities	160,201	172,891
Total equity and liabilities	881,870	911,379

Notes to the financial statements
(Cont'd)**26. SUPPLEMENTARY INFORMATION (CONT'D)****(ii) Statement of profit or loss and other comprehensive income for the year ended 31 March 2020**

	2020 RM'000	2019 RM'000
Revenue	1,051,980	1,127,886
Cost of sales	(851,976)	(919,762)
Gross profit	200,004	208,124
Other operating income	14,116	8,542
Dividend income	3,185	33,127
Distribution and marketing cost	(53,228)	(64,999)
Administrative expenses	(35,847)	(37,321)
Other operating expenses	(3,635)	(8,508)
Results from operating activities	124,595	138,965
Finance costs	(9)	–
Finance income	20,119	23,854
Profit before tax	144,705	162,819
Tax expense	(24,238)	(25,558)
Profit for the year and total comprehensive income for the year	120,467	137,261
Basic earnings per ordinary share (sen)	198	226

Notes to the financial statements
(Cont'd)

26. SUPPLEMENTARY INFORMATION (CONT'D)

(iii) Statement of changes in equity for the year ended 31 March 2020

	Note	Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 April 2018		60,746	691,131	751,877
Total profit and comprehensive income for the year		–	137,261	137,261
<i>Contributions by and distributions to owners of the Company</i>				
Dividends				
- Final dividend for the financial year ended 31 March 2018	19	–	(141,538)	(141,538)
- Interim dividend for the financial year ended 31 March 2019	19	–	(9,112)	(9,112)
Total transactions with owners of the Company		–	(150,650)	(150,650)
At 31 March 2019/1 April 2019		60,746	677,742	738,488
Total profit and comprehensive income for the year		–	120,467	120,467
<i>Contributions by and distributions to owners of the Company</i>				
Dividends				
- Final dividend for the financial year ended 31 March 2019	19	–	(128,174)	(128,174)
- Interim dividend for the financial year ended 31 March 2020	19	–	(9,112)	(9,112)
Total transactions with owners of the Company		–	(137,286)	(137,286)
At 31 March 2020		60,746	660,923	721,669

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 85 to 141 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 March 2020 and of its financial performance and cash flows for the financial year then ended.

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

Tan Sri Asmat Bin Kamaludin
Director

Toyokatsu Okamoto
Director

Kuala Lumpur

Date: 29 June 2020

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Kwan Wai Yue**, 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 85 to 141 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 abovenamed Kwan Wai Yue, MIA CA 10188, at Petaling Jaya in the State of Selangor on 29 June 2020.

Kwan Wai Yue

Before me:
Lawrence Low
Pesuruhjaya Sumpah

INDEPENDENT AUDITORS' REPORT

to the Members of Panasonic Manufacturing Malaysia Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Panasonic Manufacturing Malaysia Berhad, which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 85 to 141.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws* (on *Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

i) Carrying amount of inventories

Refer to Note 2(g) and Note 8 – Inventories.

The key audit matter

The Company held significant inventory balances as at 31 March 2020 of RM73,164,000. There is a risk over the valuation of inventories due to possible slow moving and obsolete inventories. Slow moving inventories may be due to items that are generally not fast moving such as replacement parts for the upkeep of the products sold. Obsolete inventories may be due to phasing out of older models or inventories that are no longer saleable. The valuation of inventories is a key audit matter because of the judgement involved in assessing the level of inventory allowance required.

Independent Auditors' Report (Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

i) Carrying amount of inventories (Cont'd)

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We tested the design and implementation of controls over the identification of slow moving inventories and obtained an understanding of the Company's process for measuring the amount of write down required and tested the appropriateness of the costing of inventories.
- We tested net realisable values to the selling prices.
- We compared the cost of the different lines of inventory against net realisable value, to determine if the carrying amount of inventory was overstated.

ii) Provision for liabilities and charges

Refer to Note 2(k)(i) – Provision for rework and recall cost, Note 2(k)(ii) – Provision for warranty and Note 13 – Provision for liabilities and charges.

The key audit matter

As of 31 March 2020, the Company recorded provision for warranty of RM2,242,000. The Company has exercised judgement in making these provisions in respect of the warranty obligations arising from the sale of goods.

A provision for rework cost and recall cost of RM5,823,000 and RM1,223,000 respectively were recorded based on management's best estimate of the expenditure for certain products to inspect, repair or replace items that are found not performing to the Company's quality standards.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We obtained an understanding of the provision processes and evaluated the design and implementation of controls over liability and charges account.
- We evaluated the appropriateness of the Company's processes, evaluated and tested the assumptions used in the determination of the provisions and tested the validity of the data used in the calculations by comparing it to the actual warranty claims in prior years and the rework cost per unit incurred.
- We evaluated the appropriateness of the Company's key inputs to evaluate the provision for recall and tested the validity of the data used in the calculation of the provision.

Independent Auditors' Report (Cont'd)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatements therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control of the Company.

Independent Auditors' Report (Cont'd)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements of the Company. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya

Date: 29 June 2020

Mok Wan Kong
Approval Number: 02877/12/2020 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		140
						45
						216
	Factory and administrative office				7 - 54	2,541
	SA 1 New office				1 - 2	35,780
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		5,382
	Factory and administrative office				1 - 25	6,230

STATISTICS ON SHAREHOLDINGS

AS AT 30 JUNE 2020

SHARE CAPITAL

Issued and Fully Paid-up Capital	:	RM60,745,780.00
Class of Shares	:	Ordinary Shares
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	1,104	18.60	17,527	0.03
100 - 1,000	3,119	52.55	1,421,059	2.34
1,001 - 10,000	1,459	24.58	4,612,962	7.59
10,001 - 100,000	216	3.64	5,680,925	9.35
100,001 to 3,037,288 (less than 5% of issued shares)	35	0.59	12,214,490	20.11
3,037,289 and above (5% and above of issued shares)	2	0.04	36,798,817	60.58
Total	5,935	100.00	60,745,780	100.00

DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct Interest	No. of Shares		
			%	Deemed Interest	%
1	Tan Sri Asmat Bin Kamaludin	0	0.00	0	0.00
2	Toyokatsu Okamoto*	0	0.00	0	0.00
3	Tan Sri Hasmah Binti Abdullah	0	0.00	0	0.00
4	Siew Pui Ling	100	0.00	0	0.00
5	Cheng Chee Chung	0	0.00	0	0.00
6	Raja Anuar Bin Raja Abu Hassan	0	0.00	0	0.00
7	Kwan Wai Yue	0	0.00	0	0.00
8	Shigeru Dono#	0	0.00	0	0.00
9	Dato' Kaziah Binti Abd Kadir	0	0.00	0	0.00

* holds 4,500 common shares in Panasonic Corporation, the ultimate holding company of the Company.

holds 2,965 common shares in Panasonic Corporation, the ultimate holding company of the Company.

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	8,706,146	14.33	–	–
3	Panasonic Corporation	–	–	28,823,871	47.45
4	Panasonic Holding (Netherlands) B.V.	–	–	28,823,871	47.45
5	Panasonic Asia Pacific Pte. Ltd.	–	–	28,823,871	47.45

Statistics on Shareholdings (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	7,974,946	13.13
3	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	2,905,600	4.78
4	CHINCHOO INVESTMENT SDN.BERHAD	1,259,748	2.07
5	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,170,070	1.93
6	HSBC NOMINEES (ASING) SDN BHD BPSS LUX FOR ABERDEEN STANDARD SICAV I - ASIAN SMALLER COMPANIES FUND	894,700	1.47
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	503,900	0.83
8	MAYOON SDN BHD	360,000	0.59
9	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	310,600	0.51
10	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	300,577	0.50
11	SHEN & SONS SDN BHD	272,000	0.45
12	HO HAN SENG	265,000	0.44
13	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	259,700	0.43
14	AMSEC NOMINEES (ASING) SDN BHD KGI SECURITIES (SINGAPORE) PTE. LTD. FOR YEO GEOK CHOO (19003)	241,538	0.40
15	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY INCOME FUND	220,400	0.36
16	AMSEC NOMINEES (ASING) SDN BHD KGI SECURITIES (SINGAPORE) PTE. LTD. FOR TAI TAK SECURITIES PTE LTD (1442)	209,000	0.34
17	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	207,300	0.34
18	LAI YAN YONG	198,000	0.33
19	CHONG YEAN FONG	189,600	0.31
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	187,800	0.31

Statistics on Shareholdings
(Cont'd)**30 LARGEST SHAREHOLDERS (CONT'D)**

No.	Name of Shareholders	No. of Shares	%
21	AMSEC NOMINEES (ASING) SDN BHD KGI SECURITIES (SINGAPORE) PTE. LTD. FOR YEO KOK GEE (19359)	184,478	0.30
22	CHONG KAH MIN	184,146	0.30
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)	162,900	0.27
24	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED OP)	150,000	0.25
25	DB (MALAYSIA) NOMINEED (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG CONSUMER PRODUCTS SECTOR FUND	147,500	0.24
26	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	145,780	0.24
27	AMSEC NOMINEES (ASING) SDN BHD KGI SECURITIES (SINGAPORE) PTE. LTD. FOR TAN MUI KOON (1496)	139,998	0.23
28	SAW KHAY CHEE	136,850	0.23
29	CHONG KAH YUNG	132,825	0.22
30	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PARTICIPATING FUND	127,900	0.21
Total		48,266,727	79.46

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		
3/2020	60,745,780	15%	183%	0%	—	198%	120,276,644	S/T	S/T	S/T	—	120,276,644
3/2019	60,745,780	15%	211%	0%	—	226%	137,285,463	S/T	S/T	S/T	—	137,285,463
3/2018	60,745,780	15%	133%	100%	—	248%	150,649,534	S/T	S/T	S/T	—	150,649,534
3/2017	60,745,780	15%	102%	0%	—	117%	71,072,563	S/T	S/T	S/T	—	71,072,563
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%	—	—	—	—	—	—
Total (Since Date of Incorporation)							1,752,802,545				245,392,385	1,507,410,160

T/E-Tax-exempt

S/T-Single-Tier

NOTICE OF 55TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 55th Annual General Meeting of the Company will be held fully virtual at Auditorium, Panasonic Manufacturing Malaysia Berhad, No. 3 Jalan Sesiku 15/2, Section 15, Shah Alam Industrial Site, 40200 Shah Alam, Selangor Darul Ehsan ("Broadcast Venue") on Wednesday, 26 August 2020 at 10.00 a.m. and conducted entirely through live streaming from the Broadcast Venue for the following purposes:

AGENDA

As Ordinary Business:

1. To receive the Statutory Financial Statements for the financial year ended 31 March 2020 together with the Reports of the Directors and Auditors thereon.
2. To declare a final single tier dividend of 183 sen per ordinary share for the financial year ended 31 March 2020. **(Resolution 1)**
3. To re-elect the following Directors who are retiring in accordance with Article 100 of the Company's Constitution:
 - a. Tan Sri Hasmah Binti Abdullah **(Resolution 2)**
 - b. Toyokatsu Okamoto **(Resolution 3)**
 - c. Raja Anuar Bin Raja Abu Hassan **(Resolution 4)**
4. To re-elect Dato' Kaziah Binti Abd Kadir who is retiring in accordance with Article 105 of the Company's Constitution. **(Resolution 5)**
5. To approve the payment of Directors' fees and meeting attendance allowance not exceeding RM600,000 in respect of the financial year ending 31 March 2021. **(Resolution 6)**
6. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

As Special Business:

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

7. **Continuation in office as Independent Non-Executive Director** **(Resolution 8)**
 "THAT approval be and is hereby given to Tan Sri Asmat Bin Kamaludin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company."

Notice of 55th Annual General Meeting (Cont'd)

8. Proposed Renewal of Existing 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 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, promotion expenses, warranty claims and/or service expenses and purchase of machinery, equipments and tools with those related parties as specified in Sections 2.2(a)(i) to 2.2(a)(iv) and Section 2.2(a)(vii) of the Circular to Shareholders dated 28 July 2020. | (Resolution 9) |
| (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 28 July 2020. | (Resolution 10) |
| (iii) Placement of cash deposits with Panasonic Financial Centre (Malaysia) Sdn Bhd as specified in Section 2.2(a)(viii)(a) of the Circular to Shareholders dated 28 July 2020. | (Resolution 11) |
| (iii) Other financial transaction services with Panasonic Financial Centre (Malaysia) Sdn Bhd as specified in Section 2.2(a)(viii)(b) to 2.2(a)(viii)(d) of the Circular to Shareholders dated 28 July 2020. | (Resolution 12) |

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 340 of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340 of the Companies Act 2016), 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 55th Annual General Meeting (Cont'd)

Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN that a final single tier dividend of 183 sen per ordinary share for the financial year ended 31 March 2020, will be paid on 25 September 2020 to depositors registered in the Record of Depositors and Register of Members at the close of business on 10 September 2020.

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

- (a) Shares deposited into the Depositor's Securities Account before 4.30 p.m. on 10 September 2020 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
SSM Practicing Certificate No. : 201908000717
(MAICSA 7023802)
Company Secretary

Shah Alam
28 July 2020

VIRTUAL AGM

1. The 55th AGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting facilities which are available on Boardroom Share Registrars Sdn Bhd's website at Boardroom Smart Investor Online Portal at www.boardroomlimited.my. Please follow the procedures provided in the Administrative Details for the 55th AGM in order to register, participate and vote remotely.
2. The venue of the 55th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. The venue of the 55th AGM is to inform shareholders where the electronic AGM production and streaming would be conducted from. No shareholder(s)/proxy(ies) from the public will be physically present at the meeting venue.

PROXY 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. 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 Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the holding of the meeting or any adjournment thereof. Alternatively, the instrument appointing a proxy can be deposited electronically (for individual shareholders only) through the Share Registrar's website, Boardroom Smart Investor Online Portal at <https://www.boardroomlimited.my/> or via email to bsr.helpdesk@boardroomlimited.com before the Form of Proxy lodgement cut-off time as mentioned above.

Notice of 55th Annual General Meeting (Cont'd)

PROXY NOTES (CONT'D)

4. Depositors who appear in the Record of Depositors as at 19 August 2020 shall be regarded as Member of the Company entitled to attend the 55th Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Explanatory Note to Special Business:

Resolution 8

Tan Sri Asmat Bin Kamaludin has served as Independent Non-Executive Director of the Company since 29 August 2001.

The Nomination Committee and the Board have assessed his independence at its meetings held in June 2020 and have recommended that he continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

- a) He has met the independence guidelines as set out in Chapter 1 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- b) He provides a check and balance and bring an element of objectivity to the Board of Directors.
- c) He continues to be scrupulously independent in his thinking and in his effectiveness as constructive challenger of the Managing Director and Executive Directors.
- d) He actively participated in board discussion and provided an independent voice on the Board and the Board has determined that Tan Sri Asmat Bin Kamaludin is able to bring independent and objective judgements to the Board as a whole and strongly recommend his continuation in office as an Independent Non-Executive Director of the Company.

Resolutions 9 to 12

Please refer to the Circular to Shareholders dated 28 July 2020 for further information.

This page has been intentionally left blank

Panasonic Manufacturing Malaysia Berhad

Registration No. 196501000304 (6100-K)

(Incorporated in Malaysia)

CDS Account No.**Form of Proxy**

I/We, _____

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

_____ being a Member of

Panasonic Manufacturing Malaysia Berhad hereby appoint _____

Email address _____ Mobile No. _____

*and/or failing him/her _____

Email address _____ Mobile No. _____

or failing him/her *the Chairman of the Meeting as my/our proxy/proxies to vote on my/our behalf at the 55th Annual General Meeting ("AGM") of the Company to be held fully virtual at Auditorium, Panasonic Manufacturing Malaysia Berhad, No. 3 Jalan Sesiku 15/2, Section 15, Shah Alam Industrial Site, 40200 Shah Alam, Selangor Darul Ehsan ("Broadcast Venue") on Wednesday, 26 August 2020 at 10.00 a.m. and at any adjournment thereof. My/our proxy/proxies is/are to vote as indicated below:

Resolutions	Ordinary Business	For	Against
1.	Declaration of a final single tier dividend of 183 sen per ordinary share.		
2.	Re-election of Tan Sri Hasmah Binti Abdullah		
3.	Re-election of Toyokatsu Okamoto		
4.	Re-election of Raja Anuar Bin Raja Abu Hassan		
5.	Re-election of Dato' Kaziah Binti Abd Kadir		
6.	Approval of the payment of Directors' fees and benefits.		
7.	Re-appointment of Auditors.		
Special Business			
8.	Approval for the continuation in office of Tan Sri Asmat Bin Kamaludin as Independent Non-Executive Director.		
9.	Approval for Recurrent Related Party Transactions ("RRPT") - Sales of products, sales of tools and equipment, purchase of parts, components, raw materials, promotion expenses, warranty claims and/or service expenses and purchase of machinery, equipments and tools.		
10.	Approval for RRPT - Payment and receipt of fees.		
11.	Approval for RRPT - Placement of cash deposits and other treasury services.		
12.	Approval for RRPT - Other treasury services.		

(Please indicate with an "X" in the appropriate box against the resolutions on how you wish your proxy to vote. If no instruction is given, this form will be taken to authorize 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 _____ 2020

Signature / Common Seal of Shareholder

Notes:

- As part of the initiatives to curb the spread of Coronavirus Disease 2019 (Covid-19), the Company will conduct the 55th AGM entirely via remote participation and electronic voting facilities. Kindly refer to the attached Administrative Details for the 55th AGM for more information.
- The only venue involved is the Broadcast Venue for the compliance with Section 327(2) of the Companies Act 2016 that the Chairman of the Meeting shall be present at the main venue of the AGM. No Shareholders/Proxies/Corporate Representatives from the public should be physically present nor admitted at the Broadcast Venue on the day of the AGM.
- As the 55th AGM will be conducted as a fully virtual meeting, a member who is not able to participate in the AGM is encouraged to appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.
- 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. 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 Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the holding of the meeting or any adjournment thereof. Alternatively, the instrument appointing a proxy can be deposited electronically (for individual shareholders only) through the Share Registrar's website, Boardroom Smart Investor Online Portal at <https://www.boardroomlimited.my/> or via email to bsr.helpdesk@boardroomlimited.com before the form of proxy lodgement cut-off time as mentioned above.
- Depositors who appear in the Record of Depositors as at 19 August 2020 shall be regarded as Member of the Company entitled to attend the 55th Annual General Meeting or appoint a proxy to attend and vote on his behalf.

* Strike out whichever is not applicable.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar
Panasonic Manufacturing Malaysia Berhad
Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13,
46200 Petaling Jaya, Selangor Darul Ehsan

1st fold here

Panasonic Manufacturing Malaysia Berhad (Registration No.: 196501000304 (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

pmma.panasonic.com.my