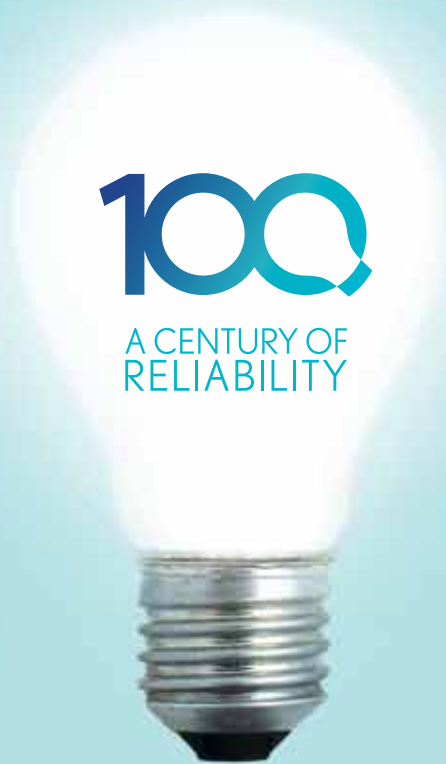


Panasonic

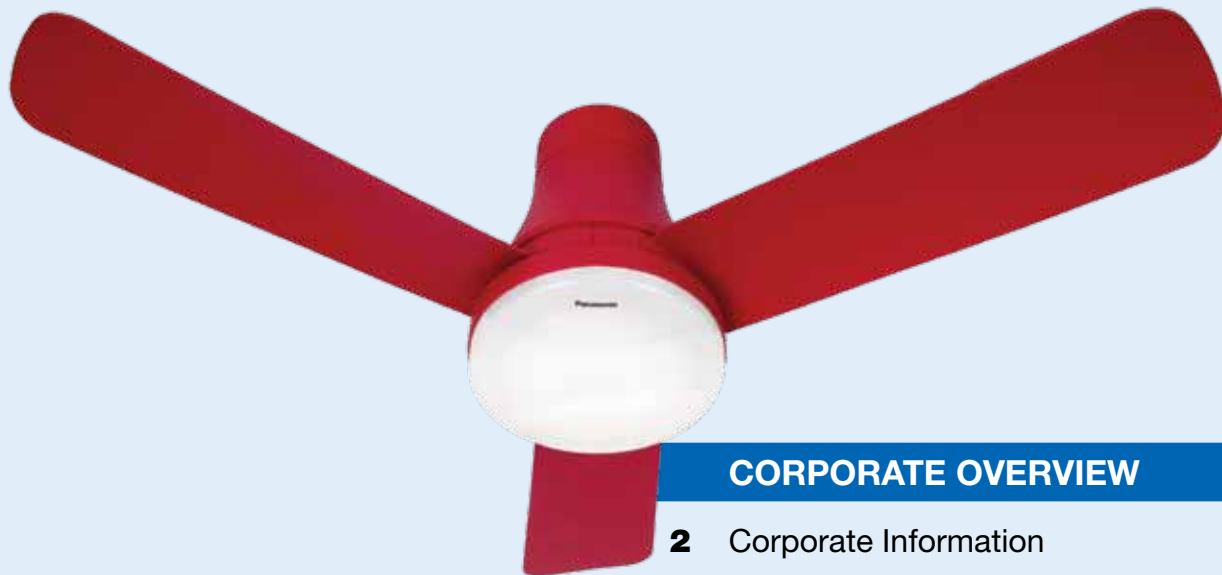


Panasonic Manufacturing Malaysia Berhad
(Company No.: 6100-K)

ANNUAL REPORT 2018

For the financial year ended 31 March 2018

A Better Life, A Better World



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2018

Panasonic Manufacturing Malaysia Berhad (6100-K)
ANNUAL REPORT 2018

BOARD OF DIRECTORS

TAN SRI DATUK ASMAT BIN KAMALUDIN

Chairman
Senior Independent Non-Executive Director

TOYOKATSU OKAMOTO

Managing Director

RAJA ANUAR BIN RAJA ABU HASSAN

Independent Non-Executive Director

DATUK SUPPERAMANIAM A/L MANICKAM

Independent Non-Executive Director

TAN SRI HASMAH BINTI ABDULLAH

Independent Non-Executive Director

SIEW PUI LING

Executive Director

YASUO TONOOKA

Non-Independent Non-Executive Director

CHENG CHEE CHUNG

Non-Independent Non-Executive Director

TORU OKANO

Executive Director

YUJI KOGURE

Executive Director

KWAN WAI YUE

Executive Director

AUDIT COMMITTEE

Raja Anuar bin Raja Abu Hassan

Chairman
(Independent Non-Executive Director)

Datuk Supperamiam a/l Manickam

(Independent Non-Executive Director)

Tan Sri Hasmah binti Abdullah

(Independent Non-Executive Director)

REMUNERATION COMMITTEE

Tan Sri Hasmah binti Abdullah

Chairman
(Independent Non-Executive Director)

Raja Anuar bin Raja Abu Hassan

(Independent Non-Executive Director)

Datuk Supperamiam a/l Manickam

(Independent Non-Executive Director)

NOMINATION COMMITTEE

Datuk Supperamiam a/l Manickam

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 Corporate Services
(KL) Sdn Bhd

Lot 6.05, Level 6, KPMG Tower
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47800 Petaling Jaya
Selangor Darul Ehsan

Tel : +603 - 7720 1188

Fax : +603 - 7720 1111

PRINCIPAL BANKERS

Bank of Tokyo-Mitsubishi UFJ
(Malaysia) Berhad

Malayan Banking Berhad

AUDITORS

KPMG 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

Stock Code : PANAMY 3719

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and annual audited financial statements of the Company for the financial year ended 31 March 2018.

The Company has performed well despite continued uncertainty in the global economy, rising raw material prices and volatile foreign currency exchange rates.

This year, the Company has achieved another record revenue of RM1.199 billion, an increase of RM76.0 million or 7% as compared to the previous year's revenue. A higher profit before taxation of RM166.3 million was also recorded for the year ended 31 March 2018, which was higher by 5.2% or RM8.2 million as compared to previous year's profit before taxation of RM158.1 million.

Besides the astounding results, I would like to congratulate the Management on winning the Panasonic Corporation – Home Appliances division's Grand Management Award for Best Performing Overseas Operations. This is the first time the Company has won this Panasonic global accolade.

Tan Sri Datuk Asmat bin Kamaludin
Chairman

Chairman's Statement

(Cont'd)

SUSTAINABILITY

We uphold sustainability as a pillar in our business development, so as to create enduring value for all our stakeholders. Our goal is to achieve valuable balance in the development of the economy, society and the environment through our business engagements.

In this year's Annual Report, we are reflecting on our sustainability interest by focusing on the material issues highlighted by our diverse stakeholders such as investors, regulators, management and employees.

We are aware of the impact created by our business activities and we believe that the establishment of the environmental policies may help us to monitor all environmental aspects of our business. We are focusing on energy saving as well as resource conservation (electricity, water and product). At the same time, we will still continue with our biggest commitment, that is, to minimise the emission of Carbon Dioxide (CO₂).

Other than that, we aim to provide a better working environment and equip our employees with various skills so that they will enhance their capabilities in facing business challenges. In terms of occupational health and safety, it is one of our key priorities to ensure that our occupational health, safety and environmental management system is in compliance with the industry's requirements and appropriate trainings are provided in handling machinery and equipment.

Therefore, in carrying our business activities, we always place top priority on creating value for customers, which in turn leads to the creation of value for society, value for shareholders, and value for employees.

DIVIDENDS

The Company has consistently paid dividends while allocating funds for business growth and investment. For the financial year ended 31 March 2018, a final dividend of 133 sen (2017: 102 sen) per ordinary share was recommended for approval by the shareholders at the forthcoming Annual General Meeting.

In addition, the Board has recommended for the shareholders to approve a special dividend of 100 sen per ordinary share to commemorate Panasonic Corporation 100th Year Anniversary and the good performance achieved by the Company for the financial year ended 31 March 2018. Together with the interim single tier dividend of 15 sen per ordinary share, the total gross dividend for the year ended 31 March 2018 will be 248 sen (2017: 117 sen) per ordinary share, which represents an increase of 112% from the previous year's dividends.

INDUSTRY OUTLOOK AND PROSPECTS FOR 2018

In the face of tough economic headwinds in financial year ended 31 March 2018, the Company managed to record a solid performance, building on our strong foundation. Moving into financial year ending 31 March 2019, we have adopted a cautious approach given that market conditions are set to remain volatile. Whilst some economic recovery has been seen in the Middle East markets that the Company deals with, the political uncertainties in the Gulf region could affect the economic outlook in the region and may have an impact on the Company's export revenue. Furthermore, commodity prices are expected to see an increase and prices of raw materials could also be further impacted by the volatility of the Ringgit.

The year 2018 will be the year of major change for the Company's future growth. The new office building which is still under construction at Shah Alam Plant 1, is expected to be completed within the new financial year. With the completion of the new building, the current office space can be made available for expansion of the production area. The Company will be able to increase its production area by approximately 18% in the Shah Alam Plant 1. Plans are also underway to construct a new building in Shah Alam Plant II. The expected completion date of the second project is 2020.

The Company also recently undertook a re-organisation of the Product Development Engineering Department (PDED) which will allow the Company to claim for double tax deduction on Research and Development (R&D) expenses, giving an estimated annual tax savings of RM8.5 million.

Chairman's Statement
(Cont'd)

Whilst it may not be an easy year ahead, we believe our resilience and proven track records will keep us well-positioned to weather these challenges. As we move forward, we will continue to innovate our product portfolio to cater the evolving of consumer preferences as well as provide our customers with great value for our wide range of high quality products. We are committed towards maintaining our business strategy of prudent cost management, coupled with proactive investments for the future. Through steady and continuous investments over the long-term and delivering solid results over the short-term, we are confident that we will be able to capitalise on the vast opportunities in Malaysia and the regional markets.

DIRECTORATE

The Board bids farewell to Mr. Takayuki Tadano who resigned from the Board on 28 February 2018. The Company also welcomes Ms. Kwan Wai Yue who was appointed as a new member of the Board on 1 March 2018.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express my utmost and sincere appreciation and gratitude to our shareholders for your loyal support and maintaining trust in the Company's ability. My warmest gratitude is also extended to the management and employees, for their dedicated work and commitment to deliver results and to ensure the success of the Company. Sincere appreciation to our Business Partners for their collaboration with our team to ensure the smooth operation of the Company. Our deepest gratitude is reserved for our customers who consistently support us in our continuous effort to be better and brighter.

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



TAN SRI DATUK ASMAT BIN KAMALUDIN
Chairman

Managing Director's Management Discussion & Analysis

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18Panasonic Manufacturing Malaysia Berhad (6100-K)
ANNUAL REPORT 2018

Toyokatsu Okamoto
Managing Director

INTRODUCTION

The aim of the Management Discussion and Analysis (MD&A) is to provide an overview of the Company's business operations and future expectations. The Company expects and will always strive to produce quality and better products in the future. As a Company that has been successful for 50 years in Malaysia, the Company recognises a growing demand towards natural healthy life and therefore the management will strengthen the existing product portfolio and at the same time expand new products to meet the contemporary market trend.

BUSINESS STRUCTURE

The Company is engaged in the manufacture and sale of electrical home appliances and other related components. Its core business now comprises the marketing and distribution of consumer products and home appliances. The Company operates at two factories at Section 15, Shah Alam (SA1 Plant) and Section 23, Shah Alam (SA2

Plant). A new office building is under construction at the SA1 Plant and it is expected to be completed within the new financial year for the administration offices to shift in. This will then allow the space vacated to be used for the manufacturing operation. At the SA2 Plant, the construction of the new office building has just started and is expected to be completed by the year 2020.

PRODUCTS

The Company manufactures and sells electrical home appliances and related components under the Panasonic brand name in Malaysia, Japan, rest of Asia, North America, Europe, and the Middle East region. For the financial year ended 31 March 2018, the products manufactured include electric, ceiling and ventilating fans; and home appliances consisting of home showers, vacuum cleaners, rice and slow cookers, blenders, juicers, food processors and grinders, electric irons, dish dryers and bidets.

Management Discussion & Analysis

(Cont'd)

FINANCIAL REVIEW

The Company recorded another year of sterling results as revenue hit another record high of RM1.199 billion in the financial year ended 31 March 2018 which constitutes an increase of RM76.0 million or 7% against registered revenue of RM1.123 billion in the previous financial year. This was mainly attributed by the higher sales of vacuum cleaners and ceiling fan products gained from recovery of the Middle East markets and increased demand for home shower products.

With the higher revenue achieved, the Company succeeded to break the record profit before taxation of the previous year to reach a new record of RM166.3 million for the financial year ended 31 March 2018. This represents a growth of 5.2% or RM8.2 million against the previous year's profit before taxation of RM158.1 million. The other contributor to the higher profit was the derivative gain of RM7.7 million in the financial year under review as compared to the derivative loss of RM4.8 million registered last year.

The strong financial performance has strengthened the Company's statement of financial position, with shareholders' funds of RM0.9 billion and total assets standing at RM1.1 billion as at 31 March 2018. The net asset per share grew to RM14.52 as at 31 March 2018 from RM13.53 in the previous financial year.

SEGMENTAL BUSINESS REVIEW

I am pleased to report the financial and operational highlights for each of our business segments for the financial year ended 31 March 2018, in the following sections:-

(a) Home Appliances Business

Home Appliances business achieved a higher profit before taxation of RM88.9 million, an increase of 50.4% or RM29.8 million as compared to profit before taxation of RM59.1 million in the previous corresponding year. The increase in profit was mainly due to higher revenue achieved and favourable sales model mix.

(b) Fan and other products Business

For Fan and other products, this business segment achieved a profit before taxation of RM 74 million for the financial year ended 31 March 2018, lower by 13.3% or RM11.4 million as compared to the previous year's profit before taxation of RM85.4 million. This was due to the unfavourable sales model mix and higher cost of raw material.

OPERATIONS REVIEW

The financial year ended 31 March 2018 saw an increase in the sales of home shower due to the aggressive year end promotional activities and also cooler weather in this region especially in Malaysia, Philippines and Vietnam. Our home shower comes with different features in each series with our Compact Design Instant Shower being 30% smaller in size from the current line-up of home showers. Our Stepless Instant Shower is more sophisticated in its design and it has an ergonomic shower head as well as anti-bacteria features.

The vacuum cleaner sales also improved with aggressive promotional activities. The Company launched the bagless vacuum cleaner with mattress nozzle. It has the features of long lasting suction with advance Mega cyclone system for more effective dust separation performance. It also helps to remove invisible mite with the new mattress nozzle which includes dust sensor.

The Company also launched a few series of rice cooker such as the 3 in 1 Porridge Rice Cooker and also Quick Cook Rice Cooker with the new target market which is in Vietnam. These two series of rice cooker come with the special features of non-stick coated pan and detachable inner lid.

In addition to other products, the Company continued its product line up with the new design of 5 blade ceiling fan with direct current (DC) and it comes out with variety of elegant design suitable for different rooms and focusing more on energy savings.

As a global company, we fully support a safe and healthy environment by creating products which are eco-friendly. Guided by the overarching vision, "A better life, a better world", every effort is being made to deliver products that match the yearnings of customers in each region and demographic around the world. From a product perspective, every effort is being made to establish premium brands under a "healthy, affordable, and classy and smart" concept.

Through our continued efforts in developing new products and exploring new markets, we have focused our resources and capabilities on small appliances. We will broaden our product range while maintaining market position and focusing on high value-premium products. The Company believes that the company's business will be more advanced in the coming years based on the progress shown every year. The success and improvement of this year is the result of the cooperation of all the employees regardless of the top management line up or the production team.

Management Discussion & Analysis

(Cont'd)

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2018

RISK AND EXPOSURE**Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Company's financial position or cash flow. During the financial year under review, the Company is directly exposed to foreign exchange fluctuations as the cost of raw materials and imported goods are denominated in foreign currencies. As such, the foreign exchange may have material effects to the costing of our products.

Downtime Risk

From operational perspective, the manufacturing division is exposed to downtime risk. The risk can occur in the unlikely event of fire, flood, power outage, workers on strike or machinery breakdown, thus resulting in production and delivery delays as well as reputational damage to the Company.

Product Safety Risk

The incorporation of the new Research and Development (R&D) Company is one of the way for the Company to get good design capabilities which later may decrease the risk of any unwanted incidents. With that, the Company will also ensure that all products are environmentally safe and will not cause any harm to the consumer.

Heavily reliant on foreign labour

The Company is heavily dependent on the supply of foreign labour for its manufacturing processes especially 3D areas (Dusty, Difficult and Dangerous). The Company is not able to employ sufficient local labour for these processes. Any impending amendments to Malaysian government policy that hampers the hiring of foreign workers could disrupt the Company's daily operations. Therefore, the Company is trying to reduce the use of foreign workers in the future with the implementation of Automation and Semi-Automation equipments through Robotics Technology. Beside automation of processes, integration of data collection and analysis will also be implemented in stages through Data Analytics for effective and efficient control of operations in the Manufacturing Division aimed at reducing the dependence of foreign labour in the long run.

BUSINESS OUTLOOK AND STRATEGY

The Company would like to create a comfortable and healthy lifestyle for customers in their residential place such as bathroom, kitchen and living room. The Company is aiming at higher growth and higher profitability business by increasing market share in Southeast Asia and Middle East region. We are developing new local fit products as well as aiming in the integration of appliances and eco solution and creating cross-value products.

Other than that, the Company will get a better consultancy in terms of product design development which includes market and technology research, quality audit support and product testing services through the incorporation of the new R&D Company, namely Panasonic Appliances R&D Centre Asia Pacific Sdn. Bhd. (PAPRADAP).

NOTE OF APPRECIATION

On behalf of the Management, I would like to thank the Board of Directors for their invaluable advice and guidance throughout the year, as well as my colleagues and fellow staff members who are responsible for all our achievements. It has been a challenging year to outdo the previous year's performance but the perseverance and teamwork had enabled us to reach the elevated ambitions we have set for ourselves. With the award of the Panasonic Corporation - Home Appliances division's Grand Management Award for Best Performing Overseas Operations, it is testimony that hard work pays off.

Most importantly, our appreciation goes out to our other stakeholders – from our regulators and media partners, to our suppliers and our business associates from around the world. I hope that we will continue to build our relationships for the mutual benefit of all as we are building something great together.

Thank you and I look forward to more exciting times ahead for all of us.

TOYOKATSU OKAMOTO

Managing Director

Increase In Shareholders' Wealth

As at 31 March 2018, the issued and paid-up capital of the Company is RM60,745,780 divided into 60,745,780 ordinary shares of RM1.00 each. Details of changes in the issued and paid-up share capital of the Company and cumulative number of shares held by a shareholder with an initial investment of 1,000 shares is shown below:

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

As tabulated below, if a shareholder had bought 1,000 shares in the Company when it was listed in 1966, and assuming the shareholder had subscribed for rights issue of 350 shares in 1975 and did not sell any of the Company's shares till today, he would be holding a total of 19,384 shares (inclusive of 18,034 bonus shares) worth RM744,346 based on the market price of RM38.40 as at 11 June 2018. In addition, he would have received a total gross cash dividends of RM477,167 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 14.7% 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 (11 June 2018)	RM	38.40
Total value of shares held	RM	744,346
Cumulative gross cash dividends received / receivable (1969 – 2017)	RM	477,167
Total Wealth of a shareholder since Initial Investment	RM	1,221,513

Sustainability Reporting

INTRODUCTION

Since its conception, Panasonic has embedded the philosophy of being a “public entity of society” into its business approach, regardless of its geographical boundary. The aforementioned philosophy is derived by the belief of Panasonic’s founder, Konosuke Matsushita, who said:

“There is much discussion today regarding ‘social responsibility’, but while the meaning of that concept can be wide ranging depending on social conditions at a particular time, the fundamental social responsibility of a corporation, in any era, should be to improve society through its business activities. It is extremely important to manage all business based on this sense of mission.”

In 2017, Panasonic introduced the Panasonic Environment Vision 2050 (“Environment Vision 2050”) as a long-term inspiration for sustainable environmental management. This vision is rooted as an aspiration for all Panasonic employees to pursue creation and more effective utilisation of energy, with an aim of having a society with clean energy and a more livable lifestyle in the future.

BOARD STATEMENT

At Panasonic Manufacturing Malaysia Berhad (“the Company”), we operationalise our global mission that includes the Environment Vision 2050 into every facet of our business. Aligned with our global vision and mission, we are proud to publish the inaugural Sustainability Report (The “Report”) for the financial year ended 31 March 2018. The Report, prepared in reference to Global Reporting Initiative (“GRI”) G4 Guidelines, demonstrates our commitment toward embracing sustainable practices.

In the spectrum of sustainable practices, we see corporate governance as a key foundation of our business operations toward achieving our sustainability agenda. We have a dedicated committee to spearhead and ensure sustainability practices are well communicated across all aspects of our business. In addition, we have established a comprehensive corporate governance framework in line with the requirements of the Malaysian Code on Corporate Governance (“MCCG”) 2017, Bursa Malaysia’s Main Market Listing Requirements, and other applicable local regulations.

Our sustainability approach focuses on key material aspects (social, environment and economic) highlighted by our internal and external stakeholders. These aspects are influenced by the way we manage and operate our daily operations. Respective management approach is developed and carried out to best serve our customers, safeguard the environment and encourage long-term business growth. We are currently in the midst of forming our sustainability steering committee to oversee our progress on the commitment to the environment and local communities.

Looking ahead, we hope to maintain a positive development in our sustainability journey and achieve set milestones as underlined in the Environment Vision 2050. For financial year 2018 reporting, we would like to drive focus on the execution of strategic plans for our key material aspects and to include disclosures that are more detailed.

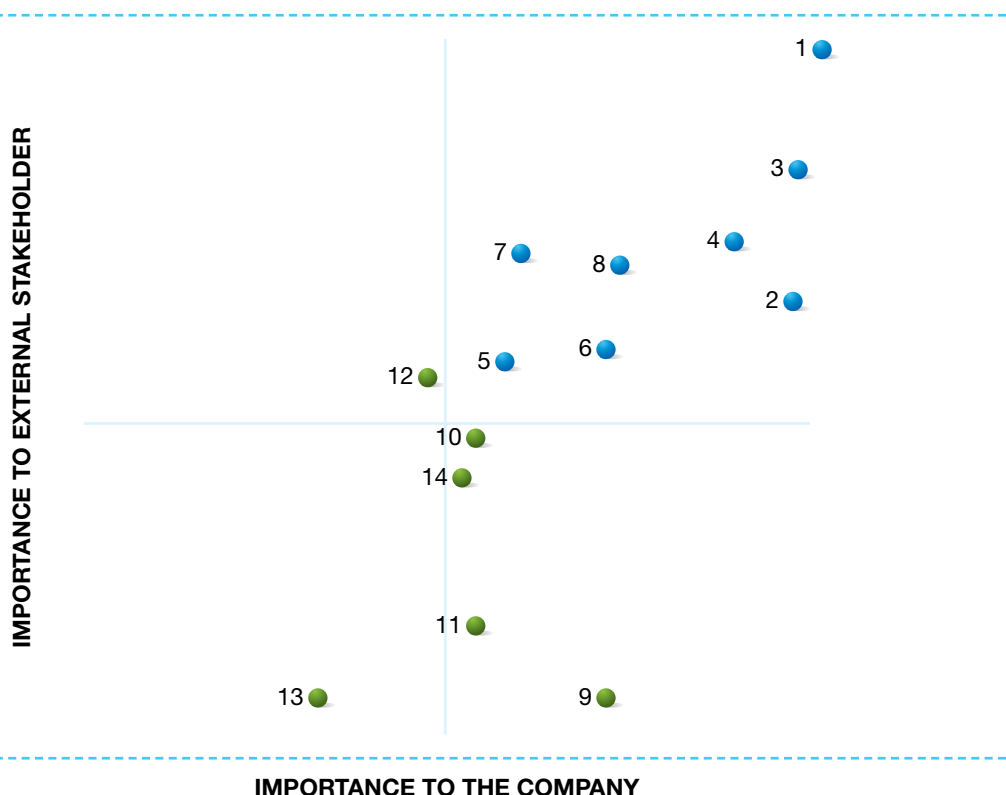
STAKEHOLDER ENGAGEMENT

We believe that it is crucial for us to develop sustainability strategies and identify material aspects (sustainability issues) that are of great importance to our key stakeholders. Thus, we embarked on our sustainability journey by engaging our key stakeholders through different platforms such as feedback loops and interviews. We are planning for an annual townhall and bi-annual surveys to be conducted for 2018 in order to obtain more comprehensive input from all our stakeholders.

Sustainability Reporting
(Cont'd)

MATERIALITY MATRIX

14 material aspects (sustainability issues) were identified through stakeholder engagement workshop – a workshop that represents internal and external stakeholders to identify sustainability issues. Through the workshop, eight material aspects were identified as high importance. These material aspects are highlighted on the top right quadrant of the materiality matrix as shown below.



Material Aspects	
1. G4-EC1: Economic Performance	9. G4-PR5: Product and Service Labelling
2. G4-LA2: Employment	10. G4-SO4: Assessment on anti-corruption
3. G4-LA5: Occupational Health and Safety	11. G4-SO3: Training on anti-corruption
4. G4-EN22: Effluents and Waste (Water)	12. G4-PR1: Customer Health and Safety
5. G4-EN2: Recycling Resources	13. G4-HR10: Supplier Human Rights Assessment
6. G4-LA10: Training and Education	14. G4-SO7: Anti-competitive Behaviour
7. G4-EN16: Carbon Reduction (GHG Emission Scope 2)	
8. G4-EN29: Environmental Compliance	

ECONOMIC

Revenue

RM1,199 Million

Operating Expenses

RM1,071 Million

Salary and Benefits

RM157 Million

Note: Please refer to the Annual Report 2018 from pages 52 to 55 for detailed Economic Performance figures.

Sustainability Reporting

(Cont'd)

ENVIRONMENT

Environmental Compliance

We recognise the importance of protecting the environment where we operate. Thus, we have established environmental policies, which are periodically monitored and reviewed by the Company's Environmental Facilities Committee ("EFC"). One of EFC's high priority tasks is to ensure our business complies with applicable environmental regulations in Malaysia.

One notable effort is the certification of ISO 14001:2004 Environmental Management System ("EMS") for both of our manufacturing factories SA I and SA II in Shah Alam. While we are fully committed to continuously promote environmental stewardship within our business, this certification is the testament of our efforts in complying with the environmental requirements and conserving the environment.

Resource Recycling

Part of our sustainability key initiatives is for our business to adopt recycling in our processes to conserve environmental resources. This is in line with our recognition of increasing interest from our stakeholders in driving re-utilisation of waste generated from our business. In response, we strive to accelerate our efforts in waste utilisation by converting waste into valuable resources through recycling. In 2017, we managed to achieve 100% recycling rate for selected waste materials such as alkaline, plastic, paper, wood scrap and metal.



Carbon Reduction

Since 2005, we have embarked on a major commitment to minimise our carbon footprint, which is directly supervised by the EFC. Although our business produces approximately 88% of Scope 2 greenhouse gas (GHG) emissions, we aspire to reduce all three categories of emissions, which include Scope 1 (Direct emission), Scope 2 (Energy-related indirect emission) and Scope 3 (Other indirect emission). Aligned with Panasonic requirements to promote carbon emission reduction from business activities, we have replaced all High Frequency Lighting with Light Emitting Diode ("LED") Lighting in our factories to show our commitment towards carbon reduction. In coming years, we will continue to reduce our carbon footprint through various sustainability practices.

Effluents and Waste (Water)

We have established a robust system to ensure all by-products from our manufacturing activities are managed in accordance with the applicable regulations in Malaysia. The aforementioned measurement and monitoring system is designed to benchmark and assess our environmental performance in wastewater. In line with our commitment toward the environment, we have established comprehensive standard operating procedures (SOPs) and assigned specific personnel to supervise our environmental management system in order to achieve continuous improvement in environmental performance.

Sustainability Reporting
(Cont'd)**Effluents and Waste (Water) (Cont'd)**

As a manufacturer of electrical appliances, we acknowledge that our industrial operations such as powder-coating and cooling tower maintenance pose biochemical risks, resulting in soil contamination and water pollution through wastewater discharges. To prevent such environmental hazards, we consistently monitor our wastewater quality against parameters such as pH value, biochemical oxygen demand, total suspended solids, and trace elements and treat the wastewater discharges before being collected by our external licensed contractors. Through these efforts, our wastewater discharges for our SA I and SA II factories, in 2017 respectively, have been compliant with Environmental Quality Act 1974.

WORKPLACE**Employment**

We acknowledge the importance of putting our people first. We aim to provide a conducive working environment and equip all our 2,453 employees¹ with appropriate skills to enhance their ability in confronting business challenges. While diversity is embedded in the core of our business, we operate a zero-tolerance approach to any discrimination against gender, race, nationality, age, academic background and lifestyle. This is also apparent in our recruitment processes, appraisals and promotion exercises in order to provide equal opportunity and fair working environment for everyone in the Company.

As we believe our success lies in every employee, we strive to attract, train and retain the right talents in the right position. This is attained through talent development and provision of fair and safe working environment in the Company. In addition, we reward our employees' success and achievements with appropriate remuneration and benefits.

Occupational Health and Safety

We are recognised for our commitment in maintaining high standards of occupational health and safety ("OHS") through OHSAS 18001 Occupational Health and Safety Management System certification. In line with this recognition, our OHS policy focuses on our dedication to create a positive and safe working environment for our employees. We have established a Health and Safety Committee comprising employee representatives from all levels, to assist the Company in continuously achieving high standards of OHS across every aspect of our business. In line with our OHS policy, various initiatives such as safety inspection of new machines, daily OHS procedures and safety trainings have been implemented and made compulsory in the Company.



OHS Skill Competition, 18 November 2017

Training and Education

We believe that our people are the driving force of our business, thus we put significant attention into creating a workplace that improves the performance of its people. We are convinced that learning is a crucial foundation of our corporate culture in order to inspire value creation. As an organisation that expands through consistent learning and adaptation, we design various career development programmes to encourage our employees to grow together with the Company.

While we understand the importance of assisting our talents to stay relevant in a highly competitive industry, we are committed to allocate substantial resources for planned technical and management training programmes. These programmes are dedicated to shape better career development for our employees in the Company. We have utilised customised approach through high potential and pre-promotion training programmes which has led us to the discovery of future potential leaders of the Company.

Moving forward, our talent management strategy aims to bridge our employees' knowledge and skills gaps with necessary workplace skills trainings. We believe these initiatives will provide foundation for our employees to develop their career in the Company.

¹ This includes permanent, foreign, temporary and contract employees.

Five-Year Financial Summary

financial year ended 31 March

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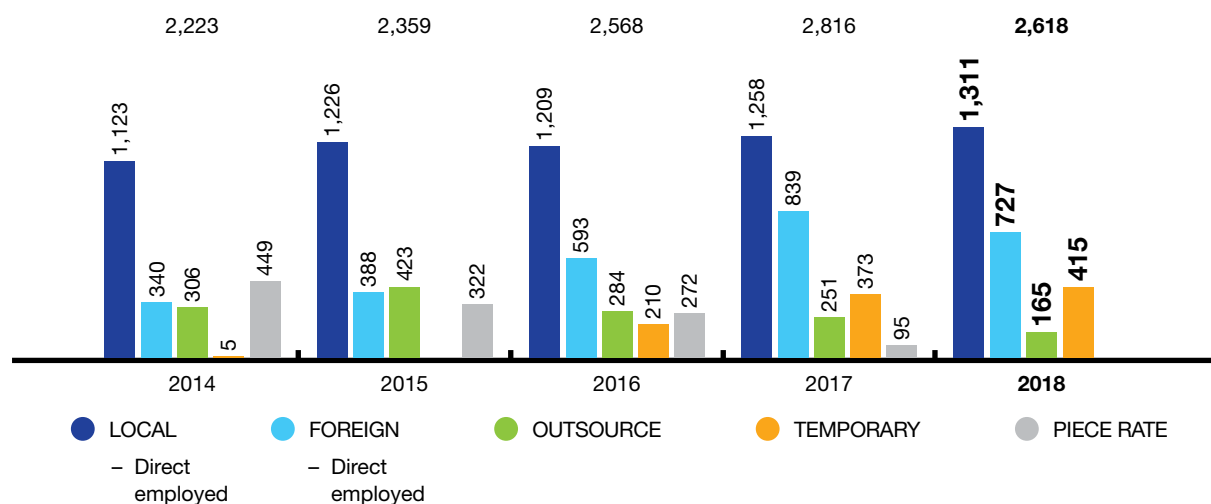
Panasonic Manufacturing Malaysia Berhad (6100-K)
ANNUAL REPORT 2018

Financial Data		2014	2015	2016	2017	2018
Revenue	RM'000	899,211	931,020	1,086,735	1,122,964	1,199,120
Profit before taxation	RM'000	105,199	129,833	185,172	158,099	166,312
Profit after taxation	RM'000	80,785	99,538	146,900	127,118	131,025
Gross dividends paid / proposed	RM'000	44,345	86,259	84,437	71,073	150,650
Net dividends paid / proposed	RM'000	42,067	86,259	84,437	71,073	150,650
Total assets	RM'000	831,127	903,229	986,093	1,005,444	1,071,194
Share capital	RM'000	60,746	60,746	60,746	60,746	60,746
Shareholders' funds	RM'000	663,268	718,462	779,103	821,784	881,736
FINANCIAL RATIOS						
Return on shareholders' funds	%	12.2	13.9	18.9	15.5	14.9
Earnings per share	sen	133	164	242	209	216
Net assets per share	RM	10.92	11.83	12.83	13.53	14.52
Dividend rate (gross)	%	73	142	139	117	248

Five-Year Trend

EMPLOYMENT

(Number of persons)

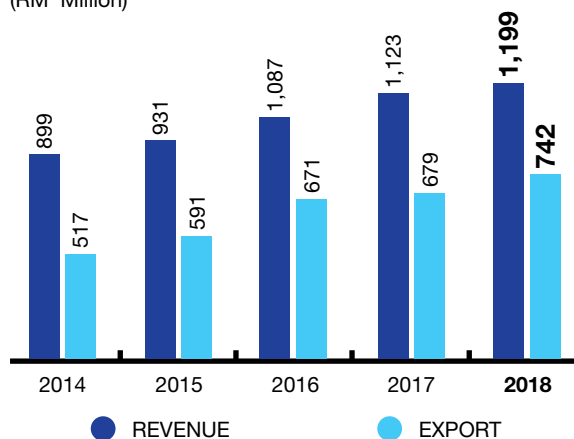


Five-Year Trend

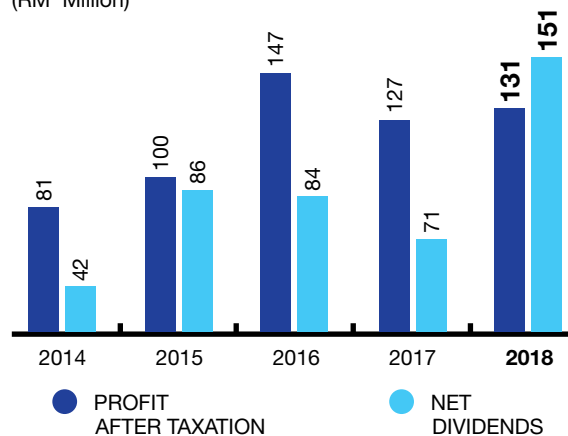
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REVENUE / EXPORT

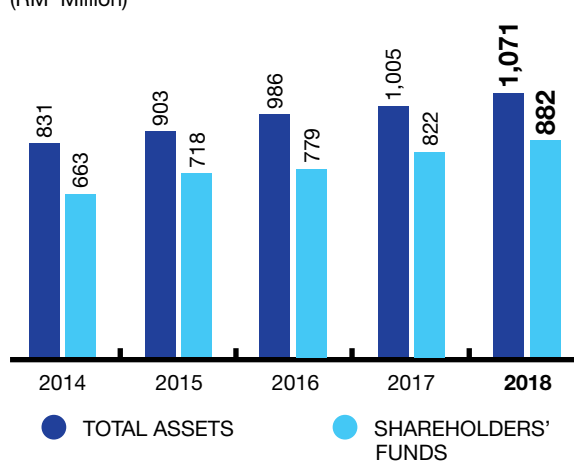
(RM' Million)

**PROFIT AFTER TAXATION / NET DIVIDENDS PAID / PROPOSED**

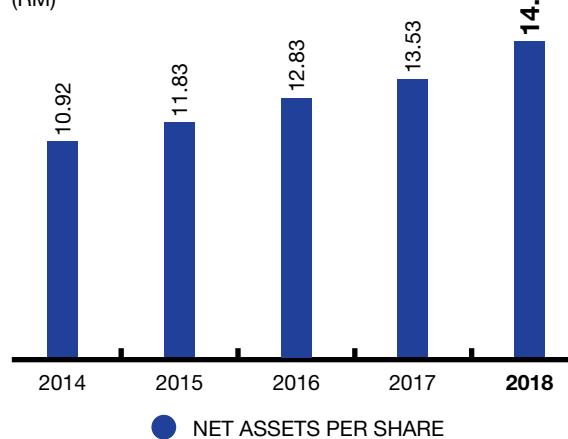
(RM' Million)

**TOTAL ASSETS / SHAREHOLDINGS' FUNDS**

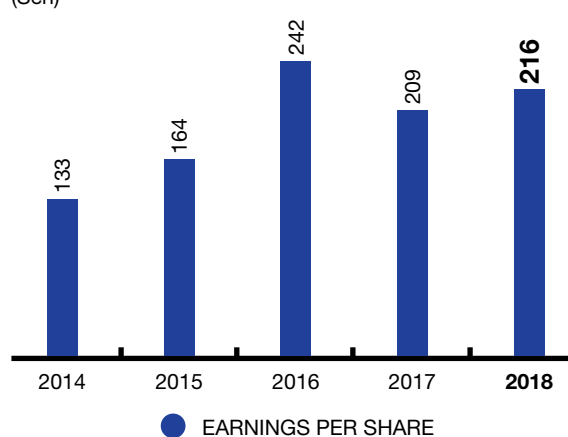
(RM' Million)

**NET ASSETS PER SHARE**

(RM)

**EARNINGS PER SHARE**

(Sen)



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2018

Financial Highlights

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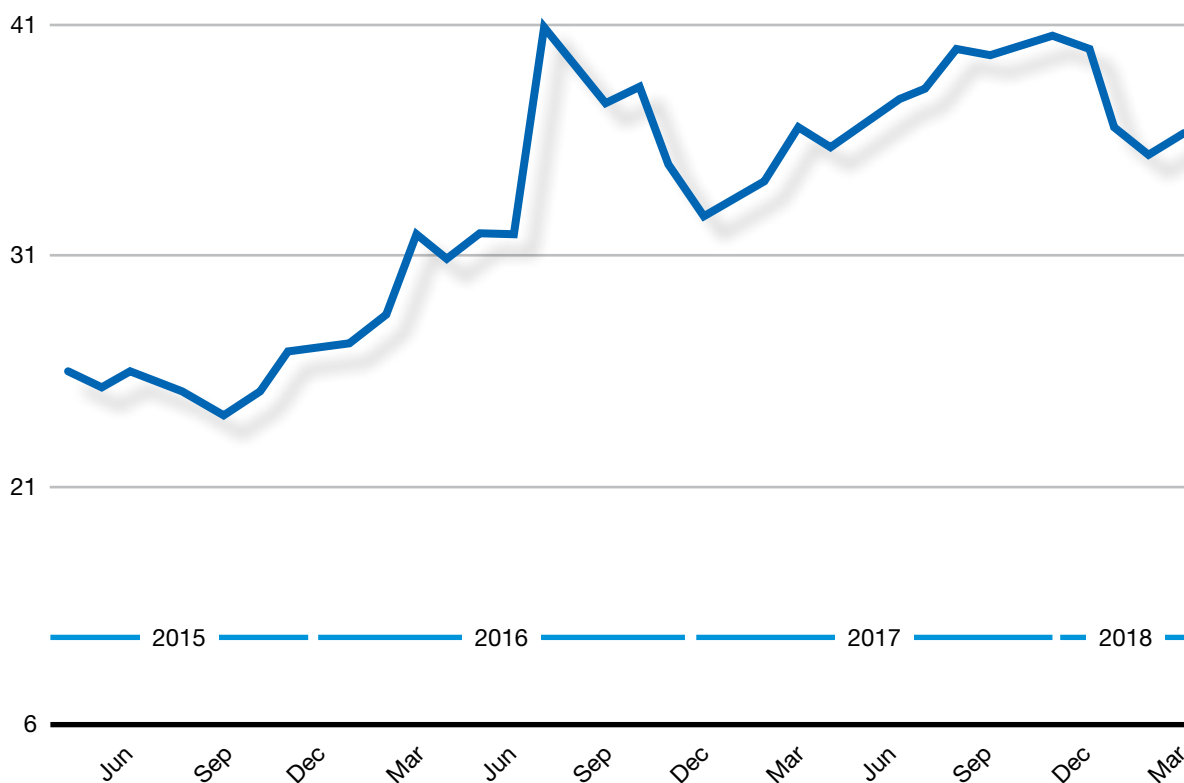
Panasonic Manufacturing Malaysia Berhad (6100-K)
ANNUAL REPORT 2018

Financial Data		Year Ended 31 March 2018	Year Ended 31 March 2017
Revenue	RM'000	1,199,120	1,122,964
Profit before taxation	RM'000	166,312	158,099
Profit after taxation	RM'000	131,025	127,118
Percentage of revenue	%	10.9	11.3
Return on shareholders' funds	%	14.9	15.5
Earnings per share	sen	216	209
Dividend rate	%	248	117
Shareholders' funds	RM'000	881,736	821,784
Net assets per share	RM	14.52	13.53
Total assets	RM'000	1,071,194	1,005,444
Capital expenditure	RM'000	53,522	43,615

Financial Calendar

Financial Year Ended		31 March 2018
Announcement of Results		
– First Quarter		23 August 2017
– Second Quarter		24 November 2017
– Third Quarter		28 February 2018
– Fourth Quarter / Annual		21 May 2018
Issuance of 2018 Annual Report and Financial Statements		26 July 2018
53 rd Annual General Meeting		24 August 2018
Interim Dividend		
– Notice of Dividend Entitlement		24 November 2017
– Entitlement Date		28 December 2017
– Payment Date		18 January 2018
Proposed Final and Special Dividends		
– Notice of Dividend Entitlement		30 May 2018
– Entitlement Date		7 September 2018
– Payment Date		25 September 2018

Share Performance



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ANNUAL REPORT 2018
Panasonic Manufacturing Malaysia Berhad (6100-K)

	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

	2016										2017		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Highest (RM)	29.70	30.18	30.00	39.92	39.92	38.00	37.90	36.80	33.08	32.00	32.38	35.28	
Lowest (RM)	27.88	28.44	29.00	29.50	35.00	35.10	35.32	32.30	30.28	30.12	31.34	31.26	
Closing Share Price (RM)	28.58	29.88	29.78	39.78	37.90	36.00	37.00	32.80	30.68	31.42	32.38	34.90	
Lots Traded (100 shares)	2,243	4,326	4,667	9,800	7,666	5,527	5,600	3,168	1,260	1,973	3,067	4,890	

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

Board of Directors

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Panasonic Manufacturing Malaysia Berhad (6100-K)
ANNUAL REPORT 2018



TAN SRI HASMAH
BINTI ABDULLAH



RAJA ANUAR
BIN RAJA ABU HASSAN



CHENG CHEE CHUNG



DATUK SUPPERAMANIAM
A/L MANICKAM



YASUO TONOOKA



SIEW PUI LING



YUJI KOGURE



TORU OKANO



KWAN WAI YUE



TAN SRI DATUK ASMAT BIN KAMALUDIN



TOYOKATSU OKAMOTO

Board of Directors' Profile

TAN SRI DATUK ASMAT BIN KAMALUDIN

Chairman

Aged 74. Malaysian. Tan Sri Asmat is the Senior Independent Non-Executive Director and Chairman of the Board since 29 August 2001. 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 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, The Royal Bank of Scotland Berhad and is 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.



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Board of Directors' Profile

(Cont'd)

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2018



TOYOKATSU OKAMOTO

Managing Director

Aged 60. Japanese. Mr Toyokatsu Okamoto was appointed the Managing Director of the Company on 1 October 2016. He graduated with a Bachelor's Degree in Osaka City University (Faculty of Engineering), Osaka, Japan.

Mr Toyokatsu Okamoto 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 Toyokatsu Okamoto 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.



DATUK SUPPERAMANIAM A/L MANICKAM

Independent Non-Executive Director

Aged 73. Malaysian. Datuk Supperamaniam was appointed an Independent Non-Executive Director of the Company on 1 January 2008. He is the Chairman of the Nomination Committee and also a member of Audit Committee and Remuneration Committee of the Company. Datuk Supperamaniam graduated with a Bachelor of Arts (Hons) Degree in Economics from University of Malaya in 1970.

He joined the Malaysian Administrative and Diplomatic Service in October 1970 and was posted to the Ministry of International Trade and Industry as Assistant Director. He served in the same ministry for 33 years and held various positions, including Senior Trade Commissioner for Malaysia in Hong Kong and The People's Republic of China, Director of International Trade. He was appointed Deputy Secretary-General of MITI from 1997 until his official retirement in March 2000. In May 2000, he was appointed by the Government of Malaysia to be the Ambassador / Permanent Representative of Malaysia to the World Trade Organisation in Geneva, Switzerland and held the position until September 2003. Since his retirement from public service, he now serves as a consultant/resource person for United Nations agencies, regional and international organisations and foreign governments. He serves as a member in several working groups and committees dealing with issues related to trade investment and economic development. He is a Distinguished Fellow of Institute of Strategic and International Studies (ISIS) Malaysia. Besides the aforesaid, he also serves as an Adjunct Professor to the International Islamic University of Malaysia and Science and Management University, Kuala Lumpur, and Advisor to the China-ASEAN Research Institute of Guangxi University, China. Recently, he has been appointed as a Member and Fellow of the International Academy of Belt and Road based in Hong Kong.

Datuk Supperamaniam has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no convictions for any offences within the past 5 years, other than traffic offences, if any.

Board of Directors' Profile

(Cont'd)



TAN SRI HASMAH BINTI ABDULLAH

Independent Non-Executive Director

Aged 67. Malaysian. Tan Sri Hasmah was appointed an Independent Non-Executive Director of the Company on 2 October 2013. She 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.

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

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

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

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

Tan Sri Hasmah has no shareholdings in the Company and its associated company. She also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She attended all the Board Meetings held during the financial year and has no convictions for any offences within the past 5 years, other than traffic offences, if any.



SIEW PUI LING

Executive Director

Aged 54. Malaysian. Ms Siew Pui Ling was appointed an Executive Director of the Company on 4 August 2014. She 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 23 years in Sales and Marketing. Prior to this, she was assigned to Departmental Head for Logistic, Product Planning and Industrial Design. In 2008, she has merged Product Planning and Marketing Department as Sales Department. Prior to this, she established Voice of Customer Research' team (VOCR) to further strengthen Product Planning Operation. In 2012, she was assigned to Assistant Director 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 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.

Board of Directors' Profile

(Cont'd)

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CHENG CHEE CHUNG

Non-Independent Non- Executive Director

Aged 52. Malaysian. Mr Cheng Chee Chung was appointed a Non-Independent Non- Executive Director of the Company on 1 April 2015. He graduated with a Bachelor's Degree of Economics.

Mr Cheng Chee Chung joined Matsushita Industrial Corporation Sdn Bhd ("MAICO") (now known as Panasonic Appliances Air-Conditioning (M) Sdn Bhd ("PAPAMY")) in November 1989 under the Personnel Section. In October 1994, he was transferred to Domestic Sales Department, before 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 promoted to Assistant General Manager, Domestic Sales Department in June 2001.

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

Mr Cheng Chee Chung has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.

He attended three out of four 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.



TORU OKANO

Executive Director

Aged 60. Japanese. Mr Toru Okano was appointed an Executive Director of the Company on 1 January 2016. He graduated with a Bachelor's Degree in 1981 from Osaka Institute of Technology (Faculty of Engineering), Osaka, Japan.

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

Mr Toru Okano has no shareholdings in the Company and its associated company. He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended three out of four 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.

Board of Directors' Profile

(Cont'd)



RAJA ANUAR BIN RAJA ABU HASSAN

Independent Non-Executive Director

Aged 63. Malaysian. YM Raja Anuar bin Raja Abu Hassan was appointed an Independent Non-Executive Director of the Company on 1 January 2017. 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. He is the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee.

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. He is currently an Independent Non-Executive Director of Ambank Islamic Berhad.

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.



YUJI KOGURE

Executive Director

Aged 49. Japanese. Mr Yuji Kogure was appointed an Executive Director of the Company on 14 February 2017. He graduated with a Bachelor's Degree in Waseda University (School of Education), Tokyo, Japan.

Mr Yuji Kogure joined Matsushita Electrical Industrial Co., Ltd. ("MEI") in April 1992. After an extensive corporate training programme, Mr Yuji Kogure was assigned to the Purchasing Section, Fuku Plant, Kitchen Appliances Division, Corporate Home Appliances as a Procurement Staff. In July 1994, Mr Yuji Kogure was assigned to Materials Section, Kobe Plant, Kitchen Appliances Division.

From March 2002 until April 2011, he was working in Kobe Plant. Starting May 2011, Mr Kogure was assigned to Manufacturing Group, Hyogo Plant, Kitchen Appliance Business Unit, Home Appliances Company as the General Manager and subsequently the Plant Superintendent of the Kato Plant, Kitchen Appliances Business Division, Appliances Company, from April 2013 until August 2013.

On September 2013, Mr Kogure was transferred to Panasonic Corporation's Thai Subsidiary, Panasonic Appliances (Thailand) Co., Ltd. ("PAPATH") as a Director. He was transferred to Small Kitchen Appliance Business Unit Executive, Panasonic Appliances Asia Pacific ("PAPAP"), as an Executive Director since February 2016. He is also concurrently under secondment to Panasonic Manufacturing Malaysia Berhad as Executive Director since 14 February 2017. He is currently the Senior Division Executive of Appliances Division of the Company since 7 April 2017.

Mr Yuji Kogure 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 three out of four 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.

Board of Directors' Profile

(Cont'd)

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2018



YASUO TONOOKA

Non-Independent Non-Executive Director

Aged 50. Japanese. Mr Yasuo Tonooka was appointed a Non-Independent Non-Executive Director of the Company on 12 April 2017. He graduated with a Bachelor's Degree in Ritsumeikan University (College of Law), Kyoto, Japan.

Mr Yasuo Tonooka joined Matsushita Electric Industrial Co., Ltd. ("MEI") in April 1991 and was exposed to the extensive corporate training programme to learn all aspects of the global Matsushita/Panasonic organisation. He was assigned to the Human Resources Department, Microwave Oven Division, MEI as a Human Resources Staff in which he was promoted as a Supervisor in April 1997.

In April 2002, Mr Yasuo Tonooka was assigned to Recruiting Section, HQ Human Resource Department, MEI as a Senior Coordinator and was assigned as a Councilor in the Human Resource Section, HQ Human Resource Department, MEI after two years in April 2004. Subsequently, he was assigned to Human Resource Development Section, HQ Human Resource department of Panasonic Corporation ("PC") as a Manager in April 2009.

Mr Yasuo Tonooka was then assigned as the Manager in the Industrial Relations Section, HQ Industrial Relations Department, PC. On April 2015, he was the General Manager of the Cold Chain Devices Human Resources Department, Human Resources and General Affairs Centre, Appliances Company of PC. He is currently the Deputy Managing Director, Administration & Manufacturing Business Promotion, Panasonic Appliances Asia Pacific, Human Resources Strategy Centre Appliances Company.

Mr Yasuo Tonooka 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 three out of four 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.



KWAN WAI YUE

Executive Director

Aged 50. Malaysian. Ms Kwan Wai Yue ("Ms Kwan") was appointed an Executive Director of the Company on 1 March 2018. 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.

In 1995, Ms Kwan joined a food manufacturing-based public listed company as Accountant and in 2000 was promoted to 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 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 was 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 oversee the Legal and Compliance department. She has 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 did not attend any Board Meetings during the financial year as she was appointed to the Board only recently and has no convictions 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 2018 (“FY2018”) 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 Malaysian Code on Corporate Governance (MCCG) 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, www.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.

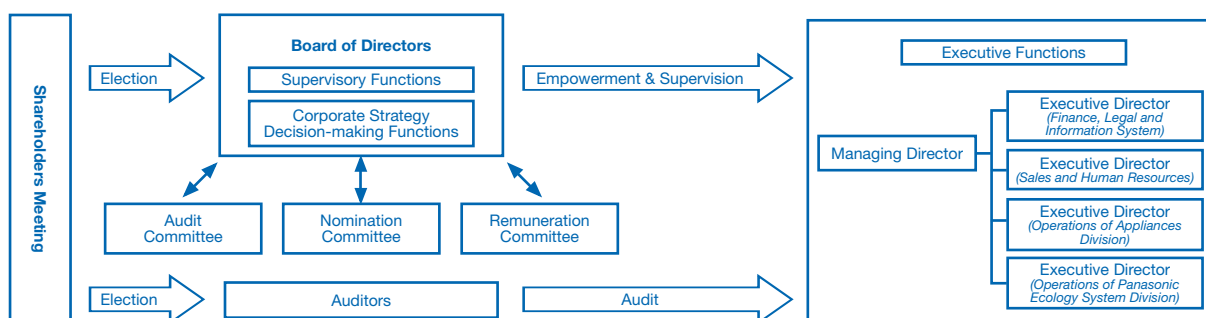
The Company has applied all the Practices encapsulated in the Code for the financial year ended 31 March 2018 except:

- 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 4.5 (Board to comprise 30% women Directors);
- 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



* Note: Executive denotes non-independent, functional directors involved in operation of the Company.

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 19 to 24.

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. As the Board was still in discussions on the incorporation of some of the recommendations of the Code at its November 2017 meeting, the review was deferred.

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 Memorandum and Articles of Association of the Company and the applicable law.

Board Size, Leadership and Competencies

The current Board size of 11 members consists of 4 Independent Non-Executive Directors (including the Chairman), a Managing Director, 4 Executive Directors and 2 Non-Independent Non-Executive Directors. The composition of the Board meets the criteria on one-third independent directorship as set out in the Main Market Listing Requirements and fairly reflects the investment by minority shareholders through the 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 can 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 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 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, seven (7) 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 : 7.

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, moving forward, the Company intends to improve on the ratio of Independent Directors to Non-Independent Directors from 4 : 7 to 4 : 5 by the financial year ending 31 March 2020, in its earnestness to advance nearer to the intended application of the Code.

The Independent Non-Executive Director, Tan Sri Asmat bin Kamaludin and Datuk Supperamaniam a/l Manickam have each 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 an immediate implementation of this Practice may hamper the effective running of the Board and has agreed to set a limit for the tenure of independent directors not to exceed 12 years for implementation after the financial year ending 31 March 2021. This timeline will enable the Board to plan the succession of the abovementioned Independent Non-Executive Directors.

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 PC controlled subsidiary, the Company's Executive Directors are rotated among the companies in the PC in enhancement of their career development and there are changes in the 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. Hence, there are long serving Independent Non-Executive Directors on the board.

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

The Company has included a policy on diversity of gender, ethnicity and age in the Board Charter and has set a target to have at least 30% women directors within 5 years, i.e. by financial year ending 31 March 2023. The appointment of Tan Sri Hasmah binti Abdullah, Ms Siew Pui Ling and recently Ms Kwan Wai Yue as Directors reflects that the Board recognises the value of female members of the Board. The women directors presently form 27% of the Board. The age of the Directors range from 49 to 74 as the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board.

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 2018 was as follows:

Name of Director	Meeting Attendance	% of Attendance
Tan Sri Datuk Asmat bin Kamaludin	4/4	100
Toyokatsu Okamoto	4/4	100
Raja Anuar bin Raja Abu Hassan	4/4	100
Datuk Supperamaniam a/l Manickam	4/4	100
Takayuki Tadano (resigned on 28 February 2018)	2/4	50
Tan Sri Hasmah Binti Abdullah	4/4	100
Siew Pui Ling	4/4	100
Cheng Chee Chung	3/4	75
Toru Okano	3/4	75
Yuji Kogure	3/4	75
Yasuo Tonooka	3/4	75
Kwan Wai Yue (appointed on 1 March 2018)	–	–

Corporate Governance Overview Statement (Cont'd)

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

Conduct of Meetings (Cont'd)

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

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

Minutes of each Board and Board Committees Meeting are circulated to 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.

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

No.	Continuing Education Programme Attended	Date
1	Tan Sri Asmat bin Kamaludin - Course for Bumiputra Vendors etc	2 Aug 2017
2	Toyokatsu Okamoto - FY2017 Cost Itakona Introductory Training - APAC FY2017 Business Policy Meeting - FY2017 1st Manufacturing MD Meeting - APAC FY2017 MD Meeting - Manufacturing Management Meeting - FY2017 2nd Manufacturing MD Meeting - FY2017 Cost Itakona Final Report Meeting	26 Apr 2017 28 Apr 2017 17 Jul 2017 27 Oct 2017 1 Nov 2017 19 Jan 2018 6 Mar 2018
3	Datuk Supperamaniam a/l Manickam - Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide	2 Mar 2018
4	Tan Sri Hasmah Binti Abdullah - Audit Committee Conference 2018 - Annual Audit Committee Seminar For The Public and Private Sectors 2018 (Guidance for and Effective Internal Audit Function)	27 Mar 2018 11 Jan 2018
5	Siew Pui Ling - The ASEAN Women of Tomorrow Conference 2017	22 to 23 Nov 2017
6	Cheng Chee Chung - APAC FY2017 Business Policy Meeting - Panashop Study Trip to Panasonic Corporation, Japan - AP Global Marketing Meeting, Japan	28 Apr 2017 15 to 22 Apr 2017 18 to 19 Oct 2017
7	Raja Anuar bin Raja Abu Hassan - Risk management in Islamic Banks - Workshop on liquidity risk governance - Advanced internal rating based approach (AIRB) use of credit risk models in risk management - Credit risk model methodology, performance & governance - The IRB journey and accreditation requirements - Bankruptcy Act training - Ambank Digital Brief - MFRS Conference 2017 (The future of Financial Reporting)	28 Apr 2017 11 May 2017 20 Jul 2017 4 Sep 2017 15 Sep 2017 18 Sep 2017 11 Oct 2017 19 Oct 2017

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
8	Yuji Kogure - Mandatory Accreditation Programme	27 to 28 Jul 2017
9	Yasuo Tonooka - Mandatory Accreditation Programme	28 to 29 Sep 2017
10	Kwan Wai Yue - MCGG and Bursa's Listing Requirements (Application, Disclosure and Reporting Expectations for Principle A)	13 Feb 2018

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 39 to 42 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 FY2018, 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)

BOARD COMMITTEES (CONT'D)

Nomination Committee

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

No.	Name	Designation
1.	Datuk Supperamaniam a/l Manickam (Chairman)	Independent Non-Executive Director
2.	Tan Sri Hasmah binti Abdullah (Member)	Independent Non-Executive Director
3.	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 and Re-appointment

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

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

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.	Takayuki Tadano (Member) (resigned on 28 February 2018)	Executive Director
3.	Datuk Supperamaniam a/l Manickam (Member)	Independent Non-Executive Director
4.	Raja Anuar bin Raja Abu Hassan (Member)	Independent Non-Executive Director

At a meeting held on 24 May 2017, the Remuneration Committee made a recommendation to the Board for payment of Directors' fees not exceeding RM460,000 in aggregate for FY2018 to the Independent Non-Executive Directors and meeting allowance of RM600 per meeting attended. It was approved by the shareholders at the AGM held on 30 August 2017.

Corporate Governance

Overview Statement

(Cont'd)

BOARD COMMITTEES (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 FY2018 was paid quarterly in arrears:

Details of remuneration	Date of payment
Directors' fees for 1st quarter ending 30 June 2017	1 week after AGM
Directors' fees for 2nd quarter ending 30 September 2017	7 October 2017
Directors' fees for 3rd quarter ending 31 December 2017	7 January 2018
Directors' fees for 4th quarter ending 31 March 2018	7 April 2018

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 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 their 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 2018 are as follows:

Descriptions	Executive Director RM	Non-Executive Director RM	Total RM
Fees	–	413,609	413,609
Meeting allowance	–	29,580	29,580
Salary and other remuneration	2,702,404	–	2,702,404
Benefits-in-kind (BIK)	205,953	–	205,953
Total	2,908,357	443,189	3,351,546
Total (excluding BIK)	2,702,403	443,189	3,145,592

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(Cont'd)

BOARD COMMITTEES (CONT'D)

Directors' Remuneration (Cont'd)

Details of Directors' remuneration for the financial year ended 31 March 2018 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 Datuk Asmat bin Kamaludin	118,592	3,180	121,772
Raja Anuar bin Raja Abu Hassan	100,291	9,000	109,291
Datuk Supperamaniam a/l Manickam	97,362	8,400	105,762
Tan Sri Hasmah Binti Abdullah	97,363	9,000	106,363
Cheng Chee Chung	–	–	–
Yasuo Tonooka	–	–	–

(ii) Executive Directors

Director	Salaries and Emoluments (RM)	Bonus (RM)	Benefits -in-kind (RM)	Total (RM)
Toyokatsu Okamoto	538,200	206,235	62,404	806,839
Siew Pui Ling	326,936	78,201	4,583	409,720
Toru Okano	551,971	138,545	45,960	736,476
⁽¹⁾ Yuji Kogure	238,050	93,938	66,313	398,301
⁽²⁾ Kwan Wai Yue	347,555	69,597	–	417,152
Takayuki Tadano (resigned on 28 February 2018)	429,991	79,218	26,693	535,902

⁽¹⁾ Represent a proportion of cost sharing with the holding company.

⁽²⁾ Include the salaries and bonus received before appointment to the Board.

The Company, Directors and officers have jointly contributed to the 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.

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 Secretaries 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.

Corporate Governance Overview Statement (Cont'd)

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 Institute of Internal Auditors 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.

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 43 to 45 of the Annual Report.

Corporate Governance Overview Statement (Cont'd)

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

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 that has explicit authority to communicate directly with them.

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

In accordance with the principles set out in ISA No. 260 "Communicating of Audit Matters with Those Charged with Governance", the External Auditors have brought to the Board's attention through the Audit Committee, all the significant accounting, auditing, taxation, internal accounting systems 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.

Whistleblowing Policy

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
Electronic mail	compliance_pmma@my.panasonic.com

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

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.

Corporate Governance

Overview Statement

(Cont'd)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Relationship with Shareholders And Investors (Cont'd)

For the time being, the Board views that the financial, governance and business review reports that have been included in the Annual Report 2018 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, and Minority Shareholders Watchdog Group to enable them to gain a better understanding of the Company's business and operational activities to make informed investment decisions. Nevertheless, information is disseminated in strict adherence to the corporate disclosure requirements of Bursa Malaysia Securities Berhad.

(b) Annual General Meeting

For FY2018, the Company issued the notice of AGM on 31 July 2017 and held the AGM on 30 August 2017, providing the shareholders with 29 days notice. All the Directors attended the 2017 AGM. The Managing Director also provided shareholders with a slide presentation on the Company's financial performance and operations. The questions submitted in advance by the Minority Shareholders' Watchdog Group were also presented for the shareholders information and the answers were given in a slide presentation.

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

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

This Statement is made in accordance with the resolution of the Board of Directors dated 21 May 2018.

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 2018.

COMPOSITION

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

No.	Name of Nomination Committee Member	No. of Meetings Attended
1.	Datuk Supperamaniam a/l Manickam (Chairman) (Independent Non-Executive Director)	3/3
2.	Tan Sri Hasmah binti Abdullah (Member) (Independent Non-Executive Director)	3/3
3.	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:-

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

The Nomination Committee met three (3) times during the financial year ended 31 March 2018.

ACTIVITIES OF THE NOMINATION COMMITTEE

During the financial year ended 31 March 2018, 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/re-appointment 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 May 2018 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 2018 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 ("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, moving forward, the Company intends to improve on the ratio of Independent Directors to Non-Independent Directors from 4 : 7 to 4 : 5 by the financial year ending 31 March 2019, in its earnestness to advance nearer to the intended application of the Code.

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

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

Re-election and Re-appointment

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

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 is affected.

Notwithstanding the Practice 4.2 ("Practice") recommendation of the Code to limit the tenure of the Independent Directors to 9 years, the Nomination Committee views that an immediate implementation of this Practice may hamper the effective running of the Board and has agreed to set a limit for the tenure of Independent Directors not to exceed 12 years for implementation after the financial year ending 31 March 2021. This timeline will enable the Board to plan the succession of the long serving Independent Non-Executive Directors.

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 2018.

COMPOSITION

The composition of the Audit Committee comprises 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 2018 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.	Datuk Supperamaniam a/l Manickam (Member) (Independent Non-Executive Director)	4/4
3.	Tan Sri Hasmah Binti Abdullah (Member) (Independent Non-Executive Director)	4/4

The current Audit Committee comprises of 3 Independent Non-Executive Directors. The Chairman of the Audit Committee, Encik 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 2018. The Managing Director, Executive Director, Assistant Director, Finance, External Auditors and/or Internal Auditors were invited to attend the Audit Committee Meetings. The discussion of each meeting was tabled to and noted by the Board. The Chairman of Audit Committee reports on the main findings and deliberations of the Audit Committee Meeting to the Board.

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, prior to the approval of the Board focusing particularly on:
 - changes in or implementation of new accounting policies and practices;
 - significant and unusual events;
 - compliance with applicable approved accounting standards and other legal or regulatory requirements; and
 - going concern assumption.
- To review all related party transaction, as submitted by Management and any conflict of interest situation that may arise within the Company, including any transaction, procedure or course of conduct that raises question of management integrity;

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

Statutory and Non-Statutory Audit

10. To review and discuss with the External Auditors, prior to the commencement of audit, the audit plan which states the nature and scope of the audit;
11. To review any matters concerning the appointment and re-appointment, audit fees and any questions of resignation, dismissal or removal of the External Auditors;
12. To review factors related to the independence and objectivity of External Auditors and their services including non-statutory audit services;
13. To discuss on findings, problems and reservations arising from the interim and final statutory audits, External Auditors' Audit Committee Report and any matters the External Auditors may wish to discuss as well as to review the extent of cooperation and assistance given by the employees of the Company to the External Auditors;

Other Matters

14. To review the Statement of Internal Control and to prepare the Audit Committee Report for the Board's approval prior to inclusion in the Annual Report;
15. To consider such other matters as the Audit Committee considers appropriate or as authorised by the Board.

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

Audit Committee Report (Cont'd)

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 2018 amounted to RM82,578.20.

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

1. Formulation of an agreement with the Audit Committee on the risk-based internal audit plan that is consistent with the Company's objectives and goals.
2. Conducted various internal audit engagements in accordance with the audit plan.
3. Self-assessment of its competency and reporting to the Audit Committee of the qualification and experience of its human resources on yearly basis.

SUMMARY OF ACTIVITIES

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

Financial Reporting

1. Review of the unaudited quarterly results and performance of the Company.
2. Review of the draft Statutory Financial Statements of the Company for the financial year ended 31 March 2018 and recommended to the Board for approval.

External Audit

1. Discussion on the External Auditors' Report to the Audit Committee for the financial year ended 31 March 2017 and the Annual Audit Plan for the financial year ended 31 March 2018.
2. 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 non-audit services provided by the External Auditors and its affiliates which included review of Statement on Internal Control.
4. Made recommendations to the Board on the re-appointment of the External Auditors.

Audit Committee Report (Cont'd)

SUMMARY OF ACTIVITIES (CONT'D)

Internal Audit

1. Assessment of performance and competency of the internal audit function.
2. Review of Internal Audit Reports on Procurement Management, Finance Control Management and Production/ Assembly Management 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.

Compliance

1. Review of the state of internal control of the Company and extent of compliance with the established policies, procedures and statutory requirements.
2. Review of 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 2018.

Related Party Transactions

1. Review of the draft circular to shareholders in relation to recurrent related party transactions of a revenue or trading nature (RRPT) and quarterly review of Summary of RRPT.

Assessment

1. Discussion on Summary of Assessment on the Performance and Effectiveness of Audit Committee and its members.

Statement on Risk Management and Internal Control

In accordance with Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities), the Board of Directors (“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 revised 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 an external service provider, Deloitte Enterprise Risk Services 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 a 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 also 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 2018 (“FY2018”), Deloitte has executed the following internal audit works:

- (1) Conducted reviews and assessments based on the approved FY2018 annual audit plans covering the areas of:
 - (i) Inventory and Warehouse Management
 - (ii) Human Resource Management
 - (iii) Procurement & Vendor Management
 - (iv) Inventory Management – Spare parts and Service Parts
 - (v) Follow-up review on the previous Internal Audit Reports
- (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.
- (3) Prepared annual audit plans for the financial year ended 31 March 2019 to ensure that high risk areas in significant businesses and support units were identified and audited for the Audit Committee’ deliberations and approvals.

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 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.
- 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 ensured 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 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 manuals are in place towards ensuring that the recordings of financial transactions are complete and accurate.
- Standard operating procedure ("SOP") manual sets out policies and procedures for day to day operations to be carried out. Periodic reviews are performed to ensure that the SOP remains current, relevant and aligned with evolving business environment and operational needs.

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

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 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 resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's annual report were noted. 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 audit and non-audit fees incurred by the Company payable to the External Auditors, KPMG PLT were RM205,000 and RM10,000 respectively.

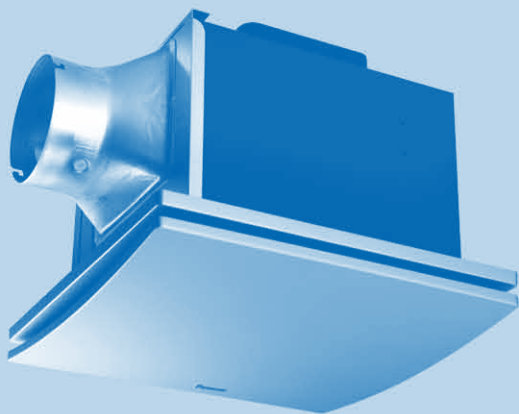
(3) MATERIAL CONTRACTS

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

(4) KEY MANAGEMENT

The key management personnel of the Company are as follows and their profile are on pages 20 to 24:

Toyokatsu Okamoto	Managing Director
Kwan Wai Yue	Executive Director – Head of Finance, Legal and Information System
Siew Pui Ling	Executive Director – Head of Sales and Human Resource
Yuji Kogure	Executive Director – Head of Operations - Appliances Division
Toru Okano	Executive Director – Head of Operations - Panasonic Ecology System Division



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Directors' Report

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The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 March 2018.

PRINCIPAL ACTIVITIES

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

ULTIMATE HOLDING CORPORATION

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

RESULTS

	RM'000
Profit for the year attributable to owners of the Company	131,025

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 2017:
 - a final single tier dividend of 102 sen per ordinary share totalling RM61,960,696 declared on 30 August 2017 and paid on 25 September 2017.
- (ii) In respect of the financial year ended 31 March 2018:
 - an interim single tier dividend of 15 sen per ordinary share totalling RM9,111,867 declared on 24 November 2017 and paid on 18 January 2018.

The final and special ordinary dividends recommended by the Directors in respect of the financial year ended 31 March 2018 are 133 sen and 100 sen per ordinary share respectively, subject to 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 and special dividends would amount to approximately RM80,791,887 and RM60,745,780 respectively.

DIRECTORS OF THE COMPANY

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

Tan Sri Datuk Asmat bin Kamaludin
Datuk Supperamaniam a/l Manickam
Tan Sri Hasmah binti Abdullah
Siew Pui Ling
Cheng Chee Chung
Toru Okano
Toyokatsu Okamoto
Raja Anuar bin Raja Abu Hassan
Yuji Kogure
Yasuo Tonooka
Kwan Wai Yue
Takayuki Tadano

(Appointed on 12 April 2017)
(Appointed on 1 March 2018)
(Resigned on 28 February 2018)

In accordance with Article 97 of the Company's Articles of Association, Siew Pui Ling retires by rotation at the forthcoming Annual General Meeting, and being eligible, offers herself for re-election.

In accordance with Article 102 of the Company's Articles of Association, Toyokatsu Okamoto, Raja Anuar bin Raja Abu Hassan, Yuji Kogure and Yasuo Tonooka, retire under casual vacancy 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:

	Number of ordinary shares		
	At 1.4.2017	Bought	Sold
Interest in the Company			
Siew Pui Ling	100	–	–

None of the other Directors holding office at 31 March 2018 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 changes in the issued and paid-up capital of the Company and the Company has not issued any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage given to Directors and officers of the Company pursuant to Directors and Officers Liability Insurance is RM20,000,000. There were 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 their 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 2018 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.

AUDITORS

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

The auditors' remuneration is disclosed in Note 14 to the financial statements.

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

Tan Sri Datuk Asmat bin Kamaludin
Director

Toyokatsu Okamoto
Director

Kuala Lumpur,

Date: 21 May 2018

Statement of Financial Position

as at 31 March 2018

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	Note	31.03.2018 RM'000	31.03.2017 RM'000 Restated	1.4.2016 RM'000 Restated
Assets				
Property, plant and equipment	3	97,185	74,981	62,030
Interest in associated company	4	131,859	151,553	151,282
Deferred tax assets	5	7,687	9,061	11,320
Total non-current assets		236,731	235,595	224,632
Inventories	6	50,331	50,284	43,844
Trade and other receivables	7	125,630	116,863	110,952
Derivative financial assets	8	7,892	271	5,151
Cash and cash equivalents	9	650,610	602,431	601,514
Total current assets		834,463	769,849	761,461
Total assets		1,071,194	1,005,444	986,093
Equity				
Share capital	10	60,746	60,746	60,746
Retained earnings		820,990	761,038	718,357
Total equity		881,736	821,784	779,103
Liabilities				
Provision for liabilities and charges	11	261	232	193
Total non-current liabilities		261	232	193
Trade and other payables	12	181,919	175,546	188,253
Provision for liabilities and charges	11	4,989	6,349	9,148
Derivative financial liabilities	8	–	47	120
Taxation		2,289	1,486	9,276
Total current liabilities		189,197	183,428	206,797
Total liabilities		189,458	183,660	206,990
Total equity and liabilities		1,071,194	1,005,444	986,093

The notes on pages 56 to 98 are an integral part of these financial statements.

Statement of Profit or Loss and other Comprehensive Income

for the year ended 31 March 2018

	Note	2018 RM'000	2017 RM'000 Restated
Revenue	13	1,199,120	1,122,964
Cost of sales		(956,561)	(899,105)
Gross profit		242,559	223,859
Other operating income		12,185	5,823
Distribution and marketing cost		(73,741)	(59,672)
Administrative expenses		(37,506)	(41,503)
Other operating expenses		(2,789)	(7,163)
Results from operating activities		140,708	121,344
Finance income		19,815	23,743
Share of results of associated company (net of tax)		5,789	13,012
Profit before tax	14	166,312	158,099
Tax expense	15	(35,287)	(30,981)
Profit for the year and total comprehensive income for the year		131,025	127,118
Basic earnings per ordinary share (sen)	16	216	209

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Panasonic Manufacturing Malaysia Berhad (6100-K)

Statement of Changes in Equity

for the year ended 31 March 2018

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	Note	Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 April 2016				
- as previously reported		60,746	569,075	629,821
- impact of change in accounting policy	23	–	149,282	149,282
- as restated		60,746	718,357	779,103
Total profit and comprehensive income for the year				
- as previously reported		–	126,847	126,847
- impact of change in accounting policy	23	–	271	271
- as restated		–	127,118	127,118
<i>Contributions by and distributions to owners of the Company</i>				
<i>Dividends</i>				
- Final dividend for the financial year ended 31 March 2016	17	–	(75,325)	(75,325)
- Interim dividend for the financial year ended 31 March 2017	17	–	(9,112)	(9,112)
Total transactions with owners of the Company		–	(84,437)	(84,437)
At 31 March 2017/1 April 2017		60,746	761,038	821,784
Total profit and comprehensive income for the year		–	131,025	131,025
<i>Contributions by and distributions to owners of the Company</i>				
<i>Dividends</i>				
- Final dividend for the financial year ended 31 March 2017	17	–	(61,961)	(61,961)
- Interim dividend for the financial year ended 31 March 2018	17	–	(9,112)	(9,112)
Total transactions with owners of the Company		–	(71,073)	(71,073)
At 31 March 2018		60,746	820,990	881,736

The notes on pages 56 to 98 are an integral part of these financial statements.

Statement of Cash Flows

for the year ended 31 March 2018

	Note	2018 RM'000	2017 RM'000 Restated
Cash flows from operating activities			
Profit before tax		166,312	158,099
Adjustments for:			
Property, plant and equipment			
- depreciation		31,064	30,549
- write-off		184	74
- gain on disposal		(206)	(176)
Movement in provision of liabilities and charges		2,022	1,902
Interest income		(19,815)	(23,743)
Share of results of associated company		(5,789)	(13,012)
Net unrealised foreign exchange loss		1,552	286
Fair value (gain)/loss on derivative financial instruments		(7,668)	4,807
Operating profit before changes in working capital		167,656	158,786
Changes in working capital:			
Inventories		(47)	(6,440)
Trade and other receivables		(10,974)	(6,300)
Trade and other payables		7,028	(12,604)
Cash generated from operations		163,663	133,442
Tax paid		(33,110)	(36,512)
Rework cost paid		(236)	(2,931)
Warranty paid		(2,103)	(1,654)
Employee welfare scheme paid		(1,014)	(77)
Net cash generated from operating activities		127,200	92,268
Cash flows from investing activities			
Purchase of property, plant and equipment		(53,522)	(43,615)
Proceeds from disposal of property, plant and equipment		276	217
Interest received		19,815	23,743
Dividends received		25,483	12,741
Net cash generated from/(used in) investing activities		(7,948)	(6,914)
Cash flows from financing activity			
Dividends paid		(71,073)	(84,437)
Net cash used in financing activity		(71,073)	(84,437)
Net increase in cash and cash equivalents		48,179	917
Cash and cash equivalents at 1 April 2017/2016		602,431	601,514
Cash and cash equivalents at 31 March	9	650,610	602,431

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Panasonic Manufacturing Malaysia Berhad (6100-K)
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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 2018 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 4 to the financial statements.

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

These financial statements were authorised for issue by the Board of Directors on 21 May 2018.

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 2018

- MFRS 9, *Financial Instruments* (2014)
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

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

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*

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 2019 (Cont'd)

- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits (Plan Amendment, Curtailment or Settlement)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

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

- MFRS 17, *Insurance Contracts*

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 2018 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2018, except for Amendments to MFRS 1, Amendments to MFRS 2, Amendments to MFRS 4 and Amendments to MFRS 140; and
- from the annual period beginning on 1 April 2019 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019 except for Amendments to MFRS 11 and Amendments to MFRS 123

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 except as mentioned below:

(i) **MFRS 15, Revenue from Contracts with Customers**

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

The Company has established a team to manage the implementation of MFRS 15. The team reviewed the contracts with the customers to account for the financial impact of the adoption of the new standard.

Based on the assessment, the Company does not expect the initial application of MFRS 15 to have a significant impact on its financial statements as at 1 April 2018.

Notes to the Financial Statements (Cont'd)

1. BASIS OF PREPARATION (CONT'D)

(a) Statements of compliance (Cont'd)

(i) MFRS 9, *Financial Instruments*

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

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The new standard contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL), and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available-for-sale.

In respect of impairment of financial assets, MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss (ECL) model. The new impairment model applies to financial assets measured at amortised cost and the loss allowances will be measured on either 12-month ECLs or lifetime ECLs.

The Company has assessed the estimated impact that the initial application of MFRS 9 will have on its financial statements as at 1 April 2018. The estimated impact on initial application is based on assessment undertaken to date and the actual impacts of adopting the standard may change because the Company has not finalised the assessment of the estimates used.

Based on the assessment, the Company does not expect the initial application of MFRS 9 to have a significant impact on its financial statements as at 1 April 2018.

(ii) MFRS 16, *Leases*

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

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

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

(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(j), 5 and 11.

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.

(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.

During the year, the Company adopted Amendments to MFRS 127, *Equity Method in Separate Financial Statements*. The new accounting policy is described below with the impact on the change in accounting policy described in Note 23.

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

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

(ii) Financial instrument categories and subsequent measurement

The Company categorises financial instruments as follows:

Financial assets

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

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

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

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

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) *Loans and receivables*

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

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

Financial liabilities

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

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

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

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

(iii) **Derecognition**

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

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

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

(i) **Recognition and measurement**

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.

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)

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

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

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the 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 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) Leased assets

Operating lease

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

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

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

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Inventories

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

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

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

(g) Cash and cash equivalents

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

(h) Impairment

(i) Financial assets

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

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

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

(ii) Other assets

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

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

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

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

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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

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

(i) Employee benefits

(i) Short-term employee benefits

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

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the 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.

(j) 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 cost

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

The provision, in anticipation of the risk of potential occurrence of certain events based on past experiences, is calculated based on management's best estimate of the expenditure expected to be incurred over the historical claim ratio and quantity produced over a specified period of time.

The amount of provision of rework expenditure will be charged to profit or loss and any unutilised portions of the provision are reviewed annually and retained based on the risks and obligation specific to that particular product. Where the 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)

(j) 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.

(k) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the 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.

(l) Revenue recognition

(i) Goods sold

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

(ii) Dividend income

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

(m) Finance income

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

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Research and development

Research and development expenditure is recognised as an expense except that costs incurred on development projects are recognised as development assets to the extent that such expenditure is expected to generate future economic benefits. Development costs initially recognised as expenses are not recognised as an asset in a subsequent financial years. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

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

(o) Equity instruments

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

(p) Income tax

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

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

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

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

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) 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.

(q) 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.

(r) 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.

(s) Fair value measurements

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

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

When measuring the fair value of an asset or a liability, the 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	fittings and equipment RM'000	Furniture, Motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
Cost							
At 1 April 2016	7,566	52,820	279,060	46,935	5,823	-	392,204
Additions	-	-	39,598	3,122	895	-	43,615
Disposals	-	-	(736)	-	(354)	-	(1,090)
Write- off	-	-	(9,624)	(767)	(128)	-	(10,519)
At 31 March 2017/1 April 2017	7,566	52,820	308,298	49,290	6,236	-	424,210
Additions	-	-	29,103	980	585	22,854	53,522
Disposals	-	-	(2,026)	(193)	(568)	-	(2,787)
Write- off	-	-	(10,505)	(1,263)	(13)	-	(11,781)
At 31 March 2018	7,566	52,820	324,870	48,814	6,240	22,854	463,164
Accumulated depreciation							
At 1 April 2016	1,468	48,301	235,550	40,691	4,164	-	330,174
Charge for the year	76	786	26,763	2,184	740	-	30,549
Disposals	-	-	(736)	-	(313)	-	(1,049)
Write- off	-	-	(9,560)	(757)	(128)	-	(10,445)
At 31 March 2017/1 April 2017	1,544	49,087	252,017	42,118	4,463	-	349,229
Charge for the year	78	655	27,463	2,243	625	-	31,064
Disposals	-	-	(2,024)	(193)	(500)	-	(2,717)
Write- off	-	-	(10,348)	(1,236)	(13)	-	(11,597)
At 31 March 2018	1,622	49,742	267,108	42,932	4,575	-	365,979
Carrying amounts							
At 1 April 2016	6,098	4,519	43,510	6,244	1,659	-	62,030
At 31 March 2017/1 April 2017	6,022	3,733	56,281	7,172	1,773	-	74,981
At 31 March 2018	5,944	3,078	57,762	5,882	1,665	22,854	97,185

Notes to the
Financial Statements
(Cont'd)

4. INTEREST IN ASSOCIATED COMPANY

At cost	2018 RM'000	2017 RM'000
Unquoted shares	2,000	2,000
Share of post-acquisition reserves	129,859	149,553
Interest in associated company	131,859	151,553

Set out below is the associate of the Company as at 31 March 2018, 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	
			2018	2017
Panasonic Malaysia Sdn. Bhd.	Malaysia	Associate	40%	40%

The Company holds a 40% (2017: 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:

	2018 RM'000	2017 RM'000
<u>Current</u>		
Cash and cash equivalent	347,284	436,184
Other current assets (excluding cash)	231,772	192,470
Total current assets	579,056	628,654
Financial liabilities (excluding trade payables)	—	(563)
Other current liabilities (including trade payables)	(297,324)	(297,570)
Total current liabilities	(297,324)	(298,133)
<u>Non-current</u>		
Assets	54,481	53,957
Other liabilities	(4,617)	(4,830)
Net assets	331,596	379,648

Notes to the Financial Statements (Cont'd)

4. 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:

	2018 RM'000	2017 RM'000
Revenue	1,435,939	1,423,739
Other operating income	58,728	61,061
Finished goods and spare parts purchased/utilised	(1,152,329)	(1,132,819)
Changes in inventories	–	5,161
Operating expenses	(303,028)	(306,152)
Depreciation of property, plant and equipment	(4,926)	(5,118)
Other operating expenses	(12,619)	(4,772)
Profit from operations	21,765	41,100
Finance costs	(30)	(60)
Profit before taxation	21,735	41,040
Taxation	(6,081)	(8,534)
Net profit and total comprehensive income for the financial year	15,654	32,506
Gross dividends received from associate	25,483	12,741

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

	2018 RM'000	2017 RM'000
Company's share of net assets	132,638	151,860
Elimination of unrealised profits	(779)	(307)
Carrying amount in the statement of financial position	131,859	151,553

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

	2018 RM'000	2017 RM'000
Company's share of net profit and total comprehensive income	5,789	13,012

(d) Other information

	2018 RM'000	2017 RM'000
Cash dividends received by the Company	25,483	12,741

During the current financial year, the Company had adopted equity accounting for its interest in associates. This is in compliance with the provisions contained in Amendments to MFRS 127 *Equity Method in Separate Financial Statements*. The adoption of equity accounting for its interest in associates is retrospectively adjusted in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The impact on the change is disclosed in Note 23.

Notes to the Financial Statements (Cont'd)

5. DEFERRED TAX ASSETS

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

	2018 RM'000	2017 RM'000
Deferred tax assets		
Deferred tax assets	7,687	9,061
At 1 April 2017/2016	9,061	11,320
(Charged)/Credited to profit or loss		
- property, plant and equipment	(311)	(1,375)
- provisions	724	(1,820)
- others	(1,787)	936
	(1,374)	(2,259)
At 31 March	7,687	9,061

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	Assets		Liabilities		Net	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Property, plant and equipment	1,421	1,732	-	-	1,421	1,732
Provisions	7,194	6,470	-	-	7,194	6,470
Others	966	913	(1,894)	(54)	(928)	859
Net tax assets/(liabilities)	9,581	9,115	(1,894)	(54)	7,687	9,061

Movement in temporary differences during the year

	At 1.4.2016 RM'000	Recognised in profit or loss (Note 15) RM'000	At 31.3.2017/ 1.4.2017 RM'000	Recognised in profit or loss (Note 15) RM'000	At 31.3.2018 RM'000
Property, plant and equipment	3,107	(1,375)	1,732	(311)	1,421
Provisions	8,290	(1,820)	6,470	724	7,194
Others	(77)	936	859	(1,787)	(928)
	11,320	(2,259)	9,061	(1,374)	7,687

Notes to the Financial Statements (Cont'd)

6. INVENTORIES

	2018 RM'000	2017 RM'000
Raw materials	35,754	30,977
Work in progress	2,527	2,578
Finished goods	11,720	16,676
Consumable stores	330	53
	50,331	50,284
Recognised in profit or loss:		
Inventories recognised as cost of sales	733,161	681,561
Write-down to net realisable value	98	548
Reversal of write-down	(356)	(69)

7. TRADE AND OTHER RECEIVABLES

	2018 RM'000	2017 RM'000
Trade receivables	826	827
Amount due from ultimate holding corporation	729	1,026
Amount due from associated company	18,485	18,414
Amounts due from related companies	86,146	81,908
	106,186	102,175
Other receivables	14,853	8,481
Deposits	1,172	1,916
Prepayments	3,419	4,291
	125,630	116,863

Credit terms given to trade receivables ranged from 30 to 60 days (2017: 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 (2017: 30 to 60 days) except for the amounts of RM3,354,000 (2017: RM5,000,000) 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.

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:

	2018 RM'000	2017 RM'000
Ringgit Malaysia	45,754	42,494
United States Dollar	73,628	67,329
Japanese Yen	2,253	2,547
Euro	576	202
	122,211	112,572

Notes to the
Financial Statements
(Cont'd)

8. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Nominal value	Assets RM'000	Liabilities RM'000
2018			
Non-hedging derivatives			
Financial assets at fair value through profit or loss	USD40,000,000	7,859	—
	YEN77,000,000	—	—
	SGD114,000	8	—
	EUR199,000	25	—
		7,892	—
2017			
Non- hedging derivatives			
Financial assets at fair value through profit or loss	USD29,614,000	264	—
	YEN44,200,000	—	(47)
	SGD124,000	7	—
	EUR280,000	—	—
		271	(47)

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.

9. CASH AND CASH EQUIVALENTS

	2018 RM'000	2017 RM'000
Fixed deposits	560,000	480,000
Cash and bank balances	90,610	122,431
	650,610	602,431

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

	2018 RM'000	2017 RM'000
Ringgit Malaysia	618,838	536,987
United States Dollar	31,711	65,134
Japanese Yen	14	147
Euro	19	116
Singapore Dollar	28	12
Thailand Baht	—	35
	650,610	602,431

Notes to the Financial Statements (Cont'd)

9. CASH AND CASH EQUIVALENTS (CONT'D)

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

	2018 RM'000	2017 RM'000
- AAA/AA1	179	301
- AA2	93	691
- Non-rated*	650,324	601,426
Cash on hand	650,596 14	602,418 13
	650,610	602,431

* 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 BBB.

(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:

	2018 %	2017 %
Ringgit Malaysia	3.84	3.64

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

	2018	2017
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..

Notes to the
Financial Statements
(Cont'd)

10. SHARE CAPITAL

	Amount 2018 RM'000	Number of shares 2018 '000	Amount 2017 RM'000	Number of shares 2017 '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.

11. PROVISION FOR LIABILITIES AND CHARGES

	Rework cost RM'000	Warranty RM'000	Employee welfare scheme RM'000	Retirement gratuity scheme RM'000	Total RM'000
At 1 April 2016	6,439	2,158	551	193	9,341
(Credited)/Charged to profit or loss (Note 14)	(2,644)	1,720	2,787	(148)	1,715
Utilised during the financial year	(2,931)	(1,654)	(77)	-	(4,662)
Present value adjustments	-	-	-	187	187
At 31 March 2017/1 April 2017	864	2,224	3,261	232	6,581
(Credited)/Charged to profit or loss (Note 14)	(319)	2,210	102	(152)	1,841
Utilised during the financial year	(236)	(2,103)	(1,014)	-	(3,353)
Present value adjustments	-	-	-	181	181
At 31 March 2018	309	2,331	2,349	261	5,250
2017					
Current	864	2,224	3,261	-	6,349
Non- current	-	-	-	232	232
	864	2,224	3,261	232	6,581
2018					
Current	309	2,331	2,349	-	4,989
Non- current	-	-	-	261	261
	309	2,331	2,349	261	5,250

Notes to the Financial Statements (Cont'd)

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

(a) Rework cost

As part of its quality control initiative, the Company has made a provision for rework 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.

(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) Employees welfare scheme

Employee welfare scheme is a scheme to encourage voluntary redundancy. Provision made as at year end is measured based on the number of employees who have accepted 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.

12. TRADE AND OTHER PAYABLES

	2018 RM'000	2017 RM'000
Trade payables and accruals	122,128	121,197
Employee benefits	18,415	17,231
Amount due to ultimate holding corporation	8,554	5,455
Amount due to associated company	4,121	4,576
Amounts due to related companies	28,701	27,087
	181,919	175,546

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:

	2018 RM'000	2017 RM'000
Ringgit Malaysia	135,852	128,647
United States Dollar	33,415	34,489
Japanese Yen	11,587	11,653
Thailand Baht	—	389
Singapore Dollar	317	306
Euro	617	62
Others	131	—
	181,919	175,546

Notes to the
Financial Statements
(Cont'd)

12. TRADE AND OTHER PAYABLES (CONT'D)

Credit terms of trade payables vary from 30 to 60 days (2017: 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 (2017: 30 to 60 days) except for the amounts of RM17,256,000 (2017: RM14,348,000) which are in respect of non-trading transactions that are unsecured, interest free and repayable on demand.

13. REVENUE

	2018 RM'000	2017 RM'000
Sales of goods	1,199,120	1,122,964

14. PROFIT BEFORE TAX

	2018 RM'000	2017 RM'000
Profit before tax is arrived at after charging/(crediting):		
Auditors' remuneration:		
- fees for statutory audits	205	185
- fees for audit related services	10	15
Directors' remuneration (Note 22)	3,146	4,741
Direct materials cost	733,161	681,561
Property, plant and equipment:		
- depreciation	31,064	30,549
- write-off	184	74
- gain on disposal	(206)	(176)
Staff costs:		
- salaries, bonus and other employee benefits	145,955	137,541
- defined contribution retirement plan	11,398	10,624
	157,353	148,165
Technical assistance fees	34,549	32,119
Research expenses	12,737	13,168
Rental expenses	1,864	1,760
Fair value (gain)/loss on derivative financial instruments	(7,668)	4,807
Foreign exchange:		
- net realised loss/(gain)	403	(2,386)
- net unrealised loss	1,552	286
Provision of liabilities and charges (Note 11)	1,841	1,715
Interest income	(19,815)	(23,743)

Notes to the Financial Statements (Cont'd)

15. TAX EXPENSE

	2018 RM'000	2017 RM'000
Current tax expense		
- current year	32,089	28,731
- under/(over) provision in prior year	1,824	(9)
	33,913	28,722
Deferred tax expense		
- origination and reversal of temporary differences	1,374	1,047
- under provision in prior year	–	1,212
	35,287	30,981
Reconciliation of tax expense		
Profit before tax	166,312	158,099
Tax at Malaysian tax rate of 24%	39,915	37,944
Tax effect of		
- expenses not deductible for tax purpose	10,432	71
- tax incentives	(13,602)	(3,799)
- income not subject to tax	(3,282)	(4,438)
- under/(over) provision of current tax expense in prior year	1,824	(9)
- under provision of deferred tax in prior year	–	1,212
	35,287	30,981

16. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2018 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	2018	2017
Net profit for the financial year attributable to equity holders (RM'000)	131,025	127,118
Weighted average number of ordinary shares in issue during the financial year ('000)	60,746	60,746
Basic earnings per share (sen)	216	209

Notes to the
Financial Statements
(Cont'd)

17. DIVIDENDS

Dividends recognised by the Company are as follows:

	Sen per share	Total amount RM'000	Date of payment
2018			
Interim single tier dividend 2018 - Interim single tier dividend	15	9,112	18 January 2018
Final single tier dividend 2017 - Final single tier dividend	102	61,961	25 September 2017
2017			
Interim single tier dividend 2017 - Interim single tier dividend	15	9,112	18 January 2017
Final single tier dividend 2016 - Final single tier dividend	124	75,325	23 September 2016

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 2018	133	80,792
Special single tier dividend 2018	100	60,746

18. OPERATING SEGMENTS

Management has determined the operating segments based on the information reviewed by the Chief Operating Decision-maker ("CODM") for the purposes of allocating resources and assessing performance. The CODM considers the business from product perspective and assesses the performance of the operating segments based on a measure of profit before taxation as included in the internal management reports. Segment profit before 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 2018 is as follows:

	Home appliance products		Fan products		Consolidated	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	614,905	537,887	583,281	576,604	1,198,186	1,114,491
Interest income	9,410	12,112	7,601	9,808	17,011	21,920
Depreciation	12,898	(14,573)	14,933	(11,737)	27,831	(26,310)
Profit before taxation	88,932	59,050	74,003	85,418	162,935	144,468
Cash and cash equivalents	289,667	248,665	193,032	184,151	482,699	432,816
Inventories	22,380	23,712	27,649	22,175	50,029	45,887

Notes to the Financial Statements (Cont'd)

18. OPERATING SEGMENTS (CONT'D)

	2018 RM'000	2017 RM'000
Revenue		
Total revenue of operating segments	1,198,186	1,114,491
Other unallocated revenue	934	8,473
Total revenue based on the statement of profit or loss and other comprehensive income	1,199,120	1,122,964

Revenue of approximately RM1,188,441 (2017: RM1,112,082) within both segments are derived from the Panasonic group of companies as disclosed in Note 22 to the financial statements.

	2018 RM'000	2017 RM'000
Profit before taxation		
Total profit before taxation of the operating segments	162,935	144,468
Other unallocated (expense)/income	(2,412)	619
Share of results of associated company (net of tax)	5,789	13,012
Total profit before taxation based on the statement of profit or loss and other comprehensive income	166,312	158,099
Cash and cash equivalents		
Total cash and cash equivalents of the operating segments	482,699	432,816
Other unallocated cash and cash equivalents	167,911	169,615
Total cash and cash equivalents based on the statement of financial position	650,610	602,431
Inventories		
Total inventories of the operating segments	50,029	45,887
Other unallocated inventories	302	4,397
Total inventories based on the statement of financial position	50,331	50,284

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:

	2018 RM'000	2017 RM'000
Malaysia	456,393	444,194
Japan	46,115	44,369
Asia (excluding Malaysia and Japan)	375,496	365,209
North America	2,302	2,452
Europe	2,205	3,195
Middle East	289,875	229,727
Others	26,734	33,818
	1,199,120	1,122,964

Notes to the
Financial Statements
(Cont'd)

18. 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
	2018 RM'000	2017 RM'000	
- Panasonic Logistic Asia Pacific	443,692	402,489	Home appliance and fan products
- Panasonic Malaysia Sdn. Bhd.	314,173	282,165	Home appliance and fan products
- Panasonic Eco Solutions (Hong Kong) Co. Ltd.	270,974	251,741	Home appliance and fan products
- KDK Fans (M) Sdn. Bhd.	141,642	160,156	Fan products

19. FINANCIAL INSTRUMENTS

19.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R"), and other financial liabilities measured at amortised cost ("OL") and fair value through profit or loss ("FVTPL").

	Carrying amount RM'000	L&R/ ("OL") RM'000	FVTPL RM'000	Total RM'000
2018				
Financial assets				
Trade and other receivables excluding prepayments	122,211	122,211	–	122,211
Derivative financial instruments	7,892	–	7,892	7,892
Cash and cash equivalents	650,610	650,610	–	650,610
	780,713	772,821	7,892	780,713
Financial liabilities				
Trade and other payables	(181,919)	(181,919)	–	(181,919)
	(181,919)	(181,919)	–	(181,919)
2017				
Financial assets				
Trade and other receivables excluding prepayments	112,572	112,572	–	112,572
Derivative financial instruments	271	–	271	271
Cash and cash equivalents	602,431	602,431	–	602,431
	715,274	715,003	271	715,274
Financial liabilities				
Trade and other payables	(175,546)	(175,546)	–	(175,546)
Derivative financial instrument	(47)	–	(47)	(47)
	(175,593)	(175,546)	(47)	(175,593)

Notes to the Financial Statements (Cont'd)

19. FINANCIAL INSTRUMENTS (CONT'D)

19.2 Net gains and losses arising from financial instruments

	2018 RM'000	2017 RM'000
Net gains/(losses) on:		
Loans and receivables	19,411	25,647
Financial liabilities measured at amortised cost	6,118	(4,611)
	25,529	21,036

19.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

19.4 Credit risk

Credit risk is the risk of a financial loss to the 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 deposits and bank balances and derivative financial instruments are placed or transacted with Panasonic Financial Centre (Malaysia) Sdn. Bhd., a company incorporated in Malaysia, which is a related company of the Company. The likelihood of non-performance by the related company is remote. The Directors are of the view that the possibility of non-performance by the majority of these financial institutions is remote on the basis of their financial strength.

Exposure to credit risk, credit quality and collateral

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

Notes to the
Financial Statements
(Cont'd)

19. FINANCIAL INSTRUMENTS (CONT'D)

19.4 Credit risk (Cont'd)

Impairment losses

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

	Gross RM'000	Individual impairment RM'000	Net RM'000
2018			
Not past due	102,832	–	102,832
2017			
Not past due	97,175	–	97,175

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, amounts due from related companies that are not past due and not impaired can be assessed by reference to historical analysis of the period of time for which they have been the Company's customers.

	2018 RM'000	2017 RM'000
Group 1	175	–
Group 2	102,657	97,175
	102,832	97,175

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

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

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

Notes to the Financial Statements (Cont'd)

19. FINANCIAL INSTRUMENTS (CONT'D)

19.4 Credit risk (Cont'd)

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 and bank balances and derivative financial instruments are placed or transacted with Panasonic Financial Centre (Malaysia) Sdn. Bhd., a company incorporated in Malaysia, which is a related company of the Company.

Exposure to credit risk, credit quality and collateral

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

19.5 Liquidity risk

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

19. FINANCIAL INSTRUMENTS (CONT'D)

19.5 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 %	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
2018							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	181,919	-	181,919	181,919	-	-	-
<i>Derivative financial liabilities/(assets)</i>							
Forward exchange contracts	(7,892)						
(gross settled):							
Outflow	-	-	158,677	158,677	-	-	-
Inflow	-	-	(166,569)	(166,569)	-	-	-
	174,027		174,027	174,027	-	-	-
2017							
<i>Non- derivative financial liabilities</i>							
Trade and other payables	175,546	-	175,546	175,546	-	-	-
<i>Derivative financial liabilities/(assets)</i>							
Forward exchange contracts	(224)						
(gross settled):							
Outflow	-	-	134,852	134,852	-	-	-
Inflow	-	-	(135,076)	(135,076)	-	-	-
	175,322		175,322	175,322	-	-	-

Notes to the Financial Statements (Cont'd)

19. FINANCIAL INSTRUMENTS (CONT'D)

19.6 Market risk

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

19.6.1 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") and Euro.

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

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

Currency risk sensitivity analysis

The following table demonstrates the sensitivity of the USD, JPY, SGD and Euro had changed against Ringgit Malaysia by a reasonable possible change as of 31 March 2018 of 13.31% (2017: 12.64%) 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).

	2018		2017	
	Strengthen RM'000	Weaken RM'000	Strengthen RM'000	Weaken RM'000
United States Dollar	9,573	(9,573)	12,383	(12,383)
Japanese Yen	(1,236)	1,236	(1,140)	1,140
Singapore Dollar	(38)	38	(37)	37
Euro	(3)	3	32	(32)

Notes to the Financial Statements (Cont'd)

19. FINANCIAL INSTRUMENTS (CONT'D)

19.6 Market risk (Cont'd)

19.6.2 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:

	2018 RM'000	2017 RM'000
Fixed rate instruments		
Financial assets	560,000	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.

19.7 Fair value information

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

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

Notes to the Financial Statements (Cont'd)

19. FINANCIAL INSTRUMENTS (CONT'D)

19.7 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
2018					
Financial asset					
Derivative financial instruments:					
- forward foreign currency exchange contracts	–	7,892	–	7,892	7,892
2017					
Financial asset					
Derivative financial instruments:					
- forward foreign currency exchange contracts	–	271	–	271	271
Financial liability					
Derivative financial instruments:					
- forward foreign currency exchange contracts	–	(47)	–	(47)	(47)

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).

20. 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)

21. CAPITAL AND OTHER COMMITMENTS

	2018 RM'000	2017 RM'000
Approved by the Board but not provided for in the financial statements:		
- Contracted	74,456	81,232
- Not contracted	—	59
	74,456	81,291
Analysed as follows:		
- Property, plant and equipment	74,456	81,291

22. 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, associates and key management personnel.

(a) Associated company and ultimate holding corporation

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

(b) Related party relationships

Related party	Relationship
Panasonic Corporation ("PC")	Ultimate holding corporation
Panasonic Malaysia Sdn. Bhd. ("PM")	Associated company
Panasonic Management Malaysia Sdn. Bhd. ("PMAM")	Subsidiary of PC
KDK Fans (M) Sdn. Bhd. ("KDK")	Subsidiary of PC
Panasonic Financial Centre (Malaysia) Sdn. Bhd. ("PFI(MY)")	Subsidiary of PC
Panasonic Asia Pacific Pte. Ltd. ("PA")	Subsidiary of PC
Panasonic Ecology Systems Co. Ltd. ("PES")	Subsidiary of PC
Panasonic Encology Systems (Thailand) Co. Ltd. ("PESTH")	Subsidiary of PC
P.T. Panasonic Manufacturing Indonesia ("PMI")	Subsidiary of PC
Panasonic A.P. Sales (Thailand) Co. Ltd. ("PAT")	Subsidiary of PC
Panasonic Home Appliance India Co. Ltd. ("PHAI")	Subsidiary of PC
Panasonic Vietnam Co. Ltd. ("PV")	Subsidiary of PC
Panasonic Energy Malaysia Sdn. Bhd. ("PECMY")	Subsidiary of PC
Panasonic Marketing Sales Taiwan Co.	Subsidiary of PC
Panasonic Hong Kong Co. Ltd. ("PHK")	Subsidiary of PC
Panasonic Industrial Devices Automation Controls Sales Asia Pacific ("PIDACSAP")	Subsidiary of PC

Notes to the Financial Statements (Cont'd)

22. RELATED PARTIES (CONT'D)

Identity of related parties (Cont'd)

(b) Related party relationships (Cont'd)

Related party	Relationship
Panasonic Eco Solutions (Hong Kong) Co. Ltd. ("PESHK")	Subsidiary of PC
Panasonic Appliances (Thailand) Co. Ltd. ("PAPTH")	Subsidiary of PC
Panasonic Electric Works Co. Ltd.	Subsidiary of PC
Panasonic Electronic Works (Asia Pacific) Pte. Ltd.	Subsidiary of PC
Panasonic 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. ("PAPRDMY")	Subsidiary of PC
Panasonic System Networks (M) Sdn. Bhd. ("PSNM")	Subsidiary of PC
Panasonic Liquid Crystal Display Malaysia Sdn. Bhd. ("PLDM")	Subsidiary of PC
Panasonic Appliances Air-Conditioning Malaysia Sdn. Bhd. ("PAPAMY")	Subsidiary of PC
Panasonic (CIS) OY ("PMCIS")	Subsidiary of PC
Panasonic Procurement Malaysia Sdn. Bhd. ("PPMY")	Subsidiary of PC
Panasonic Industrial Devices Malaysia Sdn. Bhd. ("PIDMY")	Subsidiary of PC
Panasonic Logistics Asia Pacific ("PLAP")	Subsidiary of PC
Panasonic Industrial Devices Semiconductor Sales Asia ("PIDSCSA")	Subsidiary of PC
Panasonic Industrial Devices Singapore Pte. Ltd. ("PIDSG")	Subsidiary of PC
Panasonic Eco Solutions (Asia Pacific) Pte. Ltd. ("PESAP")	Subsidiary of PC
Panasonic Production Engineering Co., Ltd ("PSD")	

(c) Significant related party transactions

	2018 RM'000	2017 RM'000
(i) Sales of products and related components to related parties:		
- Panasonic Logistic Asia Pacific	441,461	400,471
- Panasonic Malaysia Sdn. Bhd.	311,622	279,485
- KDK Fans (M) Sdn. Bhd.	141,340	159,924
- Panasonic Eco Solutions (Hong Kong) Co. Ltd.	270,300	251,741
- Panasonic Procurement Malaysia Sdn. Bhd.	15,150	10,498
- P.T. Panasonic Manufacturing Indonesia	8,368	9,612
- Panasonic Ecology System (Thailand) Co. Ltd.	200	351
(ii) Sales of service parts to related parties:		
- Panasonic Malaysia Sdn. Bhd.	2,551	2,680
- Panasonic Logistic Asia Pacific	2,231	2,018
- KDK Fans (M) Sdn. Bhd.	302	233
- Panasonic Eco Solutions (Hong Kong) Co. Ltd.	674	497
- Panasonic Industrial Devices Malaysia Sdn. Bhd.	-	1,371
- P.T. Panasonic Manufacturing Indonesia	1	-
- Panasonic Production Engineering Co. Ltd.	934	1,245
- Panasonic Procurement Malaysia Sdn. Bhd.	1	1

Notes to the
Financial Statements
(Cont'd)

22. RELATED PARTIES (CONT'D)

Identity of related parties (Cont'd)

(c) Significant related party transactions (Cont'd)

	2018 RM'000	2017 RM'000
(iii) Purchase of parts, components and raw materials from related parties:		
- Panasonic Procurement Malaysia Sdn. Bhd.	286,789	251,812
- Panasonic Corporation	14,353	13,097
- Panasonic Eco Solutions (Hong Kong) Co. Ltd.	13,326	5,326
- Panasonic Industrial Devices Malaysia Sdn. Bhd.	99	203
- Panasonic Industrial Devices Singapore Pte. Ltd.	548	510
- Panasonic Industrial Devices Semiconductor Asia Pte. Ltd.	106	539
- P.T. Panasonic Manufacturing Indonesia	162	100
- Panasonic Industrial Devices Automation Controls Sales Asia Pacific	523	232
(iv) Technical assistance fee paid and payable to related parties:		
- Panasonic Corporation	17,478	15,356
- Panasonic Ecology Systems Co. Ltd.	17,071	16,763
(v) Interest income received and receivable from a related party:		
- Panasonic Financial Centre (Malaysia) Sdn. Bhd.	19,815	23,743
(vi) Sales promotion, warranty claims and/or service expenses paid and payable to related parties:		
- Panasonic Malaysia Sdn. Bhd.	6,275	6,657
- Panasonic A.P. Sales (Thailand) Co. Ltd.	5,701	5,310
- Panasonic Corporation	7,956	5,555
- KDK Fans (M) Sdn. Bhd.	1,063	2,007
- Panasonic Vietnam Co. Ltd.	2,479	2,910
(vii) Research and development expenditure paid and payable to related parties:		
- Panasonic Corporation	5,835	5,648
(viii) Brand license fee paid and payable to related parties:		
- Panasonic Ecology Systems Co. Ltd.	2,679	2,877
(ix) Global sales service support fee paid and payable to a related party:		
- Panasonic Eco Solutions (Hong Kong) Co. Ltd.	1,340	1,175
(x) IT annual maintenance and support fees, and additional customization costs for the Sapphire, GLICS and Oracle system paid and payable to related parties:		
- Panasonic Asia Pacific Pte. Ltd. (Oracle System Project)	671	474
- Panasonic Corporation	2,993	2,963
- Panasonic Procurement Malaysia Sdn Bhd	1,379	-

Notes to the Financial Statements (Cont'd)

22. RELATED PARTIES (CONT'D)

Identity of related parties (Cont'd)

(c) Significant related party transactions (Cont'd)

	2018 RM'000	2017 RM'000
(xi) Purchase of fixed assets from a related company: - Panasonic Corporation	482	4,331
(xii) Manufacturing innovation services received and receivable from a related company - Panasonic Corporation's Corporate Manufacturing Innovation Division	2,956	3,917

(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:

	2018 RM'000	2017 RM'000
Amount due to:		
- Panasonic Corporation	8,554	5,455
- Panasonic Malaysia Sdn. Bhd.	4,121	4,576
- Panasonic Procurement Malaysia Sdn. Bhd.	21,733	20,274
- Panasonic Vietnam Co. Ltd.	1,801	9
- Panasonic Eco Solutions (Hong Kong) Co. Ltd.	2,806	2,418
- Other related companies	2,361	4,386
	41,376	37,118
Amount due from:		
- Panasonic Corporation	729	1,026
- Panasonic Malaysia Sdn. Bhd.	18,485	18,414
- Panasonic Logistic Asia Pacific	35,788	29,523
- Panasonic Eco Solutions (Hong Kong) Co. Ltd.	38,294	37,849
- KDK Fans (M) Sdn. Bhd.	8,159	8,865
- Panasonic Financial Centre (Malaysia) Sdn. Bhd.	2,105	2,507
- Other related companies	1,800	3,164
	105,360	101,348

Notes to the
Financial Statements
(Cont'd)

22. RELATED PARTIES (CONT'D)

Identity of related parties (Cont'd)

(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:

	2018 RM'000	2017 RM'000
Directors' fees and meeting allowance	443	448
Salaries, allowance, bonus and other remuneration	17,039	17,848
Defined contribution retirement plan	684	680
	18,166	18,976

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

	2018 RM'000	2017 RM'000
Non-Executive Directors:		
- fees	414	376
- others	30	72
Executive Directors:		
- salaries, bonus and other remuneration	2,644	4,230
- defined contribution retirement plan	58	63
	3,146	4,741

The estimated monetary value of benefits provided to Executive Directors during the financial year amounted to RM205,953 (2017: RM223,778).

The estimated monetary value of benefits provided to Executive Directors and other members of key management personnel during the financial year amounted to RM906,725 (2017: RM880,664).

Included in key management personnel compensation is the Executive Directors' remuneration of RM2,702,404 (2017: RM4,292,806).

Notes to the Financial Statements (Cont'd)

23. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

Accounting for cost of investment in associates

The Company adopted Amendments to MFRS 127, *Equity Method in Separate Financial Statements*. With the adoption of Amendments to 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 sale or distribution.

The Amendments to MFRS 127 are applied retrospectively. The details and quantitative impact of the change in accounting policy are disclosed below:

Impact on financial statements

(i) Statement of financial position

	Impact of change in accounting policy 31.03.2017			Impact of change in accounting policy 1.4.2016		
	As previously reported RM'000	Adjustments RM'000	As restated RM'000	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Assets						
Property, plant and equipment	74,981	–	74,981	62,030	–	62,030
Investments in associates	2,000	149,553	151,553	2,000	149,282	151,282
Deferred tax assets	9,061	–	9,061	11,320	–	11,320
Total non-current assets	86,042	149,553	235,595	75,350	149,282	224,632
Inventories	50,284	–	50,284	43,844	–	43,844
Trade and other receivables	116,863	–	116,863	110,952	–	110,952
Derivative financial assets	271	–	271	5,151	–	5,151
Cash and cash equivalents	602,431	–	602,431	601,514	–	601,514
Total current assets	769,849	–	769,849	761,461	–	761,461
Total assets	855,891	149,553	1,005,444	836,811	149,282	986,093

Notes to the
Financial Statements
(Cont'd)

23. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

Accounting for cost of investment in associates (Cont'd)

Impact on financial statements (Cont'd)

(i) Statement of financial position (Cont'd)

	Impact of change in accounting policy 31.03.2017			Impact of change in accounting policy 1.4.2016		
	As previously reported RM'000	Adjustments RM'000	As restated RM'000	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Equity						
Share capital	60,746	–	60,746	60,746	–	60,746
Retained earnings	611,485	149,553	761,038	569,075	149,282	718,357
Total equity	672,231	149,553	821,784	629,821	149,282	779,103
Liabilities						
Provision for liabilities and charges	232	–	232	193	–	193
Total non-current liabilities	232	–	232	193	–	193
Trade and other payables						
Provision for liabilities and charges	175,546	–	175,546	188,253	–	188,253
Derivative financial liabilities	6,349	–	6,349	9,148	–	9,148
Taxation	47	–	47	120	–	120
	1,486	–	1,486	9,276	–	9,276
Total current liabilities	183,428	–	183,428	206,797	–	206,797
Total liabilities	183,660	–	183,660	206,990	–	206,990
Total equity and liabilities	855,891	149,553	1,005,444	836,811	149,282	986,093

Notes to the Financial Statements (Cont'd)

23. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

Accounting for cost of investment in associates (Cont'd)

Impact on financial statements (Cont'd)

(ii) Statement of profit or loss and other comprehensive income

	Impact of change in accounting policy for the year ended 31.03.2017		
	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Revenue	1,122,964	–	1,122,964
Cost of sales	(899,105)	–	(899,105)
Gross profit	223,859	–	223,859
Other operating income	18,564	(12,741)	5,823
Distribution and marketing cost	(59,672)	–	(59,672)
Administrative expenses	(41,503)	–	(41,503)
Other operating expenses	(7,163)	–	(7,163)
Results from operating activities	134,085	(12,741)	121,344
Finance income	23,743	–	23,743
Share of results of associated company (net of tax)	–	13,012	13,012
Profit before tax	157,828	271	158,099
Tax expense	(30,981)	–	(30,981)
Profit for the year and total comprehensive income for the year	126,847	271	127,118

Notes to the
Financial Statements
(Cont'd)

23. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

Accounting for cost of investment in associates (Cont'd)

Impact on financial statements (Cont'd)

(iii) Statement of cash flows

	Impact of change in accounting policy for the year ended 31.03.2017		
	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Cash flows from operating activities			
Profit before tax	157,828	271	158,099
<i>Adjustments for:</i>			
Property, plant and equipment			
- depreciation	30,549	—	30,549
- write-off	74	—	74
- gain on disposal	(176)	—	(176)
Movement in provision of liabilities and charges	1,902	—	1,902
Dividend income from associated company (gross)	(12,741)	12,741	—
Interest income	(23,743)	—	(23,743)
Share of results of associated company	—	(13,012)	(13,012)
Net unrealised foreign exchange loss	286	—	286
Fair value loss on derivative financial instruments	4,807	—	4,807
Operating profit before changes in working capital	158,786	—	158,786
Changes in working capital:			
Inventories	(6,440)	—	(6,440)
Trade and other receivables	(6,300)	—	(6,300)
Trade and other payables	(12,604)	—	(12,604)
Cash generated from operations	133,442	—	133,442
Tax paid	(36,512)	—	(36,512)
Rework cost paid	(2,931)	—	(2,931)
Warranty paid	(1,654)	—	(1,654)
Employee welfare scheme paid	(77)	—	(77)
Net cash generated from operating activities	92,268	—	92,268

Notes to the Financial Statements (Cont'd)

23. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

Accounting for cost of investment in associates (Cont'd)

Impact on financial statements (Cont'd)

(iii) Statement of cash flows (Cont'd)

	Impact of change in accounting policy for the year ended 31.03.2017		
	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Cash flows from investing activities			
Purchase of property, plant and equipment	(43,615)	–	(43,615)
Proceeds from disposal of property, plant and equipment	217	–	217
Interest received	23,743	–	23,743
Dividends received	12,741	–	12,741
Net cash used in investing activities	(6,914)	–	(6,914)
Cash flows from financing activity			
Dividends paid	(84,437)	–	(84,437)
Net cash used in financing activity	(84,437)	–	(84,437)
Net increase in cash and cash equivalents	917	–	917
Cash and cash equivalents at 1 April 2016	601,514	–	601,514
Cash and cash equivalents at 31 March	602,431	–	602,431

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 52 to 98 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 2018 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 Datuk Asmat bin Kamaludin
Director

Toyokatsu Okamoto
Director

Kuala Lumpur,

Date: 21 May 2018

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Panasonic Manufacturing Malaysia Berhad (6100-K)

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 52 to 98 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 21 May 2018.

Kwan Wai Yue

Before me:
Najmi Dawami bin Abdul Hamid @ Mohd Akib
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 of 31 March 2018 of the Company, and the statement of profit or loss and other comprehensive income, changes in equity and cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 52 to 98.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 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 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(f) - Inventories and Note 6 - Inventories to the financial statements.

The key audit matter

The Company held significant inventory balances as at 31 March 2018 of RM50,331,000. 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.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We tested the design and effectiveness 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 value of inventory was overstated.

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Independent
Auditors' Report
to the members of Panasonic Manufacturing Malaysia Berhad (Cont'd)

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

Key Audit Matters (Cont'd)

(ii) Provision for liabilities and charges

Refer to Note 2(j)(i) – Provision for rework cost, Note 2(j)(ii) – Provision for warranty and Note 11 – Provision for liabilities and charges to the financial statements.

The key audit matter

As of 31 March 2018, the Company recorded provision for warranty of RM2,331,000. 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 of RM309,000 was 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, evaluated the design of, and performed test of controls in these areas.
- We evaluated the appropriateness of the Company's processes, evaluated and tested 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 claims in prior years and the rework cost per unit incurred.

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.

Independent Auditors' Report to the members of Panasonic Manufacturing Malaysia Berhad (Cont'd)

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 these 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 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 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 conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism 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 controls 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 internal control of the Company.
- 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 audit 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 audit 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 statement of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent
Auditors' Report
to the members of Panasonic Manufacturing Malaysia Berhad (Cont'd)

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

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 statement of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our audit 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 audit report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

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, Malaysia

Date: 21 May 2018

Mok Wan Kong
Approval Number: 02877/12/2018 J
Chartered Accountant

List of Properties

Owned By The Company

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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		146 46 225
	Factory and administrative office				8 - 51	2,688
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		5,527
	Factory and administrative office				5 - 26	390

Statistics on Shareholdings

as at 29 June 2018

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	960	18.75	17,607	0.03
100 - 1,000	2,450	47.86	1,208,360	1.99
1,001 - 10,000	1,427	27.88	4,538,946	7.47
10,001 - 100,000	239	4.67	6,556,531	10.79
100,001 to 3,037,288 (less than 5% of issued shares)	41	0.80	14,697,119	24.19
3,037,289 and above (5% and above of issued shares)	2	0.04	33,727,217	55.53
Total	5,119	100.00	60,745,780	100.00

DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct Interest	No. of Shares		%
				Deemed Interest	
1	Siew Pui Ling	100	0.00	0	0.00

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	5,922,246	9.75	–	–
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
6	Kumpulan Wang Persaraan (Diperbadankan)	2,154,300	3.55	875,300	1.44
7	Aberdeen Asset Management PLC	–	–	3,531,800	5.81
8	Standard Life Aberdeen PLC	–	–	3,514,600	5.79

Statistics on
Shareholdings
as at 29 June 2018 (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	4,903,346	8.07
3	HSBC NOMINEES (ASING) SDN BHD BPSS LUX FOR ABERDEEN GLOBAL - ASIAN SMALLER COMPANIES FUND	1,586,600	2.61
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	1,367,500	2.25
5	CHINCHOO INVESTMENT SDN.BERHAD	1,259,748	2.07
6	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,221,204	2.01
7	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR PANGOLIN ASIA FUND	982,400	1.62
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	800,000	1.32
9	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	674,600	1.11
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	600,000	0.99
11	MAYOON SDN BHD	320,000	0.53
12	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	302,777	0.50
13	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	272,280	0.45
14	SHEN & SONS SDN BHD	272,000	0.45
15	AMSEC NOMINEES (TEMPATAN) SDN BHD ABERDEEN ASSET MANAGEMENT SDN BHD FOR TENAGA NASIONAL BERHAD RETIREMENT BENEFIT TRUST FUND (FM-ABERDEEN)	270,000	0.44
16	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY INCOME FUND	259,400	0.43
17	AMSEC NOMINEES (ASING) SDN BHD KGI SECURITIES (SINGAPORE) PTE. LTD. FOR YEO GEOK CHOO (19003)	241,538	0.40
18	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	237,200	0.39
19	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	225,200	0.37

Statistics on
Shareholdings
as at 29 June 2018 (Cont'd)

30 LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	%
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AM INV)	218,900	0.36
21	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	217,100	0.36
22	HO HAN SENG	210,000	0.35
23	AMSEC NOMINEES (ASING) SDN BHD KGI SECURITIES (SINGAPORE) PTE. LTD. FOR TAI TAK SECURITIES PTE LTD (1442)	209,000	0.34
24	AMANAHRAYA TRUSTEES BERHAD PB SMALLCAP GROWTH FUND	208,000	0.34
25	TAN KAH GHIE MARY @ TAN KAH GHEE MARY	204,800	0.34
26	LAI YAN YONG	194,000	0.32
27	AMSEC NOMINEES (ASING) SDN BHD KGI SECURITIES (SINGAPORE) PTE. LTD. FOR YEO KOK GEE (19359)	184,478	0.30
28	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	158,984	0.26
29	AMSEC NOMINEES (TEMPATAN) SDN BHD KGI SECURITIES (SINGAPORE) PTE. LTD. FOR CHONG YEAN FONG (1139)	158,600	0.26
30	AMSEC NOMINEES (TEMPATAN) SDN BHD KGI SECURITIES (SINGAPORE) PTE. LTD. FOR CHONG KAH MIN (1835)	157,920	0.26
Total		46,741,446	76.95

History of Dividend Payment

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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 / 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)							1,273,518,341				245,392,385	1,028,125,956

T/E - Tax-exempt

S/T - Single-Tier

Notice of 53rd Annual General Meeting

NOTICE IS HEREBY GIVEN that the 53rd Annual General Meeting of the Company will be held at Hall 11, IDEAL Convention Centre Sdn Bhd, Level 5, Corporate Tower, Jalan Pahat L15/L, 40200 Shah Alam, Selangor on Friday, 24 August 2018 at 10.30 a.m. to transact the following business:

AGENDA

As Ordinary Business:

- | | | |
|----|--|----------------|
| 1. | To receive the Statutory Financial Statements for the financial year ended 31 March 2018 together with the Reports of the Directors and Auditors thereon. | (Resolution 1) |
| 2. | To declare a final single tier dividend of 133 sen per ordinary share and a special single tier dividend of 100 sen per ordinary share for the financial year ended 31 March 2018. | (Resolution 2) |
| 3. | To re-elect the following Directors who are retiring in accordance with Article 97 of the Company's Articles of Association. | |
| | (a) Tan Sri Hasmah binti Abdullah | (Resolution 3) |
| | (b) Mr Cheng Chee Chung | (Resolution 4) |
| | (c) Mr Toru Okano | (Resolution 5) |
| 4. | To re-elect Ms Kwan Wai Yue who are retiring in accordance with Article 102 of the Company's Articles of Association. | (Resolution 6) |
| 5. | To approve the payment of Directors' fees not exceeding RM460,000 in respect of the financial year ending 31 March 2019. | (Resolution 7) |
| 6. | To re-appoint KPMG PLT as Auditors of the Company and to authorize the Directors to fix their remuneration. | (Resolution 8) |

As Special Business:

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

- | | | |
|----|---|-----------------|
| 7. | Continuation in office as Independent Non-Executive Director | (Resolution 9) |
| | "THAT approval be and is hereby given to Tan Sri Datuk 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." | |
| 8. | Continuation in office as Independent Non-Executive Director | (Resolution 10) |
| | "THAT approval be and is hereby given to Datuk Supperamaniam a/l Manickam 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 53rd
Annual General Meeting
(Cont'd)

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Panasonic Manufacturing Malaysia Berhad (6100-K)
ANNUAL REPORT 2018

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

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

- | | | |
|-------|---|------------------------|
| (i) | Sales of products, sales of tools and equipment, purchase of parts, components, raw materials, purchase of equipment, promotion expenses, warranty claims and/or service expenses 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 26 July 2018. | (Resolution 11) |
| (ii) | Payment of fees to those related parties as specified in Section 2.2(a)(v) and Section 2.2 (b) and receipt of fees from those related parties as specified in Sections 2.2(a)(vi) and Section 2.2 (b) of the Circular to Shareholders dated 26 July 2018. | (Resolution 12) |
| (iii) | Placement of cash deposits and other treasury services with Panasonic Financial Centre (Malaysia) Sdn Bhd as specified in Section 2.2(a)(viii) of the Circular to Shareholders dated 26 July 2018. | (Resolution 13) |

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

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public;
- (b) disclosure is made in the Annual Report of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year where the aggregate value is equal to or exceeds the applicable prescribed threshold under the Listing Requirements and/or the relevant Practice Notes; and
- (c) annual renewal and such approval shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is to be held pursuant to Section 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 authorized 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 authorized by these Ordinary Resolutions."

Notice of 53rd
Annual General Meeting
(Cont'd)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that a final single tier dividend of 133 sen per ordinary share and a special single tier dividend of 100 sen per ordinary share for the financial year ended 31 March 2018, will be paid on 25 September 2018 to depositors registered in the Record of Depositors and Register of Members at the close of business on 7 September 2018.

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

- (a) Shares deposited into the Depositor's Securities Account before 4.00 p.m. on 7 September 2018 in respect of transfers.
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Leong Oi Wah (MAICSA 7023802)
Company Secretary

Shah Alam
26 July 2018

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 authorized 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 authorized.
3. The instrument appointing a proxy or proxies must be deposited at Boardroom Corporate Services (KL) Sdn Bhd, Lot 6.05, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the holding of the meeting or any adjournment thereof.

Notice of 53rd Annual General Meeting (Cont'd)

4. Explanatory Note to Special Business:

Resolutions 9 to 10

Tan Sri Datuk Asmat bin Kamaludin and Datuk Supperamaniam a/l Manickam have both served as Independent Non-Executive Directors of the Company since 29 August 2001 and 1 January 2008.

The Nomination Committee and the Board have assessed their independence at its meetings held on 18 May 2018 and have recommended that they continue to act as an Independent Non-Executive Directors of the Company based on the following justifications:

- (a) They have met the independence criteria as set out in Chapter 1 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (b) They provide a check and balance and bring an element of objectivity to the Board of Directors.
- (c) They continue to be scrupulously independent in their thinking and in their effectiveness as constructive challengers of the Managing Director and Executive Directors.
- (d) They actively participated in board discussion and provided an independent voice on the Board and are able to bring independent and objective judgements to the Board as a whole.

Resolutions 11 to 13

Please refer to the Circular to Shareholders dated 26 July 2018 for further information.

- ### 5.
- Depositors who appear in the Record of Depositors as at 17 August 2018 shall be regarded as Member of the Company entitled to attend the 53rd Annual General Meeting or appoint a proxy to attend and vote on his behalf.

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

Form of Proxy

CDS Account No. _____

I/We, _____

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

_____ being a Member of

Panasonic Manufacturing Malaysia Berhad hereby appoint _____

of _____ NRIC No. _____

*and/or failing him/her _____

of _____ NRIC No. _____

or failing him/her *the Chairman of the Meeting as my/our proxy/proxies to vote on my/our behalf at the 53rd Annual General Meeting of the Company to be held at Hall 11, IDEAL Convention Centre Sdn Bhd, Level 5, Corporate Tower, Jalan Pahat L15/L, 40200 Shah Alam, Selangor on Friday, 24 August 2018 at 10.30 a.m. and at any adjournment thereof. My/our proxy/proxies is/are to vote as indicated below:

Resolutions	Ordinary Business	For	Against
1.	Receipt of the Statutory Financial Statements.		
2.	Declaration of a final single tier dividend of 133 sen per ordinary share and a special single tier dividend of 100 sen per ordinary share per ordinary share.		
3.	Re-election of Tan Sri Hasmah binti Abdullah.		
4.	Re-election of Mr Cheng Chee Chung.		
5.	Re-election of Mr Toru Okano.		
6.	Re-election of Ms Kwan Wai Yue.		
7.	Approval of the payment of Directors' fees.		
8.	Appointment of Auditors.		
Special Business			
9.	To approve the continuation in office of Tan Sri Datuk Asmat bin Kamaludin as Independent Non-Executive Director.		
10.	To approve the continuation in office of Datuk Supperamaniam a/l Manickam as Independent Non-Executive Director.		
11.	Ordinary Resolution: Approval of Recurrent Related Party Transactions ("RRPT") - Sales of products, sales of tools and equipment, purchase of parts, components, raw materials, purchase of equipment, promotion expenses, warranty claims and/or service expenses and purchase of machinery, equipments and tools.		
12.	Ordinary Resolution: Approval of RRPT - Payment and receipt of fees.		
13.	Ordinary Resolution: Approval of RRPT - Placement of cash deposits and other treasury services.		

(Please indicate with an "X" in the appropriate box against the resolutions on how you wish your proxy to vote. If no instruction is given, this form will be taken to 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 _____ 2018

Signature / Common Seal of Shareholder

Notes:

1. A Member entitled to attend and vote is entitled to appoint 1 proxy but not more than 2 proxies to attend and vote instead of him and the Member shall specify the proportion of his shareholdings to be represented by each proxy. When a Member is an exempt authorized 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 authorized.
3. The instrument appointing a proxy or proxies must be deposited at Boardroom Corporate Services (KL) Sdn Bhd, Lot 6.05, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the holding of the meeting or any adjournment thereof.
4. Depositors who appear in the Record of Depositors as at 17 August 2018 shall be regarded as Member of the Company entitled to attend the 53rd Annual General Meeting or appoint a proxy to attend and vote on his behalf.

* Strike out whichever is not applicable.



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Affix
Stamp

The Share Registrars
Panasonic Manufacturing Malaysia Berhad
Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6 KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

Then fold here

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

pmma.panasonic.com.my