

Panasonic



PANASONIC MANUFACTURING MALAYSIA BERHAD
(COMPANY NO. 6100-K)

ANNUAL REPORT 2019

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

A Better Life, A Better World

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CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DATUK ASMAT BIN KAMALUDIN

Chairman

TOYOKATSU OKAMOTO

Managing Director

DATUK SUPPERAMANIAM A/L MANICKAM

Independent Non-Executive Director

TAN SRI HASMAH BINTI ABDULLAH

Independent Non-Executive Director

RAJA ANUAR BIN RAJA ABU HASSAN

Independent Non-Executive Director

CHENG CHEE CHUNG

Non-Independent Non-Executive Director

SIEW PUI LING

Executive Director

KWAN WAI YUE

Executive Director

SHIGERU DONO

Non-Independent Non-Executive Director

AUDIT COMMITTEE

Raja Anuar bin Raja Abu Hassan

Chairman

(Independent Non-Executive Director)

Datuk Supperamaniam 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 Supperamaniam a/l Manickam

(Independent Non-Executive Director)

NOMINATION COMMITTEE

Datuk Supperamaniam 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 Share Registrars Sdn Bhd

(formerly known as Symphony Share Registrars Sdn Bhd)

Level 6 Symphony House

Pusat Dagangan Dana 1

Jalan PUJ 1A/46

47301 Petaling Jaya

Selangor Darul Ehsan

Tel : +603 - 7841 8088 / 8099

Fax : +603 - 7841 8100

Email : BSR.Helpdesk@
boardroomlimited.com

PRINCIPAL BANKERS

**Bank of Tokyo-Mitsubishi UFJ
(Malaysia) Berhad**

Malayan Banking Berhad

AUDITORS

KPMG PLT

REGISTERED OFFICE

No. 3 Jalan Sesiku 15/2

Section 15

Shah Alam Industrial Site

40200 Shah Alam

Selangor Darul Ehsan

Tel : +603 - 5891 5000

Fax : +603 - 5891 5101

Email : ir.pmma@my.panasonic.com

STOCK EXCHANGE

**Main Market of Bursa Malaysia
Securities Berhad**

Sector : Consumer Products
& Services

Sub-sector : Household Goods

Stock Code : PANAMY 3719

CHAIRMAN'S STATEMENT



“On behalf of the Board of Directors, I am pleased to present the Company’s Annual Report for the financial year ended 31 March 2019.”

This year, the Company achieved a revenue of RM1,127.9 million, a decrease of RM71.2 million or 5.9% as compared to the previous year’s revenue. A lower profit before taxation of RM131.3 million was also recorded for the year ended 31 March 2019, which was a decline of 21.0% or RM35.0 million, as compared to previous year’s profit before taxation of RM166.3 million.

The year 2018 witnessed a continued slowdown in the global economy as well as important changes in Malaysia’s political and economic landscape. The domestic consumer sentiment improved arising from an unexpected short tax break during the transition period from GST to SST, thus placing the Company in an advantageous position in the first half of fiscal year 2018. However, the international front took a different direction with the trade sanctions imposed by the United States of America on certain Middle East countries where a good portion of the Company’s sales is made. Furthermore, this is compounded by the on-going US and China trade tensions and other geopolitical risks arising.

Nevertheless, the Company’s financial performance was relatively stable despite the external challenges faced and is expected to improve in the next financial year. To further improve sales, the Company is intensifying its efforts to increase sales in some of its existing markets especially in the ASEAN region such as Vietnam and the Philippines. Efforts are also being made to seek new markets.

Chairman's Statement (Cont'd)

SUSTAINABILITY

This is the second year we are publishing the Sustainability Report, and we are committed to further improve the company's sustainable practices. The Company's daily operations will take into consideration various sustainability aspects e.g safeguarding of the environment, clean energy etc. whilst, pursuing long term growth.

The Company's efforts are also directed towards engaging local talents and vendors, thus contributing to the local market's economic performance.

Section 17A of the Malaysian Anti-Corruption Commission Act (Amendment 2018), which will be enforced in mid 2020, will have a big impact on the business operations of all companies within Malaysia. The provision extends liability not only to the offender, but also to the commercial organization as a whole. This year, as an enhancement to other existing governance measures already undertaken, the Company has incorporated corruption risk assessment as part of its Enterprise Risk Management exercise.

In line with the Panasonic Corporation Environmental Sustainability Policy – Green Plan 2018, we are promoting the usage of recycled materials with the objectives of preserving natural resources and also as a strategy to improve the bottom line of our business through lower raw material expenses. The Company is proud to introduce recycled raw material which are subjected to high quality assurance standards into manufacturing production with the aim to preserve natural resources and to reduce raw material expenses. In addition to that, the Company will continue to promote and adopt environmental friendly best practices in energy and carbon management in creating factories with zero carbon emission.



In terms of employees wellbeing, the company aims to provide a conducive and safe working environment as well as appropriate working conditions. Amongst the initiatives in place is the occupational safety and health policy which the Company has adopted in its business operations. To provide better working environment, apart from meeting legal requirements, additional benefits such as healthcare checks and life and health insurance coverage are offered to permanent and foreign employees.

DIVIDENDS

In the past years, the Company has consistently distributed dividends of more than half of its annual profit, whilst allocating funds for business growth and investment. The Board is committed to maximise returns to shareholders and for the financial year ended 31 March 2019, despite the lower profitability, a higher final dividend of 211 sen (2018: 133 sen) per ordinary share has been recommended for approval by the shareholders at the forthcoming Annual General Meeting.

Together with the interim single tier dividend of 15 sen per ordinary share, the total gross dividend for FY 2019 will be 226 sen (FY 2018: 148 sen excluding the special anniversary dividend of 100 sen) per ordinary share.

INDUSTRY OUTLOOK AND PROSPECTS FOR 2019

Arising from the need to remain competitive in the global market, the Company recently initiated the use of automation and robotics system. These initiatives are expected to ensure the Company continues to produce quality goods at competitive prices. Robotic automation is being implemented in stages over various production facilities.

The transfer to the new office building in the main plant was completed by the end of January 2019. The Company is now focused on the development of the new building construction projects at SA2 Plant which is expected to be completed by the end of 2020. The new parking lot has also been completed at SA1 Plant which can accommodate about 200 vehicles.



SA1 New Car Park

Chairman's Statement (Cont'd)

The Company increased the intensity of its 6S activities to ensure all employees are motivated and duly educated on the importance of ensuring a clean and orderly working environment

Although in the financial year ended 31 March 2019, the Company's sales in the Middle East market was adversely affected by the trade sanctions, the Company is still able to extend its product marketing to other places that are expected to enhance the company's market. The Company plans to launch new products which incorporate attractive features such as light weighted, more choices of colours and energy saving. The Company also plans to expand and strengthen its presence in the markets which has similar climate to Malaysia as it believes that products that fit in the Malaysian market can also thrive in these countries.



SA2 New Building - Ground Breaking Ceremony

DIRECTORATE

The Board bids farewell to Mr Toru Okano, Mr Yuji Kogure and Mr Yasuo Tonooka who have resigned from their office and we wish them well in their future undertaking.

The Company has recently appointed Non-Independent Non-Executive Director, Mr Shigeru Dono to fill the vacancy on resignation of Mr Yasuo Tonooka. The vacancy on the Board following the resignation of the Executive Directors, Mr Toru Okano and Mr Yuji Kogure will not be filled. The Board had earlier committed to reduce the ratio of independent directors to non-independent directors from 4:7 to 4:5 by 31 March 2022. With the resignation of the mentioned Executive Directors, the Company has now reached this ratio much earlier as it strives to adopt the best practices of the Malaysian Code on Corporate Governance.

Datuk Supperamaniam a/l Manickam has informed that he would not be seeking re-election at the forthcoming Annual General Meeting in view that his tenure on the Board as Independent Director would be reaching 12 years by the end of 2019. On behalf of the Board of Directors and Management, I wish to place on record, our heartfelt thanks and appreciation to Datuk Supperamaniam for his services during his tenure as Independent Director. The Company is deeply grateful for all his valuable contribution these years and we wish him well in his retirement.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to thank the management team and all employees for their relentless efforts, dedication and resilience in maintaining the Company's operation and delivering greater value for our shareholders despite 2018 being a volatile year. My warmest gratitude is also extended to our Business Partners for their collaboration with our team to ensure the smooth operation of the company as well as their continued support and confidence in this Company.

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

TAN SRI DATUK ASMAT BIN KAMALUDIN
Chairman

MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS



Toyokatsu Okamoto
Managing Director

INTRODUCTION

The global economy in the year 2018 started with a positive note for a stronger growth momentum from the previous year. As the year progressed, the global economy was confronted with multiple headwinds such as the escalation of trade conflicts, renewed volatility in commodity prices, and bouts of volatility in the global financial markets. For the Malaysian economy, it has expanded at a more moderate pace of 4.7% in the year 2018, where major support came from the private sector expenditure.

Despite a positive start to 2018, the economy subsequently was confronted with several external and domestic challenges. Major policy and political shifts, arising partly from the global trade tensions and the change of government in Malaysia became sources of uncertainty for the economy. Nevertheless, the Company continues to work hard with various initiatives to sustain the Company's revenue which has been affected by the uncertainties faced.

The Company is taking efforts to embrace Industry 4.0 in its manufacturing processes. The company has a strong belief that readiness to adapt to this evolution will have a bearing on economic success.

BUSINESS STRUCTURE

The Company operates from two factories which are Section 15 (SA1 Plant) and Section 23 (SA2 Plant), Shah Alam. The new office building was completely occupied by the end of January 2019 while the construction at SA2 Plant is expected to be completed by the year 2020. The Company as an electrical appliances manufacturer has a unique portfolio where it manufactures a total of 11 products for two Divisional Companies, namely Appliances and Life Solutions, Panasonic Corporation. Products like Home Shower, Vacuum Cleaner, Iron, Bidet, Rice Cooker and Kitchen Appliances are manufactured for Appliances Company while Electric Fan, Ceiling Fan, Ventilating Fan and Dish Dryers are manufactured for Life Solutions Company.



SA1 New Building - Opening Ceremony

Managing Directors' Management Discussion & Analysis (Cont'd)

These products are distributed within Malaysia and also other ASEAN countries such as Thailand, Vietnam, the Philippines and other neighbouring countries. Sales to this region represent approximately 74% of total Company's revenue with domestic sales contributing approximately 43%, followed by Vietnam and Thailand at 15% and 5% respectively.

Exports to the Middle East region contribute 20% of total revenue and the remaining 6% of sales are from other countries including Japan.

Despite the current challenging economic environment, the Company continues to produce products to meet the needs of our customers. This year the Company focused on products with features such as the wider air coverage, more choice of colours and design, user-friendly and more sophisticated security features. An overview of these products is highlighted in the Operation Review section.

BUSINESS STRATEGY

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

OPERATIONS REVIEW

Delivery New Line up

The financial year ended 31 March 2019 saw a decrease in the volume of sales especially in the Middle East market. However, this did not dampen the spirit of the Company to continue in producing better quality and more user-friendly products. The Company will continue to work harder to ensure that future products are made with enhanced security features but still appealing to the consumers.

For small kitchen appliances, the Company had launched several series of slow cooker, meat grinder and blender. The new design of slow cooker comes with full glass lid, ceramic inner pot and slim control panel design whilst the new meat grinder comes with improved grinding speed of 1700W motor and Japanese curve blade which is easy to be stored and cleaned. The Company has also launched several series blender with large capacity (1.5 L) glass jug. It has the features of ice crushing and comes with two dry mills.



The Company also developed the new stepless home shower to be marketed in Thailand and Vietnam. The home shower line up comes with new features such as Electronic Magnetic Compatibility (EMC) compliance with 4.5kw, stepless temperature control with pump and 9 safety points.



In addition, the Company expanded its product line up with the new designs of ceiling fans and wall fans. New ceiling fan design incorporates special features such as wider air coverage and motion sensor, which can save energy of up to 50%, whilst the ball joint hanging structure can enhance the stability and safety of the products. As for wall fans, material innovation in the form of aluminium blades produced higher air velocity. Both have elegant designs that portray a modern and luxurious look.

Automation in Manufacturing

One of the main issues faced by the manufacturing industry today is the rising cost of labour and labour shortage in the market, especially for the 3D (Dirty, Difficult, Dangerous) blue collared workers. To overcome these issues, the Company has taken steps to invest in the use of automation and robotic systems to reduce the reliance on human labour.

In line with the promotion of high valued manufacturing by the Government, the Company has started to use the automation and robotic systems in the improvement of its manufacturing processes. In the Life solutions division, a total of 17 units of robotic systems have been installed to help facilitate and accelerate work in several parts of the production processes. The use of these 17 units of robotic systems has resulted in savings of approximately RM1.0 million per annum.

Managing Directors' Management Discussion & Analysis (Cont'd)

The Company also invested in automation and robotic system in the Appliances division for the Auto Brazing system, as brazing requires highly skilled and competent workers. After the installation of 5 units of robotic system into the auto brazing system, the Company is able to produce more stable quality tanks at double the output rate and give further savings of approximately RM0.6 million per annum. With the successful implementation of these automated systems, the Company is looking into further expansion of similar automation in other manufacturing processes.



Die Casting & Deburring



Auto Brazing System

The reduction in revenue was mainly attributed to lower export sales to the Middle East market which has been affected by increasing trade sanctions imposed by the United States of America on certain Middle East countries and also the lack of liquidity in the said market. Overall, export revenue decreased by RM94 million or 12.6% as compared to the previous year's revenue. However, the reduction is mitigated by an increase in sales in the domestic market especially during the zero rated Goods and Services Tax period; which was declared by the new government from 1st June 2018 to 31st August 2018. During this tax holiday period, both dealers and consumers were motivated to purchase more products. The Company's sales in the domestic market showed a marked increase of 10% to 50% for various products during the said tax holiday period.

The Company achieved lower profit before taxation of RM 131.3 million for the year ended 31 March 2019, representing a decrease of RM 35.0 million or 21.0% as compared to the previous year's profit before taxation of RM 166.3 million. The lower profitability was mainly attributable to the lower sales achieved during the financial year. In addition, the reduction in profit before tax was attributable to:-

- A derivative loss amounting to RM 7.1 million (arising from the recent strengthening of the Ringgit against the US Dollars) which was incurred for the current year-to-date as compared to derivative gain of RM 7.7 million in the previous corresponding year; and
- A lower share of profits from associated company of RM 1.6 million for current year ended 31 March 2019 compared to share of profits of RM 5.8 million in the previous corresponding year.

Home Appliances Business

Home Appliances business profit before tax of RM60.0 million for the year ended 31 March 2019 was lower by 32.6% or RM 28.9 million as compared to profit before tax of RM88.9 million in the previous corresponding year. The decrease in profit was mainly due to lower sales volume, higher cost of materials and unfavourable product mix.

Fan Products and Other Business

For Fan Products and Other business, the profit before tax of RM70.3 million for the financial year ended 31 March 2019, was also lower by 9.2% or RM7.1 million as compared to the previous year's profit before tax of RM77.4 million. The decrease in profit was mainly due to the lower sales volume.

FINANCIAL REVIEW

The Company recorded revenue of RM 1,127.9 million for the financial year ended 31 March 2019, which was a decrease of RM71.2 million or 5.9% compared to the previous year's of RM1,199.1 million.

Managing Directors' Management Discussion & Analysis (Cont'd)

RISK AND EXPOSURE

Market Risk

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

Credit Risk

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

Liquidity Risk

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

BUSINESS OUTLOOK

In 2019, the global economy is projected to expand moderately, following slower growth in both advanced and major emerging market economies. The Company realises that trade tensions if unresolved, will have a material impact on global trade and investments. Prolonged political and policy uncertainties could further weigh in on global prospects.

Nevertheless the Company will face these headwinds from a position of strength, reinforced by a diversified economy, resilient external position and a strong financial system. The Company will strengthen its manufacturing capabilities through the continued expansion of robotic and automation systems in its facilities. Efforts are also being made in upgrading the IT system to cope with the rapid changes. To further enhance productivity, ongoing process improvements are made and various training programs are held for operational staff.

The Company believes that the year 2019 will show a positive growth of economy, particularly the Malaysian economy, where the growth will continue to be anchored by private sector supported by stable income and employment growth, as well as expansion of businesses.

With the vision of "**A better life, a better world**", the Company is strongly committed to produce quality products. Despite the current economic challenges, the Company remains positive and will undertake initiatives to ensure the Company continues to achieve satisfactory performance.

Thank you and I look forward to collective engagement of all stakeholders to achieve the Company's overall goals.

A Better Life, A Better World



INCREASE IN SHAREHOLDERS' WEALTH

As at 31 March 2019, 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 RM742,407 based on the market price of RM38.30 as at 11 June 2019. In addition, he would have received a total gross cash dividends of RM520,967 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 14.5% 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 2019)	RM	38.30
Total value of shares held	RM	742,407
Cumulative gross cash dividends received / receivable (1969 – 2019)	RM	520,967
Total Wealth of a shareholder since Initial Investment	RM	1,263,374

SUSTAINABILITY REPORTING

ABOUT THIS REPORT

We at Panasonic Manufacturing Malaysia Berhad (PMMA) believe the journey towards a progressive and sustainable business is a reflection of the spirit with which the conducting of daily operations aligned with strong values and an appreciation for the environment and greater society.

We aim to go beyond mere survival by making fundamental changes, not just in the way we operate our businesses, but also by constantly creating ideas and our own set of core values that are in line with the Panasonic Corporation's management philosophy of being a "public entity for society". We understand that our manufacturing business, particularly, affects a slew of issues that matter greatly to both our business' values and that of our stakeholders. Only through a conscientiously sustainable business, can we accurately identify problem-areas and minimise risks to create new opportunities that contribute equally to the growth of our business as well as the integrity of the environment, society and locality we operate in.

With these aspirations in mind, we are proud to present to you, our esteemed and valued stakeholders, PMMA's second Sustainability Report. This year, our PMMA Sustainability Report covers the overall sustainability approach, ongoing initiatives and the metrics of performance that measure the Economic, Environment and Social (EES) impact of our organisation and its business practices. We aspire to continue to diligently monitor, evaluate and report the progress of our sustainability plan, which will be undertaken with cohesive collaboration amongst all our stakeholders.

Our Reporting Approach

This report has been prepared with reference to the framework and guidance provided by the Global Reporting Initiative (GRI) Standards, a transition from GRI G4 Guidelines adopted in our first sustainability report, and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia). The content of this report is based on the reporting principle as defined by GRI Standards, which includes:

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

The Material perimeters showcased in this report are as stated below:

- GRI 201 Economic Performance
- GRI 205 Anti-corruption
- GRI 301 Materials
- GRI 305 Emissions
- GRI 307 Environmental Compliance
- GRI 401 Employment
- GRI 403 Occupational Health and Safety

Reporting Period

This report refers to the period from 1 April 2018 to 31 March 2019 (unless indicated otherwise). Our inaugural sustainability report was published in 2018. We are determined to publish our sustainability performance and progress annually through our sustainability report. Thus, financial year ended 31 March 2019 will become the baseline year – the benchmark used as a foundation for measuring and comparing disclosed sustainability key performances throughout PMMA.

Scope and Boundaries

The scope of this report is within the business owned and operated by PMMA in Malaysia.

Sustainability across Supply Chain

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

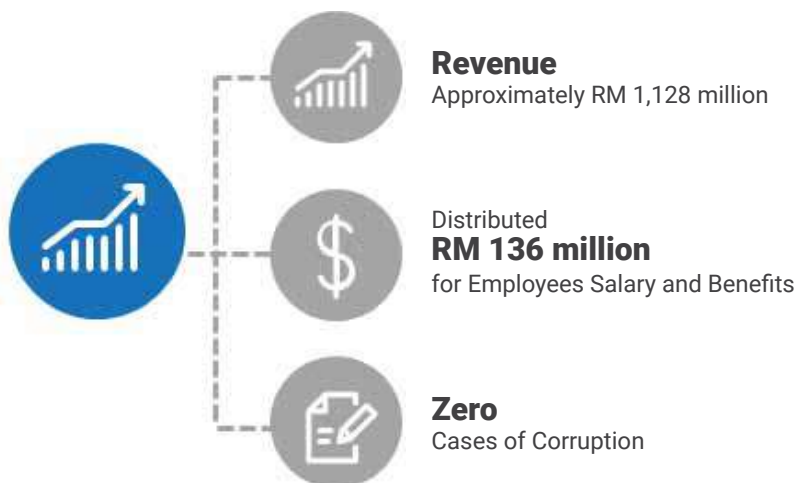
Feedback

For further details, you may contact:
Email : ir.pmma@my.panasonic.com
Telephone : +603 5891 5000

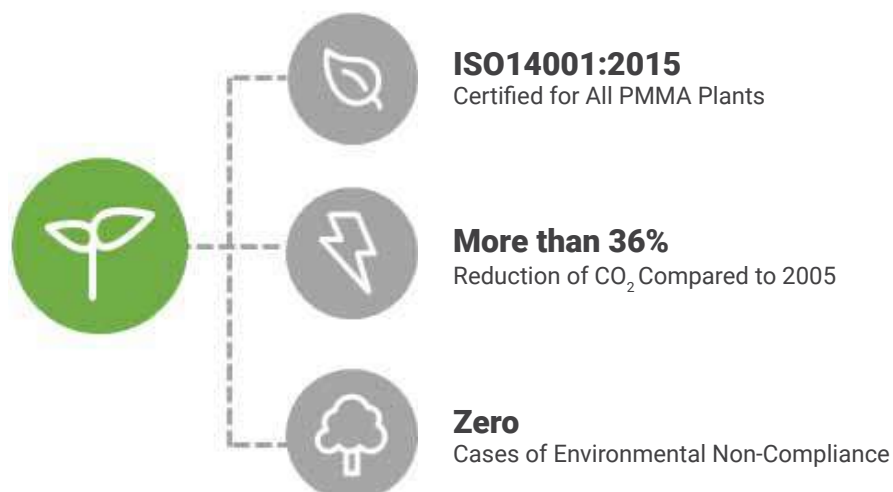
Sustainability Reporting (Cont'd)

HIGHLIGHTS OF FINANCIAL YEAR ENDED 31 MARCH 2019

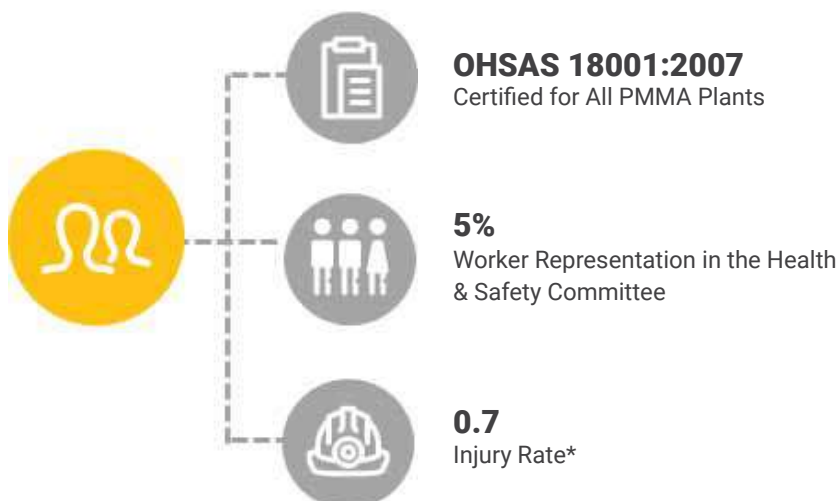
ECONOMIC



ENVIRONMENT



SOCIAL



* For further details, kindly refer to Page 23

Sustainability Reporting (Cont'd)

BOARD STATEMENT

PMMA being one of the pioneer electrical home appliances manufacturers in Electrical & Electronics (E&E) industry is one of the key economic growth leaders for Malaysia through its increasing contribution towards Malaysia's export rate.

We are humbled to be part of the nation's drive towards sustainable economic growth by cultivating local talent and incorporating them as part of the national supply chain. We have published our inaugural report last year, an indication that we are embarking on a new era that strives ever further for sustainable living and advanced technological innovation.

In the coming years, we expect the Company to fully develop new technology and the level of expertise in sustainable engineering to deliver innovation and solutions across a diverse range of industries; we aspire that this will create a better day-to-day experience for all our customers. Through the establishment of the new Panasonic Appliances R&D Centre Asia Pacific Sdn Bhd (PAPRADAP), the Company will get a better consultancy in terms of product design development, technology research, quality audit and product testing. We believe this new platform will nurture and attract talent from a diverse range of areas, providing them a base for digital growth within PMMA. This is in line with our efforts towards integrating Industry 4.0 into our manufacturing operations. We project that the digitalisation of our key processes will increase our capacity to better monitor and evaluate our sustainability performance such as resource utilisation and waste management with meaningful data and key insights.

This year's report has been prepared with reference to the Global Reporting Initiative (GRI) Standards, as we continue to align our sustainability efforts with global standards. We hope to support both local and global sustainability agenda such as United Nations Sustainability Development Goals (SDGs). We strive to align our initiatives and plans towards common goals beyond the betterment of our business ecosystem.

As PMMA strives to embrace sustainability beyond compliance other than fulfilling Bursa Malaysia's Main Market Listing Requirements, we agree that disclosing our Economic, Environment and Social metrics will be meaningful for our stakeholders to be well informed. With this in mind, we have made efforts to analyse issues of concern and have disclosed items that are material to both our stakeholders and PMMA. These issues are influenced by the way we manage and operate our daily operations with the drive to best serve our customers, safeguard the environment, encourage the use of clean energy, and foster long-term growth. We will continue striving to understand our stakeholders better, ensuring our collaborations are impactful and meaningful.

PMMA is committed to embrace the real meaning of sustainability by revisiting and including aspects of sustainability in our current policies and practices. We trust you will find this Sustainability Report informative, representing fair and balanced view of our position and performance on identified sustainability material matters.

Thank you.

The Board

Sustainability Reporting (Cont'd)

STAKEHOLDER ENGAGEMENT

One of the most important process in our sustainability journey is engaging our stakeholders. Every year, PMMA engages various stakeholders through different mediums and platforms to assess concerns on economic, environmental and social matters.

The table below illustrates the list of stakeholder we engaged to identify key material disclosures.

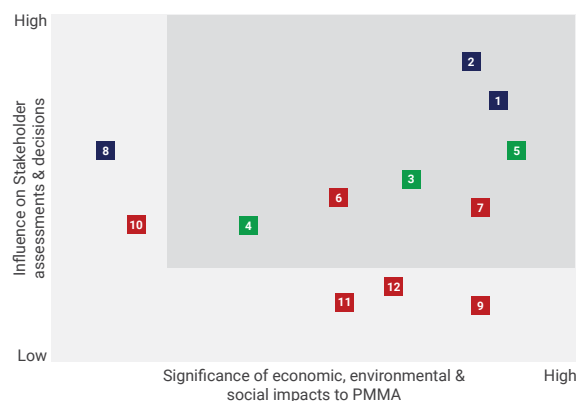
Stakeholders	Mode of Engagement	Frequency of Engagement	Concerns
Media 	<ul style="list-style-type: none"> Media events Advertising agent 	<ul style="list-style-type: none"> As needed As needed 	
Investors 	<ul style="list-style-type: none"> Annual general meeting Briefing/meeting Extraordinary general meeting Electronic communication 	<ul style="list-style-type: none"> Annually 5 times a year As needed As needed 	<ul style="list-style-type: none"> Mechanisms and policies in place to curb corruption Recovery of materials for recycling and reuse Carbon emissions management and evaluation Employee appreciation and benefits Occupational health and safety management and policies Procurement practices Health and safety of products Data security protection Foreign labour management Employee engagement and satisfaction
Suppliers 	<ul style="list-style-type: none"> Supplier audit Policy announcement 	<ul style="list-style-type: none"> Annually Annually 	
Regulators 	<ul style="list-style-type: none"> Income tax filing Annual return SST reporting Electronic communication 	<ul style="list-style-type: none"> Annually Annually Bi-monthly As needed 	
Employees 	<ul style="list-style-type: none"> Monthly payroll Management meetings Staff appraisals Training and product knowledge briefing General Morning Assembly Employees Opinion Survey 	<ul style="list-style-type: none"> Monthly Bi-weekly Annually As needed Monthly Annually 	
Local Communities 	<ul style="list-style-type: none"> Community engagement Corporate Social Responsibility (CSR) programme 	<ul style="list-style-type: none"> As needed As needed 	

Sustainability Reporting (Cont'd)

MATERIALITY

We have engaged our stakeholders through various mediums and platforms. We have conducted a sustainability workshop for our key internal stakeholders to understand their perspective on material matters for PMMA. These stakeholder engagement exercise identified 12 material areas of disclosure that were derived by pinpointing disclosures into a matrix. The materiality matrix showcases the material disclosures based on its unique influence on the stakeholders and EES impact to the organisation. The materiality matrix were approved by the Board of Directors of PMMA and can be seen in the table below.

■ Economic ■ Environment ■ Social



Material Sustainability Topics

- 1 GRI 201 : Economic Performance
- 2 GRI 205 : Anti-corruption
- 3 GRI 301 : Materials
- 4 GRI 305 : Emissions
- 5 GRI 307 : Environmental Compliance
- 6 GRI 401 : Employment
- 7 GRI 403 : Occupational Health and Safety

Emerging Sustainability Topics

- 8 GRI 204 : Procurement Practices
- 9 GRI 416 : Health and Safety of Products
- 10 GRI 418 : Data Security
- 11 GRI 401 : Employee Engagement and Satisfaction
- 12 GRI 402 : Foreign Labour Management

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

Sustainability Reporting (Cont'd)

ECONOMIC

Direct Economic Value Generated and Distributed **GRI 201-1**

At PMMA, we strive to seamlessly align our sustainability strategy to our economic performance contribution in Malaysia. We believe success goes beyond revenue and profit, but instead focusing on engaging local talent and vendors while contributing to the local markets' economic performance. This has resulted in PMMA making employee salary and benefits a key priority that is integral part of our business's sustainability.

*PMMA's New Building Opening
Ceremony in December 2018*



Revenue

RM 1,128 million

Operating Expenses

RM 1,031 million

Salary and Benefits

RM 136 million

Note: Please refer to the Annual Report Page 28 for detailed Economic Performance figures.

Financial Implications and Other Risks and Opportunities due to Climate Change

GRI 201-2

Economic performance is a crucial part of PMMA and sustainable business practices are part of our sustainability strategy. Despite effective management and positive performance, climate change has and will continue to have financial implications and other risks and opportunities towards PMMA over the years. Some of the identified circumstances are showcased in the table below :

Risk/ Opportunity	Description	Likelihood of Impact (e.g. Low, Medium, High)	Financial Implications	Mitigation Plan
Opportunity	Dry non-monsoon season	Medium	Increase in sales of certain product due to high humidity and hot season	Flexible production floor to cater for increase in demand
Risk	Production floor labour turnover	Low	Local government regulation restricting hiring of foreign labour	Implement automation

Sustainability Reporting (Cont'd)

Anti-corruption

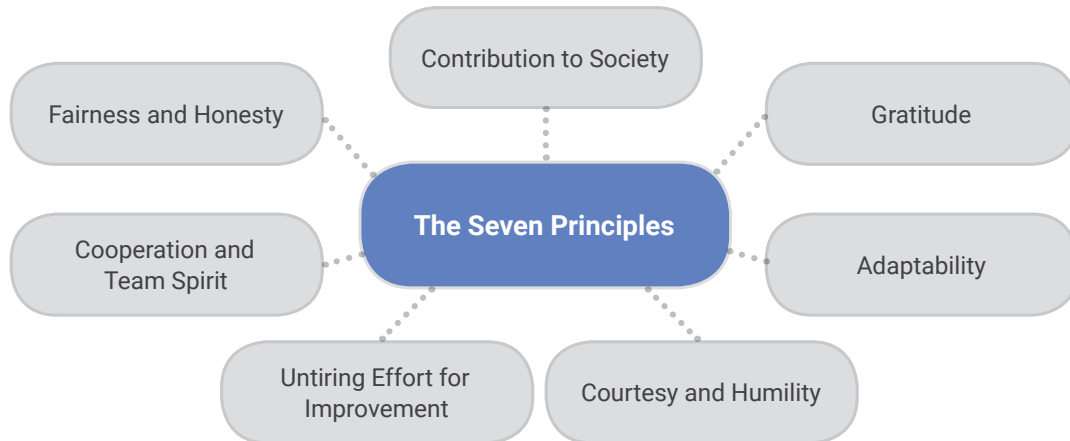
GRI 205-1

PMMA operates based on a framework of responsible business management that is guided by the core values under our global parent company - Panasonic Corporation. Historically, as a pioneer household electrical appliances manufacturer in Malaysia, we feel the need to lead by example for our business to be as transparent as possible. We mirror our ethical approaches based on the Seven Principles listed by our founder, Mr Konosuke Matsushita. One of the principles highlighted is Fairness and Honesty that aligns to anti-corruption. Panasonic Corporation has implemented Clean Business Dealing Agreement (CBDA) in 2012 to prevent employees from engaging in bribery and unethical business dealings including engaging in activities where there is conflict of interest. For PMMA, we have ensured all employees including temporary and foreign workers pledge to sign in understanding the content of CBDA.

PMMA strongly committed to maintain clean and fair business dealings, demonstrating our genuine effort to achieve our corporate vision in partnership with all our valued business partners. CBDA is one such initiative

which applies to business partners as well. We must ensure the business partners sign the agreement before engagement.

Anti-corruption is part of the audit plan, which acts as a motivator to promote compliance with existing anti-corruption requirements. We also encourage stakeholders to raise any concerns of wrongdoing through our whistleblowing channels. Investigations are conducted for any incidents reported to determine the validity of the allegations and action will be taken on any matters deemed necessary. This also serves to identify gaps in the management of anti-corruption practices. This year, corruption risk assessment has been incorporated as part of Enterprise Risk Management exercise. A gap analysis has been performed to determine whether PMMA's current policies, procedures and controls in preventing the occurrence of corrupt practices in relation to our business activities are adequate as required by the Prime Minister's Department Guidelines on Adequate Procedures. The gaps have been identified and reported to the Board of Directors. On top of that, regular reviews are conducted to ensure controls are in place/enforced and appropriate actions taken where necessary.



Zero
Cases of Corruption

PMMA has and will continue to prohibit any form of corruption and heavily denounces any act of corruption or any act leading towards misconduct of business. As a result of this commitment and with the support of all stakeholders, we have recorded zero cases of non-compliance relating to corruption in the reporting year.

Whistleblowing Mechanism

PMMA has established a Whistleblowing Policy, which includes an anonymised communication channel for all employees, business partners and stakeholders to voice out their concerns in a secured manner.

- The policy has been shared in the Digital Workspace and PMMA Website, emailed to all employees as well as announced in the General Morning Assembly.
- PMMA has established its own Whistleblowing Committee for internal investigation (if any).
- Engaging a private investigator and forensic auditor if or when necessary.

Sustainability Reporting (Cont'd)



Briefing on Corporate Liability under Malaysian Anti-Bribery Laws to the Top Management held at PMMA office

PMMA's Procurement Practice

GRI 204-1

A stable and comprehensive procurement practice is an integral component for PMMA to fulfil our mission towards contributing to society through our best quality of products. This allows us to consistently deliver our products to our customers at reasonable prices regardless of the different markets we serve. Our Central Procurement Department has oversight over PMMA's procurement practice to ensure we procure materials in best cost scales without compromising our ability to conform to our quality standards as well as applicable statutory environmental requirements. We are also actively supporting local supplier in our procurement practice. This year, 79% of our suppliers are local suppliers.



Supplier Policy Announcement in April 2018

Ensuring Health and Safety of Our Products GRI 416-1

The health and safety standards of our products is of utmost priority in upholding the trust that we have built with our customers for decades. We are fully committed to maintaining zero product safety claims (in terms of consumer and property damage) from the market we are presently operating in. From the design and development stage to the production stage, our product safety officer works together with the Product Safety Committee and other relevant departments to ensure all products manufactured by PMMA are in compliance with Panasonic Corporation Safety Standards, Panasonic Ecology System Standards and the International Electrotechnical Commission Standards. Food sanitation tests, for example, are compulsory for parts in contact with food to assure no health hazard arising from the materials used in the final products. In addition, various internal and external quality audits are conducted to further examine the effectiveness of PMMA's processes and procedures in safeguarding the health and safety standards of our products.

ENVIRONMENT

Recycled Material

GRI 301-1

As "a public entity of society" and a pioneer household electrical appliances manufacturer in Malaysia since 1967, PMMA has been consistently striving to achieve a balance between profitability and environmental sustainability in the areas which we operate in. This year, we are proud to introduce recycled raw material into manufacturing. This is not only in line with the Panasonic Corporation Environmental Sustainability Policy – Green Plan 2018 to promote usage of recycled materials and preserve natural resources but also contribute to improving the bottom line of our business through lower raw material expenses.

To ensure the introduction of recycled material into our production does not compromise with our ability to deliver excellent quality products to our customers, our Quality Assurance Department has collaborated with PAPRADAP to monitor the quality level of the recycled material against PMMA's quality policies and requirements. In July 2018, we conducted a factory quality audit and Restriction of Hazardous Substances (RoHS) audit to our recycled PP Resin supplier. While the supplier had passed the Panasonic Material test requirement as well as specification requirement, the mass production involving recycled PP Resin started from June 2019.

Sustainability Reporting (Cont'd)

PMMA's Supplier Quality Audit

We extend our attention to quality to our suppliers. This is evidenced by our supplier quality audit in ensuring our suppliers sufficiently meet with PMMA quality requirements. The audit examines supplier performance in five areas as illustrated below. Suppliers are given one month to response on how they can improve upon the requests for improvement raised by PMMA.

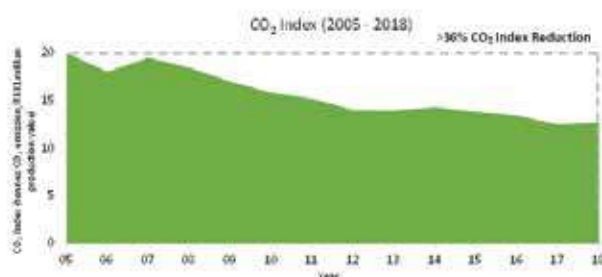


Carbon Emissions

GRI 305-5

PMMA's commitment to reduce carbon emissions has been conceptualised and guided by the Panasonic Environment Vision 2050 – a long-term vision established by Panasonic Corporation with the objective to create a safe and secure society sustained on clean energy as well as to enhance the reputation of businesses aiming for a sustainable society.

Over the past 13 years, we have successfully reduced more than 36% in CO₂ index (tonnes CO₂ emission / RM1 million production value), from 20.05 in 2005 to 12.78 in 2018, through various carbon reduction initiatives such as adopting Light Emitting Diode (LED) in our PMMA factories. This year, we have expanded our carbon emissions reduction efforts by collaborating with Panasonic Ecology Solution to explore the feasibility of installing solar panels within our vicinity in the next 3 years. Moving forward, we will continue to promote and adopt best practices in energy and carbon management to demonstrate our support to the Panasonic Corporation's inspiration in creating factories with zero CO₂ emissions.



Environmental Compliance

GRI 307-1

At PMMA, we are vigilant and committed to minimising the impacts of our operations on the environment. It is our constant endeavour to ensure compliance with the regulatory norms through our established Environmental Policy. We have constituted PMMA Environmental Facilities Committee (EFC) that reviews environmental performance at all manufacturing locations periodically. We also appointed a representative from our Environmental Management Department to ensure all environmental-related requirements are met. In addition, this representative is responsible for preparing and submitting reports to Panasonic Corporation on a monthly basis.

Due to our continuous efforts in promoting environmental stewardship within our business, both of our manufacturing factories SA 1 and SA 2 in Shah Alam have received ISO 14001:2015 Environmental Management System (EMS) certification. We manage our compliance in environmental regulations, standards and other requirements through continuous external audits. During the reporting period, we did not receive any significant fines or sanctions for non-compliance with environmental legislation across the reporting regulations and requirements.

Zero

Cases of Environmental Non-compliance

SOCIAL

Employment

GRI 401-1 GRI 401-2

As a labour-oriented organisation, workforce is crucial asset for our performance at PMMA. We drive economic growth through the generation of employment opportunities directly as well as indirectly across our operational areas. This is in line with Panasonic Corporation's Global Diversity Policy that states every employee is slated with playing a leading role in promoting the business activities of Panasonic.

The Human Resources (HR) department has a robust overall function and continues to raise the bar of excellence in employment. Guiding our employee management practices are the Panasonic Compliance Policies, which are aligned with Panasonic Corporation's Basic Business Philosophy and Compliance. This philosophy helps us determine our objectives, our approach to business activities, and the general direction of our organisation. We also establish and revise our Business Plan on an annual basis to ensure our workforce develop and grow along with PMMA.

Sustainability Reporting (Cont'd)

When required, the Heads of Departments (HODs) can fill up Manpower Requisition Form to initiate the recruitment of new employees for designated positions. As part of the recruitment initiatives, the HR department participates at local career fairs and creates awareness of employment opportunities with PMMA, this is done further on online job platforms as well as local newspapers.

In total, 82.4% of PMMA's new permanent non-executive employees account for those under the age of 30. Due to the nature of the manufacturing industry, our new permanent non-executive employees are primarily male, and as such, the percentage for male is higher with 74.3%. On the other hand, the proportion of new permanent executives for female has continued to rise with a 3:2 ratio of men to women. Employees under the age of 30 and over the age of 50 stood as 36% and 8% of the new permanent executives respectively. Overall, PMMA saw an average turnover rate of 4.7% for permanent non-executive employees and 14.2% for permanent executive employees during the reporting year.



Career Fair in March 2019

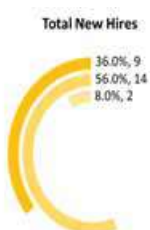
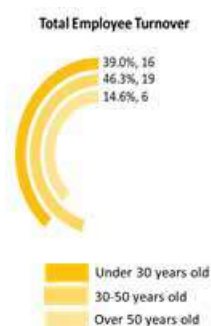
Employee Engagement and Satisfaction

GRI 401

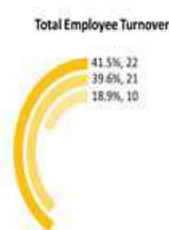
- Permanent employees are able to express their opinions with regard to PMMA's operations based on three criteria, encompassing Quality and Customer Focus, Clear and Promising Direction as well as Employee Enablement.
- The **Employee Opinion Survey** is conducted at least once every two years to gauge our employee satisfaction level. Through the survey, we incrementally develop improvement measures to integrate into the upcoming plan, ensuring the overall organisation grows together.

Permanent Employees Statistics for Financial Year Ended 31 March 2019

Executive Employees (Total = 286)

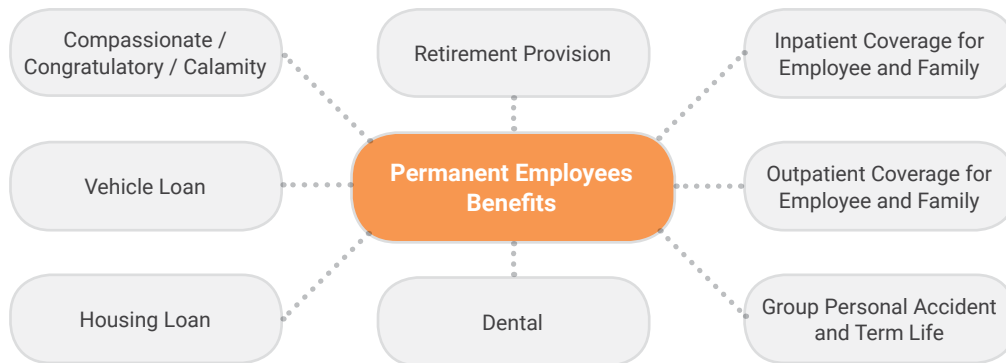


(Non-executive Employees (Total = 936)



The Employee statistics does not include PMMA's temporary, outsource and foreign employees at PMMA during the reporting year

Sustainability Reporting (Cont'd)



In order to provide our employees with a better working environment, PMMA works to meet and surpass legal requirements regarding benefits, including offering life insurance, healthcare checks, disability and invalidity coverage, parental leave, retirement provision and more.

PMMA undertakes periodic audits to check adherence to all our systems and procedures in relation to employment. During the reporting year, we complied with all relevant labour laws and only minor changes are made in the Disciplinary Procedures to enhance our accountability and responsibility in employment.



CSR Activities Town Cleaning and Tree Planting in August 2018



PMMA's Sports Carnival 2018

Foreign Labour Management

GRI 402

Panasonic is a labour intensive business. Due to the tendency of higher human rights and other labour-related risks for foreign workers, Panasonic Corporation has established several measures to ensure that entities affiliated with Panasonic will actively act against agencies from receiving any fees and will not retain their workers' identification documents or passports. These measures will also ensure that entities will provide workers with properly drafted employment contracts, including terms of employment in the workers' native language.

As for PMMA, the organisation recruits employees and accepts temporary workers according to the policies and laws that regulate foreign workers in Malaysia. We are also in the midst of establishing improved practices in line with the recommendations by the government, the International Labour Organisation (ILO) as well as the Responsible Business Alliance (RBA) Code of Conduct. This is to ensure that the working conditions in the organisation and its overall supply chain is safe, workers are treated with respect and dignity and business operations are environmentally responsible and ethically conducted.

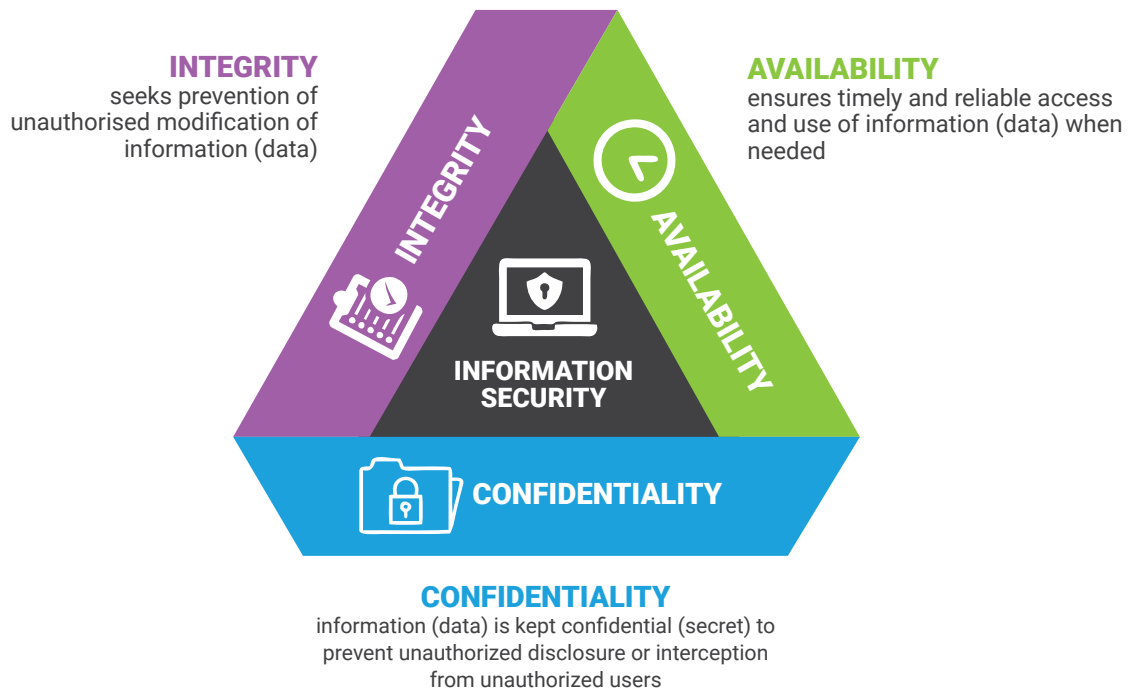


PMMA's 6S Activity

Sustainability Reporting (Cont'd)

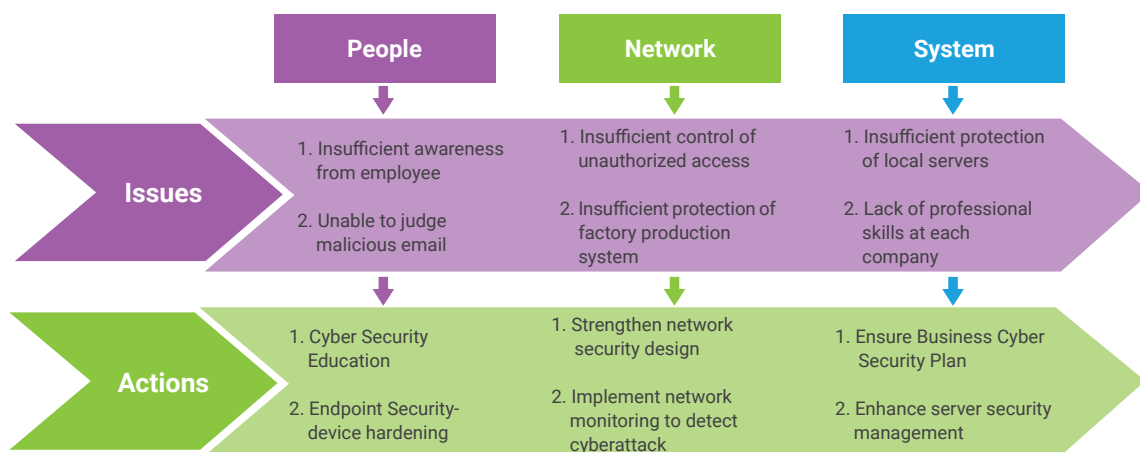
PMMA's Information Security Management (ISM) System

GRI 418



PMMA's Information Security Management (ISM) System consists of three main aspects, namely Integrity, Availability and Confidentiality. In the age of digital transformation, we believe cyber security should be a core emphasis of PMMA's operations, just like the safety of our employees. Therefore, we have embarked in shifting our cyber thinking approach from compliance to protection and move beyond thinking to detection and response.

A successful cyber attack can cause major damage to our business. To avoid cyber threats, we need to manage cyber risk diligently. Following this, we categorise cyber risk into three categories: people, network and system. Several potential issues within each category alongside with mitigating actions were identified to ensure effective information security management.



In addition, to ensure continuous compliance with the Information Security Management System ISO27001:2013, PMMA strives to boost the level of knowledge and awareness amongst employees to better enable them to handle information properly through the provision of well-planned training. This includes awareness training on new ISM Security, ISO27001:2013 and Panasonic Global ISM Common Policy for our employees.

Sustainability Reporting (Cont'd)

Cont'd

Profiles of **Information Security and Protection of Personal Information** related activities conducted during the reporting year include:

Personal Information Protection

1. Comply with new Personal Data Protection Act (PDPA) laws especially General Data Protection Regulation (GDPR) in EU
2. Encourage to encrypt the PIP database or dispose unnecessary record

Cyber Attack

1. Product Security
 - Protect our smart products from cyber attack
 - Protect the cloud services from our IoT business
2. Factory System Security
 - Prevent any production suspension caused by cyber attack

who is responsible for driving the discussion on OSH management systems and evaluation. The committee is responsible for organising initiatives related to OSH that includes internal and external training. As part of enhancing our OSH practices, we conduct monthly review meetings, which provide feedback that will be escalated to management representatives and eventually to the top management. Any feedback or complains will be investigated and any required action will be initiated within 14 days.

In order to strengthen our processes, we have yearly internal and external audits on our OSH practices. We are also subject to reference audits from Group level and its business units. As a result of our continuous monitoring and evaluation of our OSH practices, we have been certified with OHSAS 18001 Occupational Health and Safety Management System. Through a structured management system, PMMA aspires to instil better awareness of hazards and reduced risk, improve health and safety in the work place and record zero rate of injury in the upcoming years.

Total number of lost workdays due to reported injuries & occupational diseases	109
Total number of injury cases	15
Injury rate	0.7

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

PMMA acknowledges the importance of putting our people first. We aim to provide a conducive working environment and equip all our 2,284¹ employees with the requisite skills to enhance their ability in confronting various business challenges. We believe Occupational Safety and Health (OSH) is an important part of our risk management process. We emphasise OSH as an integral tool for us to improve our productivity as well as employee morale while complying with local requirements.

PMMA has its own localised OSH Policy that details our strong commitment to safety and health matters. This policy is supported with detailed standard operating procedures (SOPs) for activities in the plants, laying the foundation for our OSH governance framework. Besides having our own SOPs, we also adopt stringent SOPs from our Group for some of our more critical activities. Our OSH Management System that has been established since the year 2013 has further enhanced our established policy and SOPs. In line with our OSH policy, various initiatives such as safety inspection of new machines, daily OSH procedures and safety training have been implemented and made compulsory in PMMA's business operations.

We ensure OSH matters are represented at all level. Our Safety and Health Committee consists of various working levels that include management, executives and on-the-ground workers. The joint management-worker Health and Safety Committee consists of approximately 5% representative from on-the-ground workers. This committee is led by our Managing Director,

Note: The above is based on 4,566,173 hours worked.

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

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

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

Sustainability Reporting (Cont'd)

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GRI 102-4	Location of operations	6
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GRI 102-10	Significant changes to organisation and its supply chain	-
GRI 102-11	Precautionary Principle or approach	18
GRI 102-12	External initiatives	-
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GRI 102-14	Statement from senior decision-maker	4, 13
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GRI 102-16	Values, principles, standards and norms of behaviour	45-57
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GRI 102-40	List of stakeholder groups	14
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GRI 102-42	Identifying and selecting stakeholders	14
GRI 102-43	Approach to stakeholder engagement	14
GRI 102-44	Key topics and concerns raised	14
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GRI 102-48	Restatements of information	-
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GRI 102-54	Claims of reporting in accordance with the GRI Standards	In reference
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Sustainability Reporting (Cont'd)

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GRI 103-3	Evaluation of the management approach	16
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GRI 103-3	Evaluation of the management approach	17
GRI 205-2	Communication and training about anti-corruption Policies and procedures	17
TOPIC : MATERIALS		
GRI 103-1	Explanation of the material topic and its Boundary	18
GRI 103-2	The management approach and its components	18
GRI 103-3	Evaluation of the management approach	18
GRI 301-1	Materials used by weight or volume	18
TOPIC : EMISSIONS		
GRI 103-1	Explanation of the material topic and its Boundary	19
GRI 103-2	The management approach and its components	19
GRI 103-3	Evaluation of the management approach	19
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TOPIC : ENVIRONMENTAL COMPLIANCE		
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GRI 103-3	Evaluation of the management approach	19
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GRI 103-2	The management approach and its components	19-21
GRI 103-3	Evaluation of the management approach	20, 21
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GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or particular employees	21
TOPIC : OCCUPATIONAL HEALTH AND SAFETY		
GRI 103-1	Explanation of the material topic and its Boundary	23
GRI 103-2	The management approach and its components	23
GRI 103-3	Evaluation of the management approach	23
GRI 403-1	Workers representation in formal joint management-worker health and safety committees	23
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	23

FIVE-YEAR FINANCIAL SUMMARY

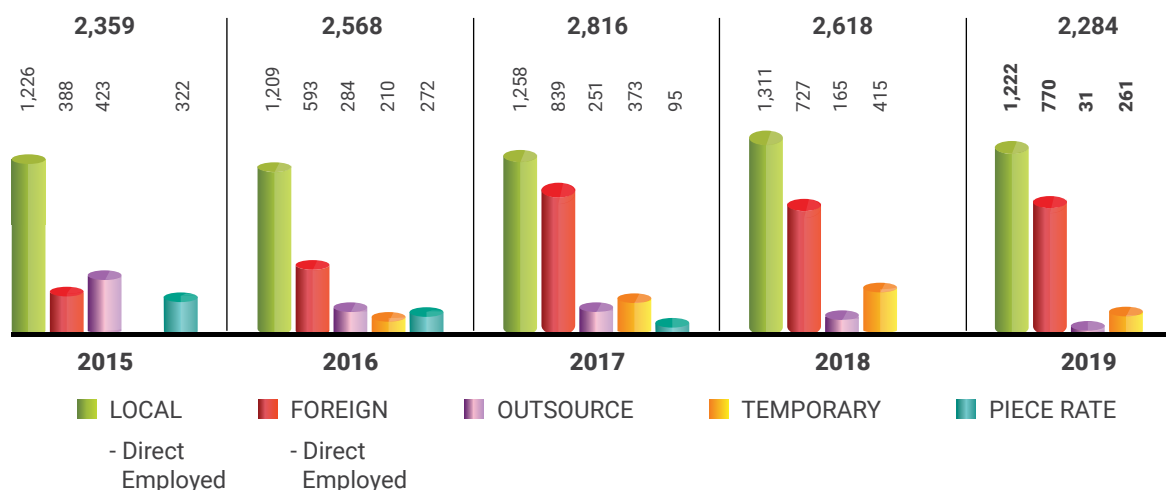
Financial Year Ended 31 March

Financial Data		2015	2016	2017	2018	2019
Revenue	RM'000	931,020	1,086,735	1,122,964	1,199,120	1,127,886
Profit before taxation	RM'000	129,833	185,172	158,099	166,312	131,310
Profit after taxation	RM'000	99,538	146,900	127,118	131,025	105,752
Gross dividends paid / proposed	RM'000	86,259	84,437	71,073	150,650	137,261
Net dividends paid / proposed	RM'000	86,259	84,437	71,073	150,650	137,261
Total assets	RM'000	903,229	986,093	1,005,444	1,071,194	1,009,729
Share capital	RM'000	60,746	60,746	60,746	60,746	60,746
Shareholders' funds	RM'000	718,462	779,103	821,784	881,736	836,838
Financial Ratios						
Return on shareholders' funds	%	13.9	18.9	15.5	14.9	12.6
Earnings per share	sen	164	242	209	216	174
Net assets per share	RM	11.83	12.83	13.53	14.52	13.78
Dividend rate (gross)	%	142	139	117	248	226

FIVE-YEAR TREND

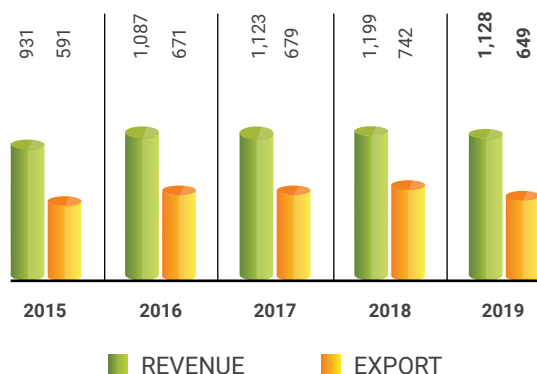
EMPLOYMENT

(Number of persons)

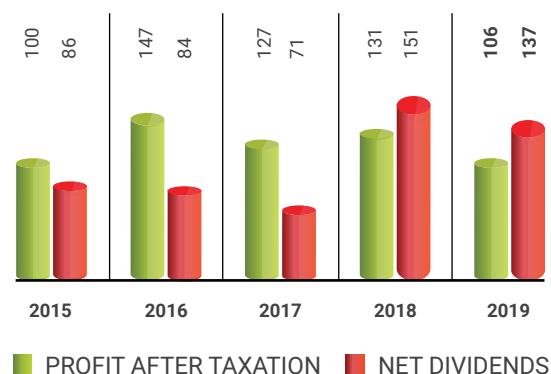


Five-Year Trend (Cont'd)

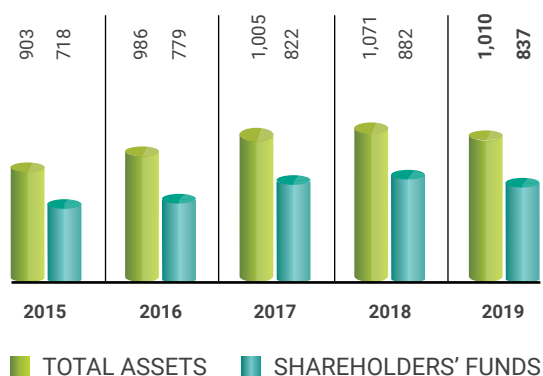
REVENUE / EXPORT (RM' Million)



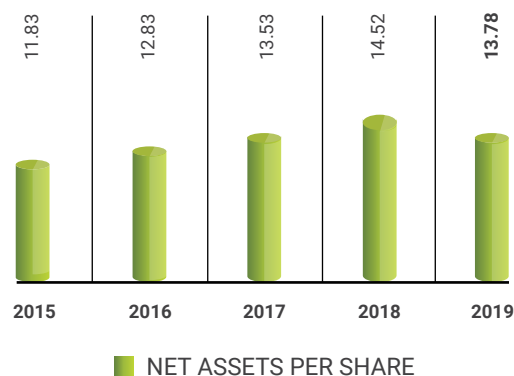
PROFIT AFTER TAXATION / NET DIVIDENDS PAID / PROPOSED (RM' Million)



TOTAL ASSETS / SHAREHOLDINGS FUNDS (RM' Million)



NET ASSETS PER SHARE (RM' Million)



EARNINGS PER SHARE (Sen)



FINANCIAL HIGHLIGHTS

Financial Data		Year Ended 31 March 2019	Year Ended 31 March 2018
Revenue	RM'000	1,127,886	1,199,120
Profit before taxation	RM'000	131,310	166,312
Profit after taxation	RM'000	105,752	131,025
Percentage of revenue	%	9.4	10.9
Return on shareholders' funds	%	12.6	14.9
Earnings per share	sen	174	216
Dividend rate	%	226	248
Shareholders' funds	RM'000	836,838	881,736
Net assets per share	RM	13.78	14.52
Total assets	RM'000	1,009,729	1,071,194
Capital expenditure	RM'000	54,386	53,522

FINANCIAL CALENDAR

Financial Year Ended	31 March 2019
Announcement of Results	
- First Quarter	23 August 2018
- Second Quarter	26 November 2018
- Third Quarter	27 February 2019
- Fourth Quarter / Annual	28 May 2019
Issuance of 2019 Annual Report and Financial Statements	26 July 2019
54th Annual Grand Meeting	30 August 2019
Interim Dividend	
- Notice of Dividend Entitlement	26 November 2018
- Entitlement Date	28 December 2018
- Payment Date	18 January 2019
Proposed Final and Special Dividends	
- Notice of Dividend Entitlement	28 May 2019
- Entitlement Date	10 September 2019
- Payment Date	25 September 2019
Investor Meeting	
- 1st Meeting	24 April 2018
- 2nd Meeting	16 May 2018
- 3rd Meeting	3 July 2018
- 4th Meeting	9 July 2018
- 5th Meeting	26 November 2018

SHARE PERFORMANCE

Closing Share Price (RM)



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

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

	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

PROFILE OF DIRECTORS AND COMPANY SECRETARY



TAN SRI DATUK ASMAT BIN KAMALUDIN

Chairman / Senior Independent
Non-Executive Director
Male, Malaysian, 75

Date Appointed to the Board

- 29 August 2001

Board Meeting Attendance In The Financial Period

- 4/4

Board Committees

- NIL

Academic and Professional Qualification

- Bachelor of Arts (Hons) Degree in Economics from the University of Malaya in 1966
- Diploma in European Economic Integration from the University of Amsterdam in 1970

Present Directorship(s)

Other listed entity

- Air Asia X Berhad
- Compugates Holdings Berhad
- Lafarge Malaysia Berhad

Other Public Companies

- JACTIM Foundation

Working Experience

Tan Sri Datuk Asmat 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.

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.

Declaration

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

Profile of Directors and Company Secretary (Cont'd)



TOYOKATSU OKAMOTO

Managing Director
Male, Japanese, 61

Date Appointed to the Board

- 1 October 2016

Board Meeting Attendance In The Financial Period

- 4/4

Board Committees

- NIL

Academic and Professional Qualification

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

Present Directorship(s)

Other listed entity

- NIL

Other Public Companies

- NIL

Working Experience

Mr 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.

He was assigned to Electrical Appliance Research Laboratory as a Coordinator in January 1984 and was assigned to Engineering Development Department, Personal Care Product Division after 4 years.

Mr Okamoto was then appointed as 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 after 2 years. Subsequently, he was appointed the Manager of the Quality Assurance Department, Beauty & Personal Care Product Division.

In January 2002, Mr Okamoto appointed as the Manager of the Manufacturing Department, Beauty & Personal Care Product Division and in January 2004 he was appointed as the General Manager of the Engineering Development Department, Beauty & Personal Care Product Division.

Mr Okamoto 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 in year 2011.

In January 2012 Mr Okamoto was appointed as General Manager of Cooking Appliances Department, Beauty & Living Product Division. He held this position until his appointment to the Company as Managing Director.

Declaration

- Mr Okamoto holds 3,700 shares of Panasonic Corporation, the ultimate holding company of the Company but has no shareholdings in the Company and the associated company.
- He also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.
- He has no convictions for any offences within the past 5 years, other than traffic offences, if any.

Profile of Directors and Company Secretary (Cont'd)



**DATUK SUPPERAMANIAM A/L
MANICKAM**

Independent Non-Executive Director
Male, Malaysian, 74

Date Appointed to the Board

- 1 January 2008

Board Meeting Attendance In The Financial Period

- 4/4

Board Committees

- Chairman of the Nomination Committee
- Member of the Audit Committee and Remuneration Committee

Academic and Professional Qualification

- Bachelor of Arts (Hons) Degree in Economics from University of Malaya in 1970

Present Directorship(s)

Other listed entity

- Impiana Hotels Berhad

Other Public Companies

- NIL

Working Experience

Datuk Supperamaniam 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 held 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, Datuk Supperamaniam now serves as a consultant/resource person for United Nations agencies, regional and international organisations and foreign government.

He serves as a member in several working groups and committees dealing with issues related to trade investment and economic development.

Datuk Supperamaniam is a Distinguished Fellow of the 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.

Datuk Supperamaniam was recently be appointed as a member and Fellow of the International Academy of Belt and Road based in Hong Kong.

Declaration

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

Profile of Directors and Company Secretary (Cont'd)



TAN SRI HASMAH BINTI ABDULLAH

Independent Non-Executive Director
Female, Malaysian, 68

Date Appointed to the Board

- 2 October 2013

Board Meeting Attendance In The Financial Period

- 4/4

Board Committees

- Chairman of the Remuneration Committee
- Member of the Audit Committee and Nomination Committee

Academic and Professional Qualification

- Bachelor of Arts (Honours) from University of Malaya
- Fellow, Chartered Tax Institute of Malaysia

Present Directorship(s)

- Other listed entity
 - UMW Holdings Berhad

Other Public Companies

- Dana Amal Jariah
- Yayasan Allammiyah
- Alzheimer's Disease Foundation

Working Experience

Tan Sri Hasmah 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 had led the Malaysian delegation to several international conferences such as the Commonwealth Association of Tax Administrators Conference, the Study Group on Asian Tax Administrators and Research (SGATAR) Conference, the Association of Tax Administrators of Islamic Countries (ATAIC) Conference, International Tax Dialogue (ITD) and Reference Group of Commissioners Conference.

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

Tan Sri Hasmah was also a Tax Advisor to PricewaterhouseCoopers Malaysia for the period 1 July 2011 to 30 September 2013.

She was also a Commission Member of Securities Commission of Malaysia from 10 March 2011 until 31 December 2018.

Tan Sri Hasmah is a trustee of Malaysian Tax Research Foundation, an Executive Council member of the Selangor and Federal Territory Association for the Mentally Handicapped and since 30 April 2018, a trustee of the Alzheimer Disease Foundation Malaysia.

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

Declaration

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

Profile of Directors and Company Secretary (Cont'd)



SIEW PUI LING

Executive Director
Female, Malaysian, 55

Date Appointed to the Board

- 4 August 2014

Board Meeting Attendance In The Financial Period

- 4/4

Board Committees

- NIL

Academic and Professional Qualification

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

Present Directorship(s)

Other listed entity

- NIL

Other Public Companies

- NIL

Working Experience

Ms Siew joined the Company in 1991 and has more than 24 years of experience in Sales and Marketing. Prior to this, she was assigned to Departmental Head for Logistic, Product Planning and Industrial Design.

In 2008, she has merged Product Planning and Marketing Department as Sales Department. Prior to this, she established Voice of Customer Research' team (VOCR) to further strengthen Product Planning Operation.

Ms Siew was appointed as an Assistant Director in year 2012 and currently, she is responsible for Sales & Marketing, Logistic and Product Planning functions of the Company.

Starting from April 2017, her portfolio has expanded to include Human Resource Department. She is currently the Senior Division Executive for Sales and Human Resource Division.

Declaration

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

Profile of Directors and Company Secretary (Cont'd)



CHENG CHEE CHUNG

Non-Independent Non-Executive Director
Male, Malaysian, 53

Date Appointed to the Board

- 1 April 2015

Board Meeting Attendance In The Financial Period

- 3/4

Board Committees

- NIL

Academic and Professional Qualification

- Bachelor's Degree of Economics

Present Directorship(s)

Other listed entity

- NIL

Other Public Companies

- NIL

Working Experience

Mr Cheng 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 being promoted to Assistant General Manager, Domestic Sales Department in June 2001.

Mr Cheng 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.

Declaration

- Mr Cheng 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 has no convictions for any offences within the past 5 years, other than traffic offences, if any.

Profile of Directors and Company Secretary (Cont'd)



RAJA ANUAR BIN RAJA ABU HASSAN

Independent Non-Executive Director
Male, Malaysian, 64

Date Appointed to the Board

- 1 January 2017

Board Meeting Attendance In The Financial Period

- 4/4

Board Committees

- Chairman of the Audit Committee
- Member of the Remuneration Committee and Nomination Committee

Academic and Professional Qualification

- Bachelor's Degree of Economics
- Fellow, Association of Chartered Certified Accountants (ACCA)
- Member, Malaysian Institute of Certified Public Accountants (MICPA)
- Member, Institute of Internal Auditors
- Chartered Accountant, Malaysian Institute of Accountants

Present Directorship(s)

Other listed entity

- NIL

Other Public Companies

- NIL

Working Experience

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

Declaration

- Y.M. 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 has no convictions for any offences within the past 5 years, other than traffic offences, if any.

Profile of Directors and Company Secretary (Cont'd)



KWAN WAI YUE

Executive Director
Female, Malaysian, 51

Date Appointed to the Board

- 1 March 2018

Board Meeting Attendance In The Financial Period

- 4/4

Board Committees

- NIL

Academic and Professional Qualification

- Bachelor of Accounting from University of Malaya in 1992
- Member of Malaysian Institute of Accountants (MIA)

Present Directorship(s)

Other listed entity

- NIL

Other Public Companies

- NIL

Working Experience

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 an 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 an Assistant General Manager of Finance Department taking charge of accounting and financial reporting. She was promoted to General Manager in 2009 and her scope of duties expanded to cover overall financial management, treasury and company secretarial functions.

In 2013, following her exemplary leadership in strengthening the internal control processes, the Company promoted her to Assistant Director of Finance. In 2015, her scope of work was expanded to overseeing the Legal & Compliance department. She has currently been tasked to oversee the operations of the Information System Department.

Declaration

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

Profile of Directors and Company Secretary (Cont'd)



SHIGERU DONO

Non-Independent Non-Executive Director
Male, Japanese, 57

Date Appointed to the Board

- 19 July 2019

Board Meeting Attendance In The Financial Period

- NIL

Board Committees

- NIL

Academic and Professional Qualification

- Engineering Science from Kyoto University in 1986

Present Directorship(s)

Other listed entity

- NIL

Other Public Companies

- NIL

Working Experience

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

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

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

Declaration

- Mr Dono 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 has no convictions for any offences within the past 5 years, other than traffic offences, if any.

Profile of Directors and Company Secretary (Cont'd)



LEONG OI WAH

Company Secretary
Female, Malaysian, 59

Date Appointed to the Company

- 1 April 2008

Professional Qualification

- Fellow of Malaysian Institute of Chartered Secretaries and Administrators

Present Directorship(s)

Public Companies

- NIL

Working Experience

Ms Leong have had more than 30 years of experience in handling corporate secretarial matters in the profession and the corporate sector.

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

She is also actively involved in training on secretarial practice for the Companies Commission of Malaysia Training Academy and professional institutions.

Declaration

- Ms Leong has no shareholdings in the Company and its associated company.
- She also has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.
- She has no convictions for any offences within the past 5 years, other than traffic offences, if any.



STRATEGIC MANAGEMENT COMMITTEE



FROM TOP LEFT TO RIGHT

Ms. Siew Pui Ling, Mr. Toyokatsu Okamoto and Ms. Kwan Wai Yue

FROM BOTTOM LEFT TO RIGHT

Mr. Shu Sumitani, Mr. Junji Kojima, Mr. Mohamad Zaidi Bin Muhamad Zain, Mr. Goh Chee Chun and Mr. Wong Kee Ming

STRATEGIC MANAGEMENT COMMITTEE PROFILE

TOYOKATSU OKAMOTO

Managing Director
Male, Japanese, 61

Date of Appointment to the Management Team	1 October 2016
Academic and Professional Qualification	Bachelor's Degree in Osaka City University (Faculty of Engineering), Osaka, Japan
Work Experience	<p>April 1981 joined Matsushita Electric Works, Ltd ("MEW") as a technical staff of System Engineering Section, Corporate Technology Research Laboratory.</p> <p>January 1984 assigned to Electrical Appliance Research Laboratory as a Coordinator</p> <p>January 1988 assigned to Engineering Development Department, Device Product Division as a Coordinator.</p> <p>January 1996 assigned to Engineering Development Department, Personal Care Product Division as an Engineer.</p> <p>January 1998 promoted as Manager of Engineering Development Department, Personal Care Product Division.</p> <p>January 2000 appointed as Manager of Quality Assurance Department, Beauty & Personal Care Product Division.</p> <p>In January 2002 appointed as Manager of the Manufacturing Department, Beauty & Personal Care Product Division.</p> <p>January 2011 assigned as General Manager of Cooking Appliances Group, Beauty & Personal Care Product Division, Panasonic Electric Works Co., Ltd, ("PEW"), an affiliated company of Panasonic Corporation.</p> <p>In January 2012 appointed as General Manager of Cooking Appliances Department, Beauty & Living Product Division. He held this position until his appointment to the Company as Managing Director.</p>

SIEW PUI LING

Executive Director
Female, Malaysian, 55

Date of Appointment to the Management Team	21 March 2012
Academic and Professional Qualification	Bachelor Degree of Business Administration Management, Asia University of Tokyo
Work Experience	<p>1991 joined the Company. She has more than 24 years of experience in Sales and Marketing.</p> <p>Prior to this, she was assigned to Departmental Head for Logistic, Product Planning and Industrial Design.</p> <p>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.</p> <p>2012 appointed as an Assistant Director and currently, she is responsible for Sales & Marketing, Logistic and Product Planning functions of the Company.</p> <p>2017 her portfolio has expanded to include Human Resource Department. She is currently the Senior Division Executive for Sales and Human Resource Division.</p>

Strategic Management Committee Profile (Cont'd)

KWAN WAI YUE

Executive Director
Female, Malaysian, 51

Date of Appointment to the Management Team	21 March 2013
Academic and Professional Qualification	Bachelor of Accounting, University of Malaya
Work Experience	<p>1992 joined a Big-4 audit firm in Malaysia as an Audit Assistant and was promoted to Audit Senior two years later. The portfolios of client which she audited included large multinational companies and local corporations.</p> <p>1995 joined a food manufacturing-based public listed company as Accountant and was promoted to Financial Controller in 2000. 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.</p> <p>2007 joined the Company as Assistant General Manager of Finance Department taking charge of accounting and financial reporting. She was promoted to General Manager in 2009 and her scope of duties expanded to cover overall financial management, treasury and company secretarial functions.</p> <p>2013 promoted to Assistant Director of Finance.</p> <p>2015 her scope of work was expanded to overseeing the Legal & Compliance department. She has currently been tasked to oversee the operations of the Information System Department.</p>

SHU SUMITANI

Director, Appliances Division
Male, Japanese, 48

Date of Appointment to the Management Team	1 April 2019
Academic and Professional Qualification	Bachelor's Degree from National Institute of Technology, Akashi College, Japan (Mechanical Engineering), Hyogo, Japan
Work Experience	<p>1991 joined Matsushita Electrical Industrial Co., Ltd. ("MEI")</p> <p>1994 assigned to the Production Engineering Section at MEI's, Kobe Plant under the Kitchen Appliances Division as Production Engineer</p> <p>2007 promoted to Manager of Production Engineering Section</p> <p>2013 appointed as Manager of Parts and Devices Manufacturing Section</p> <p>2015 assigned to the Factory Planning Section</p> <p>2016 promoted to Plant Superintendent</p> <p>2018 assigned to the Kitchen Appliances Business Division, Panasonic Corporation as the Chief Manufacturing Officer</p>

Strategic Management Committee Profile

(Cont'd)

JUNJI KOJIMA

Director, Ecology System Division
Male, Japanese, 46

Date of Appointment to the Management Team	21 December 2018
Academic and Professional Qualification	Graduated from the Osaka Municipal Miyakojima Technical Senior High School (Mechanical Engineering), Osaka, Japan
Work Experience	<p>1991 joined Matsushita Electrical Industrial Co., Ltd. ("MEI")</p> <p>Technical Staff at Parts Manufacturing Section, Production Department, Osaka Division, Matsushita Seiko Co., Ltd. ("MSC"), a subsidiary of MEI</p> <p>2002 posted to MEI's Hong Kong subsidiary, Matsushita Seiko Hong Kong International Manufacturing Co., Ltd. ("HIMCO") as Assistant Manager of R&D Center</p> <p>2003 joined MEI's Malaysian subsidiary, Matsushita Home Appliance R&D Centre (M) Sdn Bhd ("MAHARAD") as Assistant Manager of Fan Department</p> <p>2007 assigned to Production Department, Kasugai Factory, Matsushita Ecology Systems Co., Ltd. ("MESC") as Team Leader</p> <p>April 2010 appointed as the General Manager of Production Department, Kasugai Factory, Panasonic Ecology Systems Co., Ltd. ("PESES")</p>

MOHAMAD ZAIDDI BIN MUHAMAD ZAIN

Assistant Director, AP1 Division (Home Shower and Vacuum Cleaner)
Male, Malaysian, 49

Date of Appointment to the Management Team	1 April 2016
Academic and Professional Qualification	Bachelor of Electrical & Electronic Information Engineering from University of Nagasaki, Japan in 1994
Work Experience	<p>1994 joined the Company as Junior Executive at the Gas Cooker/Engineering Department</p> <p>2002 promoted to Assistant Manager of Housing Products Department</p> <p>2005 assigned to be the Section Chief of Customer Satisfaction Section, Quality Assurance Department</p> <p>2006 appointed as the Department Chief of Factory Engineering Department of appliances products</p> <p>2008 assigned as Team Leader of Product Development Engineering Department for Home Shower new model development</p>

Strategic Management Committee Profile (Cont'd)

GOH CHEE CHUN

Assistant Director, AP2 Division
(Kitchen Appliances, Rice Cooker and Electric Iron)
Male, Malaysian, 52

Date of Appointment to the Management Team	1 April 2013
Academic and Professional Qualification	Certificate in Mechanical engineering from Polytechnic Sultan Haji Ahmad Shah, Kuantan, Pahang in 1987
Work Experience	<p>1988 joined the Company as Technician in the Rice Cooker Department</p> <p>1995 assigned as Senior Executive of Rice Cooker Department</p> <p>2001 promoted to Assistant Manager of R&D Centre of Home Appliance</p> <p>2003 appointed as Manager of Rice Cooker Department</p> <p>2007 assigned as Assistant General Manager of Rice Cooker Department</p> <p>2009 until 2012 assigned as Project Leader of Oracle System prior his appointment as a Group Manager of Product Development Engineering Department for appliance products</p>

WONG KEE MING

Assistant Director, Ecology System Division
Male, Malaysian, 59

Date of Appointment to the Management Team	1 April 2012
Academic and Professional Qualification	Certificate in Radio & Television Engineering
Work Experience	<p>1978 joined the Company as a Production Staff of Colour TV Department</p> <p>1989 promoted as an Executive of Colour TV Department</p> <p>2000 transferred to Rice Cooker Department as an Assistant Manager</p> <p>2003 appointed as Manager of Dry Battery Department</p> <p>2005 promoted to Assistant General Manager of Dry Battery Department</p> <p>2009 assigned as Department Head of Kitchen Appliances</p> <p>In 2013 promoted to Assistant Director and assigned to the Appliances Division, responsible for its business growth and expansion</p> <p>Lead in Division's Industry 4.0 Digital Transformation program</p>

CORPORATE GOVERNANCE 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 2019 ("FY2019") 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. 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.

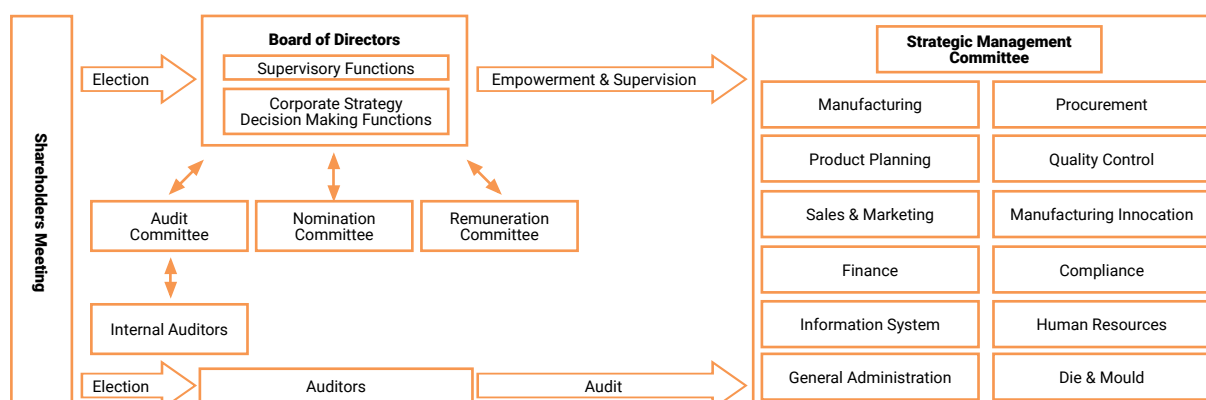
The Company has applied all the Practices encapsulated in the Code for the financial year ended 31 March 2019 except:

- 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 7.2 (Disclosure of the top five Senior Management personnel's remuneration on a named basis in bands of RM50,000);
- Practice 11.2 (Adoption of integrated reporting); and
- Practice 12.3 (Voting in absentia and remote shareholders' participation at General Meetings).

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

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

Diagram of Corporate Governance Structure:



Corporate Governance 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 30 to 38.

The Board owes the fiduciary duties to the Company and, while discharging its duties and responsibilities, shall individually and collectively exercise reasonable care, skill and diligence at all times.

The Board adopts strategic and business plans aligned to ensure obligations to all stakeholders are met. The Board fulfils its oversight responsibility for financial and operational results, legal-ethical compliance and risk management. The Board is also responsible for reviewing the adequacy and integrity of the Company's internal controls systems and management information systems and ensuring that investor relations and succession planning programme are implemented.

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

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

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

Nevertheless, to ensure accountability, the Board has an overall responsibility for the proper conduct of the Company's business and the Board Charter sets out the respective roles and responsibilities of the Board and the management and is available on the Company's website. The Board Charter is to be reviewed annually in November each year or as and when required to take consideration the needs of the Company as well as development in rules, regulations and laws which may have an impact on the discharge of Board's duties and responsibilities. The Board Charter was last reviewed by the Board on 26 November 2018.

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

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

The Independent Non-Executive Directors act independently from Management and do not participate in the Company's business dealings to ensure that they handle any conflict of interest situation and all proceedings of the Board effectively through a system of independent checks and balances.

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

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

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

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

Corporate Governance Statement (Cont'd)

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

Board Size, Leadership and Competencies (Cont'd)

The Company appreciates the spirit of the Code where the Board is encouraged to incorporate the new dimensions of a composition of majority independent directors into the decision-making processes. To this extent, the Company has improved on the ratio of Independent Directors to Non-Independent Directors from 4 : 7 to 4 : 5 in the financial year ended 31 March 2019 even though it was earlier targeted to be achieved by the financial year ending 31 March 2020, in its earnestness to advance nearer to the intended application of the Code.

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

The Chairman of the Board, Tan Sri 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 and although the Company had set the target to have at least 30% women directors within 5 years, i.e. by financial year ending 31 March 2023, the Company had achieved this target in financial year ended 31 March 2019. The appointment of Tan Sri Hasmah binti Abdullah, Ms Siew Pui Ling 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 33% of the Board. The age of the Directors range from 51 to 75 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 2019 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
Tan Sri Hasmah binti Abdullah	4/4	100
Siew Pui Ling	4/4	100
Cheng Chee Chung	3/4	75
Yasuo Tonooka	2/4	50
Kwan Wai Yue	4/4	100

Corporate Governance 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 Meetings are circulated to the members of the Board/Committee as soon as practicable for perusal prior to confirmation of the minutes at the following meetings.

Directors' Continuing Education

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

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

No.	Continuing Education Programme Attended	Date
1	Tan Sri Datuk Asmat Bin Kamaludin - Guidelines on Adequate Procedures	27 February 2019
2	Toyokatsu Okamoto - Beauty & Living Business Division Global Conference - FY2018 Asia 1st Manufacturing MD Conference - APAC FY2018 Business Policy Conference - Kitchen Appliances Business Division Global Conference - Guidelines on Adequate Procedures	2 March 2018 3 March 2018 27 April 2018 4 October 2018 27 February 2019
3	Datuk Supperamaniam a/l Manickam - MICG – Half-Day Seminar on Introduction to Corporate Liability Provision: "What it is, How Will My Company Be Affected, and What Do I Need to Put in Place by Way of Safeguards?" - Guidelines on Adequate Procedures	6 September 2018 27 February 2019
4	Tan Sri Hasmah binti Abdullah - MIA Audit Committee Conference 2018 - Annual Report & Sustainability Statement Disclosure Standards - ACIIA Conference 2018 - Staying Relevant in a Digital Landscape - 2019 Budget Seminar - Guidelines on Adequate Procedures - PNB Leadership Forum 2019 - Corporate Liability Under Malaysian Anti-Corruption Commission (Amendment) Act 2018	27 March 2018 30 April 2018 29 - 30 October 2018 13 December 2018 27 February 2019 5 March 2019 19 March 2019

Corporate Governance Statement (Cont'd)

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

Directors' Continuing Education (Cont'd)

No.	Continuing Education Programme Attended	Date
5	<p>Siew Pui Ling</p> <ul style="list-style-type: none"> - HR-Juku 2018, Japan - Coursera E-Learning (Organisation Behaviour) for building the foundation of strategic think - SHRM (Society for Human Resource Management) Conference, Chicago, USA - HDVC Coaching – Global Talent Management - Guidelines on Adequate Procedures 	<p>20 to 25 May 2018</p> <p>1 August 2018 to 1 November 2018 (2-3 months programme)</p> <p>16 to 21 June 2018</p> <p>27 July to 26 October 2018</p> <p>27 February 2019</p>
6	<p>Cheng Chee Chung</p> <ul style="list-style-type: none"> - Panashop Study Trip to Japan - APAC FY 2018 Business Policy Conference, Singapore - 7th Global Marketing Strategy Conference, Japan - Panashop Conference 	<p>15 to 20 April 2018</p> <p>27 April 2018</p> <p>22 to 23 May 2018</p> <p>12 to 16 January 2019</p>
7	<p>Raja Anuar bin Raja Abu Hassan</p> <ul style="list-style-type: none"> - Governance for the Audit Committee members - Risk Management Conference 2018 - Cybersecurity for Decision Makers - Guidelines on Adequate Procedures 	<p>27 June 2018</p> <p>29 August 2018</p> <p>27 March 2019</p> <p>27 February 2019</p>
8	<p>Kwan Wai Yue</p> <ul style="list-style-type: none"> - Mandatory Accreditation Programme - Panasonic Executive Development Programme - Panasonic Finance Team Leadership Training - Cybersecurity for Decision Makers - Guidelines on Adequate Procedures 	<p>23 to 24 July 2018</p> <p>May 2018 to Nov 2018 (7 months programme)</p> <p>12 to 13 January 2019</p> <p>27 March 2019</p> <p>27 February 2019</p>
9	<p>Yasuo Tonooka</p> <ul style="list-style-type: none"> - Panasonic Global HR Policy Conference - Panasonic Asia Pacific Region Business Policy Conference - Appliances Company Global Marketing Strategy Conference - Appliances Company Global HR Conference - Appliances Company Talent Management Committee - APAC Sales Company Managing Director Conference - APAC HR manager training - Appliances Company MD/DMD Seminar - APAC HR Conference 	<p>16 April 2018</p> <p>27 April 2018</p> <p>22 May 2018</p> <p>24 to 25 May 2018</p> <p>10 July 2018</p> <p>18 July 2018</p> <p>12 September 2018</p> <p>18 to 19 October 2018</p> <p>21 to 22 November 2018</p>

Corporate Governance Statement (Cont'd)

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

Board Committees

The Board has established several Board Committees whose compositions and terms of reference are drawn up in accordance with the best practices prescribed by the 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 60 to 63 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 FY2019, 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.

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.

Corporate Governance Statement (Cont'd)

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

Remuneration Committee

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

No.	Name	Designation
1.	Tan Sri Hasmah binti Abdullah (Chairman)	Independent Non-Executive Director
2.	Datuk Supperamaniam a/l Manickam (Member)	Independent Non-Executive Director
3.	Raja Anuar bin Raja Abu Hassan (Member)	Independent Non-Executive Director

At a meeting held on 18 May 2018, the Remuneration Committee made a recommendation to the Board for payment of Directors' fees not exceeding RM460,000 in aggregate for FY2019 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 24 August 2018.

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 FY2019 was paid quarterly in arrears:

No.	Details of remuneration	Date of payment
1.	Directors' fees for 1 st quarter ending 30 June 2018	Within 1 week of AGM date
2.	Directors' fees for 2 nd quarter ending 30 September 2018	Within 1 week of 30 September 2018
3.	Directors' fees for 3 rd quarter ending 31 December 2018	Within 1 week of 31 December 2018
4.	Directors' fees for 4 th quarter ending 31 March 2019	Within 1 week of 31 March 2019

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 the increment is based on the Company's overall performance and consumer performance index.

Corporate Governance Statement (Cont'd)

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

Directors' Remuneration

The details of the remuneration of the Directors of the Company for the financial year ended 31 March 2019 are as follows:

Descriptions	Executive Director RM	Non-Executive Director RM	Total RM
Fees	–	439,893.49	439,893.49
Meeting allowance	–	28,308.00	28,308.00
Salary and other remuneration	2,576,276.57	–	2,576,276.57
Benefits-in-kind (BIK)	92,906.00	–	92,906.00
Total	2,669,182.57	468,201.49	3,137,384.06
Total (excluding BIK)	2,576,276.57	468,201.49	3,044,478.06

Details of Directors' remuneration for the financial year ended 31 March 2019 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	130,125.49	3,108.00	133,233.49
Raja Anuar bin Raja Abu Hassan	105,306.00	8,400.00	113,706.00
Datuk Supperamiam a/l Manickam	102,231.00	8,400.00	110,631.00
Tan Sri Hasmah Binti Abdullah	102,231.00	8,400.00	110,631.00
Cheng Chee Chung	–	–	–
Yasuo Tonooka	–	–	–

(ii) Executive Directors

Director	Salaries and Emoluments (RM)	Bonus (RM)	Benefits-in-kind (RM)	Total (RM)
Toyokatsu Okamoto	671,616.19	189,840.47	50,268.00	911,724.66
Siew Pui Ling	471,082.11	99,781.00	1,500.00	572,363.11
Kwan Wai Yue	474,513.32	100,257.00	–	574,770.32
⁽¹⁾ Toru Okano	485,318.32	83,868.16	41,138.00	610,324.48

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

⁽¹⁾ Include the salaries and bonus received after resignation from the Board on 28 November 2018

Corporate Governance Statement (Cont'd)

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

Company Secretary

The Board is supported by a qualified Company Secretary and all Directors have unlimited direct access to the professional advice and services of the Company 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.

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.

Corporate Governance Statement (Cont'd)

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

Financial Reporting

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

Directors' Responsibility Statement

The Board is required by the Companies Act 2016 to ensure that the financial statements of the Company represent a true and fair view of the state of affairs of the Company and that they are prepared in accordance with the applicable approved accounting standards in Malaysia, by applying appropriate accounting policies consistently and making prudent and reasonable judgments and estimates. Independent opinions and reports by External Auditors have added credibility to financial statements released by the Company.

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

Risk Management and Internal Control Framework

The Board, with the assistance of the Audit Committee, continues to review its risk management and internal control processes and procedures to ensure as far as possible, that it maintains adequate levels of protection over its assets and the shareholders' investments. The features of the Company's risk management and internal control framework, the adequacy and effectiveness of this framework is detailed out in the Statement on Risk Management and Internal Control is set out on pages 64 to 66 of the Annual Report.

Relationship with Internal and External Auditors

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

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

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

Corporate Governance Statement (Cont'd)

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

Whistleblowing Policy (Cont'd)

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

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

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

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

Relationship with Shareholders And Investors

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

For the time being, the Board views that the financial, governance and business review reports that have been included in the Annual Report 2019 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.

Corporate Governance Statement (Cont'd)

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

Relationship with Shareholders And Investors (Cont'd)

(b) Annual General Meeting

For FY2019, the Company issued the notice of AGM on 26 July 2018 and held the AGM on 24 August 2018, provided the shareholders with 29 days notice. All the Directors attended the 2018 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 28 May 2019.

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 2019.

COMPOSITION

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

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

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

FUNCTIONS

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

- Review and recommend to the Board for approval the following appointments:
 - Members of the Board;
 - Members of the Board Committees;
 - Members of the Senior Management team;
 - Senior Independent Non-Executive Director; and
 - Managing Director
- Annually review the Board's required mix of skills, experience and other qualities, including core competencies, which the Non-Executive Directors should bring to the Board;
- Annually assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director; and
- Review the performance of the members of the Senior Management team for approving the renewal of their service contracts, which involve their appointment, replacement or removal.

The Nomination Committee met two (2) times during the financial year ended 31 March 2019.

ACTIVITIES OF THE NOMINATION COMMITTEE

During the financial year ended 31 March 2019, 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.
- discussed and recommended the appointment of new members and ratification of appointment of the Senior Management team.

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 16 May 2019 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 2019 were appropriate. Presently the number of Non-Executive Directors are more than the Executive Directors. This to ensure that the Executive Directors do not dominate the Board's decision making. This composition also allows for more effective oversight of management even though the independent non-executive directors do not form majority of the Board. The Company appreciates the spirit of the Malaysian Code on Corporate Governance where the Board is encouraged to incorporate the new dimensions of a composition of majority independent directors into the decision-making processes. To this extent, the Company has improved the ratio of Independent Directors to Non-Independent Directors from 4 : 7 to 4 : 5, in its earnestness to advance nearer to the intended application of the Code.

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

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 abovementioned 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 2019.

COMPOSITION

The composition of the Audit Committee comprise only of Independent Non- Executive Directors. The members of the Audit Committee and records of attendance of each member at Audit Committee meetings held during the financial year ended 31 March 2019 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)	5/5
2.	Datuk Supperamaniam a/l Manickam (Member) (Independent Non-Executive Director)	5/5
3.	Tan Sri Hasmah Binti Abdullah (Member) (Independent Non-Executive Director)	5/5

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 five (5) Audit Committee Meetings during the financial year ended 31 March 2019. The Managing Director, Executive Director, Finance General Manager, 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 2019 amounted to RM100,850.

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 2019 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 2019 and the Annual Audit Plan for the financial year ended 31 March 2020.
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 Risk Management and Internal Control.
4. Made recommendations to the Board on the re-appointment of the External Auditors.

Internal Audit

1. Review of Internal Audit Reports on Procurement Management, Human Resource & Payroll, Compliance Management, Non-trade Purchases and Expenses and Product Quality 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.

Audit Committee Report (Cont'd)

SUMMARY OF ACTIVITIES (CONT'D)

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 2019.
3. Review of the adequacy of the Company's anti-corruption practices against the Guideline on adequate procedures issued pursuant to subsection (5) of the Section 17A under the Malaysian Anti-Corruption Commission Act 2009.

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.
2. Assessment of performance and competency of the Internal Auditors and External Auditors.

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

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

The Audit Committee 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 2019 ("FY2019"), Deloitte has executed the following internal audit works:

- (1) Conducted reviews and assessments based on the approved FY2019 annual audit plans covering the areas of:
 - i. Procurement Management – for sub-contractors
 - ii. Human Resource & Payroll
 - iii. Compliance Management
 - iv. Non-trade Purchases and Expenses
 - v. Product Quality Management
 - vi. Follow-up review on the previous Internal Audit Reports

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

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

During the financial year ended 31 March 2019 ("FY2019"), Deloitte has executed the following internal audit works: (Cont'd)

- (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 2020 to ensure that high risk areas in significant businesses and support units were identified and audited for the Audit Committee' deliberations and approvals.

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

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

ENTERPRISE RISK MANAGEMENT PROCESS

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

- Company's Enterprise Risk Management Objectives
 - Preserve the safety and health of its employees.
 - Ensure the continuity of its supply to consumers and customers at all times.
 - Protect its assets and reputation.
 - Ensure that the Company's operations do not impact negatively on the community in which it operates and the environment.
 - Protect the interests of all other stakeholders.
 - Promote an effective risk awareness culture where risk management is an integral aspect of the Company's management systems.
 - Ensure compliance with the Malaysian Code of Corporate Governance.
 - Ensure compliance with the other statutory regulation (i.e. anti-corruption, HR, safety, health and environmental, etc.)
- The risk management function is outsourced to Deloitte, who assists the Board to oversee the overall management of principal areas of risks of the Company.
- The Audit Committee is briefed periodically by the external service provider on the Company's Risk Management Program and its activities in the Audit Committee meeting.
- The Compliance Committee has been established to promote strong self-check system to ensure compliance is top priority in the Company's business activities. It also ensures that timely information is shared across all divisions and all levels.
- The Management Committee has also been established with appropriate empowerment to ensure effective management and supervision of the Company's core areas of business operations. Its function includes review of registration of new suppliers, investment/expenditure by the Company exceeding stipulated amount and to review any changes in the Company's policy and procedures. Its members comprise Assistant Directors and above. It acts as a control for the senior management before the Company's Managing Director provides its final seal of approval.
- Other internal committees include the Information Security Management Working Committee, Quality Committee, Safety & Health and Fire Prevention Committee and "Cost Buster" Committee.

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

ENTERPRISE RISK MANAGEMENT PROCESS (CONT'D)

- The Company's business units monitor and explain performance against budgets on a monthly basis at the monthly operation meetings, factory management review meetings, quality assurance review meetings and cost innovation meetings attended by the Directors and Senior Management of the Company. Comprehensive monthly financial and management reports are prepared for effective monitoring and decision making. The monitoring of performance variances are followed up and management actions are taken to rectify any deviations on a timely and effective manner.
- Accounting and other manuals are in place towards ensuring that the recordings of financial transactions are complete and accurate.
- Standard operating procedure ("SOP") manual sets out policies and procedures for day to day operations to be carried out. Periodic reviews are performed to ensure that the SOP remains current, relevant and aligned with evolving business environment and operational needs.

CONCLUSION

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

The Board is satisfied that there are sound and sufficient controls in place that have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's annual report 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, Messrs. KPMG were RM205,000 and RM10,000, respectively.

(3) Material Contracts

Other than the recurrent related party transactions, 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.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 March 2019.

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 COMPANY

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

RESULTS

	RM'000
Profit for the year attributable to owners of the Company	105,752

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 2018:
 - a final and special ordinary dividend of 133 sen and 100 sen per ordinary share totalling RM80,791,887 and RM60,745,780 respectively declared on 24 August 2018 and paid on 25 September 2018.
- (ii) In respect of the financial year ended 31 March 2019:
 - an interim single tier dividend of 15 sen per ordinary share totalling RM9,111,867 declared on 26 November 2018 and paid on 18 January 2019.

The final dividend recommended by the Directors in respect of the financial year ended 31 March 2019 is 211 sen per ordinary share will be tabled for the approval of the shareholders at the forthcoming Annual General Meeting. Based on the issued and paid up capital of the Company as at the date of this report, the final dividends would amount to approximately RM128,148,742.

Directors' Report (Cont'd)

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
Toyokatsu Okamoto
Raja Anuar bin Raja Abu Hassan
Yasuo Tonooka
Kwan Wai Yue
Toru Okano
Yuji Kogure

(Resigned on 28 November 2018)
(Resigned on 17 March 2019)

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

DIRECTORS' INTERESTS

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

Company	Number of ordinary shares		
	At 1.4.2018	Bought	Sold
Siew Pui Ling - Direct Interest	100	–	–

Ultimate Holding Company – Panasonic Corporation	Number of common stock		
	At 1.4.2018	Bought	Sold
Toyokatsu Okamoto - Direct Interest	–	3,700	–

None of the other Directors holding office at 31 March 2019 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

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

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report (Cont'd)

ISSUE OF SHARES AND DEBENTURES

There were no issue of shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage given to Directors and officers of the Company pursuant to the Directors and Officers Liability Insurance 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 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 2019 has not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' Report (Cont'd)

AUDITORS

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

The auditors' remuneration is disclosed in Note 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: 28 May 2019

STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	2019 RM'000	2018 RM'000
Assets			
Property, plant and equipment	3	122,544	97,185
Interest in associated company	4	100,350	131,859
Deferred tax assets	5	7,780	7,687
Total non-current assets		230,674	236,731
Inventories	6	49,580	50,331
Trade and other receivables	7	105,240	125,630
Derivative financial assets	8	923	7,892
Cash and cash equivalents	9	623,312	650,610
Total current assets		779,055	834,463
Total assets		1,009,729	1,071,194
Equity			
Share capital	10	60,746	60,746
Retained earnings		776,092	820,990
Total equity		836,838	881,736
Liabilities			
Provision for liabilities and charges	11	443	261
Total non-current liabilities		443	261
Trade and other payables	12	162,973	181,919
Provision for liabilities and charges	11	5,159	4,989
Derivative financial liabilities	8	137	–
Taxation		4,179	2,289
Total current liabilities		172,448	189,197
Total liabilities		172,891	189,458
Total equity and liabilities		1,009,729	1,071,194

The notes on pages 77 to 119 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 March 2019

	Note	2019 RM'000	2018 RM'000
Revenue	13	1,127,886	1,199,120
Cost of sales		(919,762)	(956,561)
Gross profit		208,124	242,559
Other operating income		8,542	12,185
Distribution and marketing cost		(64,999)	(73,741)
Administrative expenses		(37,321)	(37,506)
Other operating expenses		(8,508)	(2,789)
Results from operating activities		105,838	140,708
Finance income		23,854	19,815
Share of results of associated company (net of tax)		1,618	5,789
Profit before tax	14	131,310	166,312
Tax expense	15	(25,558)	(35,287)
Profit for the year and total comprehensive income for the year		105,752	131,025
Basic earnings per ordinary share (sen)	16	174	216

The notes on pages 77 to 119 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2019

	Note	Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 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>				
Dividends				
- 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 2018/1 April 2018		60,746	820,990	881,736
Total profit and comprehensive income for the year		–	105,752	105,752
<i>Contributions by and distributions to owners of the Company</i>				
Dividends				
- Final dividend for the financial year ended 31 March 2018	17	–	(141,538)	(141,538)
- Interim dividend for the financial year ended 31 March 2019	17	–	(9,112)	(9,112)
Total transactions with owners of the Company		–	(150,650)	(150,650)
At 31 March 2019		60,746	776,092	836,838

STATEMENT OF CASH FLOWS

For the Year Ended 31 March 2019

	Note	2019 RM'000	2018 RM'000
Cash flows from operating activities			
Profit before tax		131,310	166,312
<i>Adjustments for:</i>			
Property, plant and equipment			
- depreciation		28,990	31,064
- write-off		4	184
- gain on disposal		(82)	(206)
Movement in provision of liabilities and charges		4,424	2,022
Interest income		(23,854)	(19,815)
Share of results of associated company		(1,618)	(5,789)
Net unrealised foreign exchange (gain)/loss		(160)	1,552
Fair value loss/(gain) on derivative financial instruments		7,106	(7,668)
Operating profit before changes in working capital		146,120	167,656
Changes in working capital:			
Inventories		751	(47)
Trade and other receivables		20,504	(10,974)
Trade and other payables		(18,900)	7,028
Cash generated from operations		148,475	163,663
Tax paid		(23,761)	(33,110)
Rework and recall cost paid		(1,010)	(236)
Warranty paid		(1,345)	(2,103)
Employee welfare scheme paid		(1,712)	(1,014)
Retirement gratuity scheme paid		(5)	-
Net cash generated from operating activities		120,642	127,200
Cash flows from investing activities			
Purchase of property, plant and equipment		(54,386)	(53,522)
Proceeds from disposal of property, plant and equipment		115	276
Interest received		23,854	19,815
Dividends received		33,127	25,483
Net cash generated from/(used in) investing activities		2,710	(7,948)
Cash flows from financing activity			
Dividends paid		(150,650)	(71,073)
Net cash used in financing activity		(150,650)	(71,073)
Net (decrease)/increase in cash and cash equivalents		(27,298)	48,179
Cash and cash equivalents at 1 April		650,610	602,431
Cash and cash equivalents at 31 March	9	623,312	650,610

The notes on pages 77 to 119 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Panasonic Manufacturing Malaysia Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the registered office and principal place of business of the Company is as follows:

Registered office/Principal place of business

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

The financial statements of the Company for the financial year ended 31 March 2019 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 28 May 2019.

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 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*
- 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 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

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 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 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 128.
- from the annual period beginning on 1 April 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020 except for Amendments to MFRS 3.

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 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 has completed a detailed assessment of the impact on its financial statements. The initial application of the accounting standard is not expected to have material impact to the current period and prior period financial statements of the Company.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

Notes to the Financial Statements (Cont'd)

1. BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements

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

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

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

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of financial instruments (Note 2(c)), impairment losses of financial instruments (Note 2(h)), and revenue recognition (Note 2(l)(i)) as compared to those adopted in previous financial statements. No significant financial impacts arising from the changes of these standards.

(a) Basis of consolidation

(i) Associates

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

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

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

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

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

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(ii) Transactions eliminated

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

(b) Foreign currency transactions

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

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

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

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

(c) Financial instruments

Unless specifically disclosed below, the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Company has elected not to restate the comparatives.

(i) Recognition and initial measurement

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

Current financial year

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

Previous financial year

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial year

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

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)

Current financial year (Cont'd)

(a) Amortised cost

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

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

(b) Fair value through profit or loss

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

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

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

Previous financial year

In the previous financial year, financial assets of the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

(a) Loans and receivables

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

(b) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that were 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 were specifically designated into this category upon initial recognition.

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

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

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

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 liabilities

Current financial year

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

(a) *Fair value through profit or loss*

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

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

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

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

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

(b) *Amortised cost*

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

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

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 liabilities (Cont'd)

Previous financial year

In the previous financial period, financial liabilities of the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprised financial liabilities that were derivatives or financial liabilities that were specifically designated into this category upon initial recognition.

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

Financial liabilities categorised as fair value through profit or loss were 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.

(iv) Offsetting

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

(d) Property, plant and equipment

(i) Recognition and measurement

Construction work-in-progress is measured at cost. Other items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

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

Unless specifically disclosed below, the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Company elected not to restate the comparatives.

Current financial year

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

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

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

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

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

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

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment (Cont'd)

(i) Financial assets (Cont'd)

Current financial year (Cont'd)

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

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

Previous financial year

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.

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

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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

(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 and recall cost

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

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

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

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 and other income

(i) Goods sold

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

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

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

(ii) Dividend income

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

(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.

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.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
Cost							
At 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-offs	–	–	(10,505)	(1,263)	(13)	–	(11,781)
At 31 March 2018/1 April 2018	7,566	52,820	324,870	48,814	6,240	22,854	463,164
Additions	–	550	28,005	2,318	554	22,959	54,386
Transfers	–	31,448	208	5,590	–	(37,246)	–
Disposals	–	–	(636)	(265)	(169)	–	(1,070)
Write-offs	–	(68)	(10,671)	(1,036)	–	–	(11,775)
At 31 March 2019	7,566	84,750	341,776	55,421	6,625	8,567	504,705
Accumulated depreciation							
At 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-offs	–	–	(10,348)	(1,236)	(13)	–	(11,597)
At 31 March 2018/1 April 2018	1,622	49,742	267,108	42,932	4,575	–	365,979
Charge for the year	76	499	25,663	2,253	499	–	28,990
Transfers	–	–	(8)	8	–	–	–
Disposals	–	–	(636)	(265)	(136)	–	(1,037)
Write-offs	–	(68)	(10,671)	(1,032)	–	–	(11,771)
At 31 March 2019	1,698	50,173	281,456	43,896	4,938	–	382,161
Carrying amounts							
At 1 April 2017	6,022	3,733	56,281	7,172	1,773	–	74,981
At 31 March 2018/1 April 2018	5,944	3,078	57,762	5,882	1,665	22,854	97,185
At 31 March 2019	5,868	34,577	60,320	11,525	1,687	8,567	122,544

Notes to the Financial Statements

(Cont'd)

4. INTEREST IN ASSOCIATED COMPANY

At cost	2019 RM'000	2018 RM'000
Unquoted shares	2,000	2,000
Share of post-acquisition reserves	98,350	129,859
Interest in associated company	100,350	131,859

Set out below is the associate of the Company as at 31 March 2019, 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	
			2019	2018
Panasonic Malaysia Sdn. Bhd.	Malaysia	Associate	40%	40%

The Company holds a 40% (2018: 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:

	2019 RM'000	2018 RM'000
<u>Current</u>		
Cash and cash equivalent	293,014	347,284
Other current assets (excluding cash)	219,298	231,772
Total current assets	512,312	579,056
Other current liabilities (including trade payables)	(297,541)	(297,324)
Total current liabilities	(297,541)	(297,324)
<u>Non-current</u>		
Assets	43,785	54,481
Liabilities	(4,173)	(4,617)
Net assets	254,383	331,596

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:

	2019 RM'000	2018 RM'000
Revenue	1,392,481	1,435,939
Other operating income	46,170	58,728
Finished goods and spare parts purchased/utilised	(1,109,691)	(1,152,329)
Operating expenses	(310,551)	(303,028)
Depreciation of property, plant and equipment	(4,146)	(5,663)
Other operating expenses	(1,124)	(11,882)
Dividend Income	567	–
Profit from operations	13,706	21,765
Finance costs	–	(30)
Profit before taxation	13,706	21,735
Taxation	(7,501)	(6,081)
Net profit and total comprehensive income for the financial year	6,205	15,654
Gross dividends received from associate	33,127	25,483

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

	2019 RM'000	2018 RM'000
Company's share of net assets	101,753	132,638
Elimination of unrealised profits	(1,403)	(779)
Carrying amount in the statement of financial position	100,350	131,859

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

	2019 RM'000	2018 RM'000
Company's share of net profit and total comprehensive income	1,618	5,789

(d) Other information

	2019 RM'000	2018 RM'000
Cash dividends received by the Company	33,127	25,483

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:

	2019 RM'000	2018 RM'000
<u>Deferred tax assets</u>		
Deferred tax assets	7,780	7,687
At 1 April 2018/2017	7,687	9,061
(Charged)/Credited to profit or loss		
- property, plant and equipment	259	(311)
- provisions	(996)	724
- others	830	(1,787)
	93	(1,374)
At 31 March	7,780	7,687

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	Assets		Liabilities		Net	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Property, plant and equipment	1,680	1,421	–	–	1,680	1,421
Provisions	6,198	7,194	–	–	6,198	7,194
Others	90	966	(188)	(1,894)	(98)	(928)
Net tax assets/(liabilities)	7,968	9,581	(188)	(1,894)	7,780	7,687

Movement in temporary differences during the year

	At 1.4.2017 RM'000	Recognised in profit or loss (Note 15) RM'000	At 31.3.2018/ 1.4.2018 RM'000	Recognised in profit or loss (Note 15) RM'000	At 31.3.2019 RM'000
Property, plant and equipment	1,732	(311)	1,421	259	1,680
Provisions	6,470	724	7,194	(996)	6,198
Others	859	(1,787)	(928)	830	(98)
	9,061	(1,374)	7,687	93	7,780

Notes to the Financial Statements

(Cont'd)

6. INVENTORIES

	2019 RM'000	2018 RM'000
Raw materials	34,417	35,754
Work in progress	2,488	2,527
Finished goods	12,653	11,720
Consumable stores	22	330
	49,580	50,331
Recognised in profit or loss:		
Inventories recognised as cost of sales	701,114	733,161
Write-down to net realisable value	(93)	98
Reversal of write-down	(222)	(356)

7. TRADE AND OTHER RECEIVABLES

	2019 RM'000	2018 RM'000
Trade receivables	903	826
Amount due from ultimate holding corporation	814	729
Amount due from associated company	20,422	18,485
Amount due from related companies	72,453	86,146
	94,592	106,186
Other receivables	7,616	14,853
Deposits	1,097	1,172
Prepayments	1,935	3,419
	105,240	125,630

Credit terms given to trade receivables ranged from 30 to 60 days (2018: 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 (2018: 30 to 60 days) except for the amounts of RM4,208,000 (2018: RM3,354,000) 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:

	2019 RM'000	2018 RM'000
Ringgit Malaysia	44,599	45,754
United States Dollar	55,735	73,628
Japanese Yen	2,292	2,253
Euro	679	576
	103,305	122,211

Notes to the Financial Statements

(Cont'd)

8. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Nominal value	Assets RM'000	Liabilities RM'000
2019			
Non-hedging derivatives			
Derivatives at fair value through profit or loss	USD28,000,000	881	–
	YEN238,000,000	–	(134)
	SGD112,000	–	(3)
	EUR293,000	42	–
		923	(137)
2018			
Non-hedging derivatives			
Derivatives at fair value through profit or loss	USD40,000,000	7,859	–
	YEN77,000,000	–	–
	SGD114,000	8	–
	EUR199,000	25	–
		7,892	–

Non-hedging derivatives

The Company uses forward currency contracts to manage transaction exposures. These contracts are not designated as cash flow or fair value hedges.

Foreign currency forward contracts

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

Notes to the Financial Statements

(Cont'd)

9. CASH AND CASH EQUIVALENTS

	2019 RM'000	2018 RM'000
Fixed deposits	480,000	560,000
Cash and bank balances	143,312	90,610
	623,312	650,610

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

	2019 RM'000	2018 RM'000
Ringgit Malaysia	504,467	618,838
United States Dollar	117,017	31,711
Japanese Yen	1,682	14
Euro	124	19
Singapore Dollar	22	28
	623,312	650,610

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

	2019 RM'000	2018 RM'000
- AAA/AA1	62	179
- AA2	14	93
- Non-rated *	623,226	650,324
	623,302	650,596
Cash on hand	10	14
	623,312	650,610

* 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 A3 based on Moody's rating agency.

Notes to the Financial Statements

(Cont'd)

9. CASH AND CASH EQUIVALENTS (CONT'D)

(a) Fixed deposits

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

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

	2019 %	2018 %
Ringgit Malaysia	3.91	3.84

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

	2019	2018
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..

10. SHARE CAPITAL

	Amount 2019 RM'000	Number of shares 2019 '000	Amount 2018 RM'000	Number of shares 2018 '000
Ordinary shares, issued and fully paid: At 1 April/31 March	60,746	60,746	60,746	60,746

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

Notes to the Financial Statements

(Cont'd)

11. PROVISION FOR LIABILITIES AND CHARGES

	Rework and Recall cost RM'000	Warranty RM'000	Employee welfare scheme RM'000	Retirement gratuity scheme RM'000	Total RM'000
At 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/ 1 April 2018	309	2,331	2,349	261	5,250
Charged/(Credited) to profit or loss (Note 14)	3,256	1,205	(224)	94	4,331
Utilised during the financial year	(1,010)	(1,345)	(1,712)	(5)	(4,072)
Present value adjustments	–	–	–	93	93
At 31 March 2019	2,555	2,191	413	443	5,602
2018					
Current	309	2,331	2,349	–	4,989
Non-current	–	–	–	261	261
	309	2,331	2,349	261	5,250
2019					
Current	2,555	2,191	413	–	5,159
Non-current	–	–	–	443	443
	2,555	2,191	413	443	5,602

(a) Rework and recall cost

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

(b) Warranty

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

(c) Employee welfare scheme

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

Notes to the Financial Statements

(Cont'd)

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

(d) Retirement gratuity scheme

The Company provides retirement gratuity for employees who have been in employment for a certain number of years. Upon official retirement, the employees shall receive a lump sum payment 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

	2019 RM'000	2018 RM'000
Trade payables and accruals	107,686	122,128
Employee benefits	14,509	18,415
Amount due to ultimate holding corporation	4,127	8,554
Amount due to associated company	3,873	4,121
Amounts due to related companies	32,778	28,701
	162,973	181,919

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:

	2019 RM'000	2018 RM'000
Ringgit Malaysia	124,942	135,852
United States Dollar	27,500	33,415
Japanese Yen	6,654	11,587
Thailand Baht	2,904	–
Singapore Dollar	973	317
Euro	–	617
Others	–	131
	162,973	181,919

Credit terms of trade payables vary from 30 to 60 days (2018: 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 (2018: 30 to 60 days) except for the amounts of RM19,224,000 (2018: RM17,256,000) which are in respect of non-trading transactions that are unsecured, interest free and repayable on demand.

Notes to the Financial Statements

(Cont'd)

13. REVENUE

	Note	2019 RM'000	2018 RM'000
Revenue from contracts with customers			
- sales of goods	13.2	1,127,886	1,199,120

13.1 Disaggregation of revenue

	2019 RM'000	2018 RM'000
Major products lines		
Home appliances	560,037	614,905
Fan products	567,849	583,281
Dies and mould	–	934
	1,127,886	1,199,120

13.2 Sales of goods

Revenue is recognised when control of the goods or services is transferred to the customer. The performance obligation is satisfied at a point in time and the customers are required to pay within the agreed credit terms, ranging between 30 to 90 days (2018: 30 days to 90 days). Assurance warranties of 1 year are given to customers.

14. PROFIT BEFORE TAX

	2019 RM'000	2018 RM'000
Profit before tax is arrived at after charging/(crediting):		
Auditors' remuneration:		
- fees for statutory audits	205	205
- fees for audit related services	10	10
Directors' remuneration (Note 22)	3,258	3,146
Direct materials cost	701,114	733,161
Property, plant and equipment:		
- depreciation	28,990	31,064
- write-off	4	184
- gain on disposal	(82)	(206)
Staff costs:		
- salaries, bonus and other employee benefits	125,646	145,955
- defined contribution retirement plan	10,708	11,398
	136,354	157,353
Technical assistance fees	32,564	34,549
Research expenses	33,896	12,737
Rental expenses	2,105	1,864
Fair value loss/(gain) on derivative financial instruments	7,106	(7,668)
Foreign exchange:		
- net realised (gain)/loss	(2,145)	403
- net unrealised (gain)/loss	(160)	1,552
Provision of liabilities and charges (Note 11)	4,331	1,841
Interest income	(23,854)	(19,815)

Notes to the Financial Statements

(Cont'd)

15. TAX EXPENSE

	2019 RM'000	2018 RM'000
Current tax expense		
- current year	25,754	32,089
- (over)/under provision in prior year	(103)	1,824
	25,651	33,913
Deferred tax expense		
- origination and reversal of temporary differences	(759)	1,374
- under provision in prior year	666	–
	25,558	35,287
Reconciliation of tax expense		Restated
Profit before tax	131,310	166,312
Tax at Malaysian tax rate of 24%	31,514	39,915
Tax effect of		
- expenses not deductible for tax purpose	1,889	909
- tax incentives	(8,408)	(7,361)
- (over)/under provision of current tax expense in prior year	(103)	1,824
- under provision of deferred tax in prior year	666	–
	25,558	35,287

16. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2019 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	2019	2018
Net profit for the financial year attributable to equity holders (RM'000)	105,752	131,025
Weighted average number of ordinary shares in issue during the financial year ('000)	60,746	60,746
Basic earnings per share (sen)	174	216

Notes to the Financial Statements

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17. DIVIDENDS

Dividends recognised by the Company are as follows:

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

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 2019	211	128,149

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 2019 is as follows:

	Home appliance products		Fan products		Consolidated	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	560,037	614,905	567,849	583,281	1,127,886	1,198,186
Interest income	10,945	9,410	8,634	7,601	19,579	17,011
Depreciation	(8,942)	(12,898)	(16,283)	(14,933)	(25,225)	(27,831)
Profit before taxation	59,954	88,932	68,828	74,003	128,782	162,935
Cash and cash equivalents	275,623	289,667	203,668	193,032	479,291	482,699
Inventories	25,687	22,380	23,871	27,649	49,558	50,029

Notes to the Financial Statements

(Cont'd)

18. OPERATING SEGMENTS (CONT'D)

	2019 RM'000	2018 RM'000
Revenue		
Total revenue of operating segments	1,127,886	1,198,186
Other unallocated revenue	–	934
Total revenue based on the statement of profit or loss and other comprehensive income	1,127,886	1,199,120

Revenue of approximately RM1,123,079 (2018: RM1,188,441) within both segments are derived from the Panasonic group of companies as disclosed in Note 22 to the financial statements.

	2019 RM'000	2018 RM'000
Profit before taxation		
Total profit before taxation of the operating segments	128,782	162,935
Other unallocated income/(expense)	910	(2,412)
Share of results of associated company (net of tax)	1,618	5,789
Total profit before taxation based on the statement of profit or loss and other comprehensive income	131,310	166,312

	2019 RM'000	2018 RM'000
Cash and cash equivalents		
Total cash and cash equivalents of the operating segments	479,291	482,699
Other unallocated cash and cash equivalents	144,021	167,911
Total cash and cash equivalents based on the statement of financial position	623,312	650,610
Inventories		
Total inventories of the operating segments	49,558	50,029
Other unallocated inventories	22	302
Total inventories based on the statement of financial position	49,580	50,331

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.

Notes to the Financial Statements

(Cont'd)

18. OPERATING SEGMENTS (CONT'D)

Geographical information

Revenue information based on geographical location is as follows:

	2019 RM'000	2018 RM'000
Malaysia	479,154	456,393
Japan	44,049	46,115
Asia (excluding Malaysia and Japan)	349,738	375,496
North America	1,667	2,302
Europe	3,097	2,205
Middle East	227,150	289,875
Others	23,031	26,734
	1,127,886	1,199,120

Major customers

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

	2019 RM'000	Revenue 2018 RM'000	Segment
- Panasonic Logistic Asia Pacific	385,732	443,692	Home appliance and fan products
- Panasonic Malaysia Sdn. Bhd.	320,826	314,173	Home appliance and fan products
- Panasonic Life Solutions (Hong Kong) Co. Ltd.	237,026	270,974	Home appliance and fan products
- KDK Fans (M) Sdn. Bhd.	157,475	141,642	Fan products

Notes to the Financial Statements

(Cont'd)

19. FINANCIAL INSTRUMENTS

19.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 March 2019 categorised as follows:

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

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

The table below provides an analysis of financial instruments as at 31 March 2018 categorised as follows:

- (a) Fair value through profit or loss - Designated upon initial recognition ("FVTPL"); and
- (b) Loans and receivables ("L&R")

	Carrying amount RM'000	L&R 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)

Notes to the Financial Statements

(Cont'd)

19. FINANCIAL INSTRUMENTS (CONT'D)

19.2 Net gains and losses arising from financial instruments

	2019 RM'000	2018 RM'000
Net gains/(losses) on:		
Financial assets measured at amortised cost	19,768	–
Loans and receivables	–	19,411
Financial liabilities measured at amortised cost	(715)	6,118
	19,053	25,529

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)

Trade receivables (Cont'd)

Recognition and measurement of impairment loss

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

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

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

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 March 2019 which are grouped together as they are expected to have similar risk nature.

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

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

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The aging of trade receivables as at 31 March 2018 was as follows:

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

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.

Notes to the Financial Statements (Cont'd)

19. FINANCIAL INSTRUMENTS (CONT'D)

19.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

	2019 RM'000	2018 RM'000
Group 1	–	175
Group 2	90,384	102,657
	90,384	102,832

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.

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
2019							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	162,973	-	162,973	162,973	-	-	-
<i>Derivative financial liabilities/(assets)</i>							
Forward exchange contracts	(786)						
(gross settled):							
Outflow	-	-	106,590	106,590	-	-	-
Inflow	-	-	(107,376)	(107,376)	-	-	-
	162,187		162,187	162,187	-	-	-
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	-	-	-

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 2019 of 7.28% (2018: 13.31%) 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).

	2019		2018	
	Strengthen RM'000	Weaken RM'000	Strengthen RM'000	Weaken RM'000
United States Dollar	10,574	(10,574)	9,573	(9,573)
Japanese Yen	(253)	253	(1,236)	1,236
Singapore Dollar	(69)	69	(38)	38
Euro	58	(58)	(3)	3

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..

Notes to the Financial Statements (Cont'd)

19. FINANCIAL INSTRUMENTS (CONT'D)

19.6 Market risk (Cont'd)

19.6.2 Interest rate risk (Cont'd)

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:

	2019 RM'000	2018 RM'000
Fixed rate instruments		
Financial assets	480,000	560,000

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.

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
2019					
Financial asset					
Derivative financial instruments:					
- forward foreign currency exchange contracts	–	923	–	923	923
2019					
Financial liability					
Derivative financial instruments:					
- forward foreign currency exchange contracts	–	137	–	137	137
2018					
Financial asset					
Derivative financial instruments:					
- forward foreign currency exchange contracts	–	7,892	–	7,892	7,892

Notes to the Financial Statements

(Cont'd)

19. FINANCIAL INSTRUMENTS (CONT'D)

19.7 Fair value information (Cont'd)

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.

21. CAPITAL AND OTHER COMMITMENTS

	2019 RM'000	2018 RM'000
Approved by the Board but not provided for in the financial statements:		
- Contracted	60,075	74,456
- Not contracted	461	-
	60,536	74,456
Analysed as follows:		
- Property, plant and equipment	60,536	74,456

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.

Notes to the Financial Statements

(Cont'd)

22. RELATED PARTIES (CONT'D)

Identity of related parties (Cont'd)

(b) Related party relationships

Related party	Relationship
Panasonic Corporation ("PC")	Ultimate holding corporation
Panasonic Management Malaysia Sdn. Bhd. ("PMAM")	Immediate holding company
Panasonic Malaysia Sdn. Bhd. ("PM")	Associated company
KDK Fans (M) Sdn. Bhd. ("KDK")	Subsidiary of PC
Panasonic Financial Centre (Malaysia) Sdn. Bhd. ("PFI(MY)")	Subsidiary of PC
Panasonic Asia Pacific Pte. Ltd. ("PA")	Subsidiary of PC
Panasonic Ecology Systems Co. Ltd. ("PES")	Subsidiary of PC
Panasonic Ecology Systems (Thailand) Co. Ltd. ("PESTH")	Subsidiary of PC
P.T. Panasonic Manufacturing Indonesia ("PMI")	Subsidiary of PC
Panasonic A.P. Sales (Thailand) Co. Ltd. ("PAT")	Subsidiary of PC
Panasonic Home Appliance India Co. Ltd. ("PHAI")	Subsidiary of PC
Panasonic Vietnam Co. Ltd. ("PV")	Subsidiary of PC
Panasonic Energy Malaysia Sdn. Bhd. ("PECMY")	Subsidiary of PC
Panasonic Marketing Sales Taiwan Co.	Subsidiary of PC
Panasonic Hong Kong Co. Ltd. ("PHK")	Subsidiary of PC
Panasonic Industrial Devices Automation Controls Sales Asia Pacific ("PIDACSA")	Subsidiary of PC
Panasonic Life Solutions (Hong Kong) Co. Ltd. ("PLSHK")*	Subsidiary of PC
Panasonic Appliances (Thailand) Co. Ltd. ("PAPTH")	Subsidiary of PC
Panasonic Electric Works Co. Ltd.	Subsidiary of PC
Panasonic Electronic Works (Asia Pacific) Pte. Ltd.	Subsidiary of PC
Panasonic Industrial Devices Semiconductor Asia Pte. Ltd.	Subsidiary of PC
Panasonic Corporation's Corporate Manufacturing Innovation Division ("CIMD")	Subsidiary of PC
Panasonic Systems Asia Pacific ("PSY")	Subsidiary of PC
Panasonic Marketing Middle East and Africa FZE ("PMMAF")	Subsidiary of PC
Panasonic Singapore ("PSP")	Subsidiary of PC
Panasonic AVC Networks Johor (M) Sdn. Bhd. ("PAVCJM")	Subsidiary of PC
Panasonic AVC Networks KL (M) Sdn. Bhd. ("PAVCKM")	Subsidiary of PC
Panasonic Appliances Foundry Malaysia Sdn. Bhd. ("PAPFMT")	Subsidiary of PC
Panasonic Appliances Refrigeration Devices Malaysia Sdn. Bhd. ("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")	Subsidiary of PC
Panasonic Appliances R&D Centre Asia Pacific Sdn. Bhd. ("PAPRADAP")	Subsidiary of PC

* Panasonic Life Solutions (Hong Kong) Co. Ltd. ("PLSHK") previously known as Panasonic Eco Solutions (Hong Kong) Co. Ltd. ("PESHK").

Notes to the Financial Statements

(Cont'd)

22. RELATED PARTIES (CONT'D)

Identity of related parties (Cont'd)

(c) Significant related party transactions

	2019 RM'000	2018 RM'000
(i) Sales of products and related components to related parties:		
- Panasonic Logistic Asia Pacific	382,909	441,461
- Panasonic Malaysia Sdn. Bhd.	318,307	311,622
- KDK Fans (M) Sdn. Bhd.	157,187	141,340
- Panasonic Life Solutions (Hong Kong) Co. Ltd.*	236,434	270,300
- Panasonic Procurement Malaysia Sdn. Bhd.	13,117	15,150
- P.T. Panasonic Manufacturing Indonesia	8,622	8,368
- Panasonic Ecology System (Thailand) Co. Ltd.	279	200
(ii) Sales of service parts to related parties:		
- Panasonic Malaysia Sdn. Bhd.	2,519	2,551
- Panasonic Logistic Asia Pacific	2,823	2,231
- KDK Fans (M) Sdn. Bhd.	288	302
- Panasonic Life Solutions (Hong Kong) Co. Ltd.*	592	674
- P.T. Panasonic Manufacturing Indonesia	1	1
- Panasonic Production Engineering Co. Ltd.	–	934
- Panasonic Procurement Malaysia Sdn. Bhd.	–	1
(iii) Purchase of parts, components and raw materials from related parties:		
- Panasonic Procurement Malaysia Sdn. Bhd.	264,509	286,789
- Panasonic Corporation	15,837	14,353
- Panasonic Life Solutions (Hong Kong) Co. Ltd.*	16,290	13,326
- Panasonic Industrial Devices Malaysia Sdn. Bhd.	59	99
- Panasonic Industrial Devices Singapore Pte. Ltd.	387	548
- Panasonic Industrial Devices Semiconductor Asia Pte. Ltd.	–	106
- P.T. Panasonic Manufacturing Indonesia	110	162
- Panasonic Industrial Devices Automation Controls Sales Asia Pacific	402	523
(iv) Technical assistance fee paid and payable to related parties:		
- Panasonic Corporation	15,978	17,478
- Panasonic Ecology Systems Co. Ltd.	16,586	17,071

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)

	2019 RM'000	2018 RM'000
(v) Interest income received and receivable from a related party: - Panasonic Financial Centre (Malaysia) Sdn. Bhd.	23,854	19,815
(vi) Sales promotion, warranty claims and/or service expenses paid and payable to related parties: - Panasonic Malaysia Sdn. Bhd. - Panasonic A.P. Sales (Thailand) Co. Ltd. - Panasonic Corporation - KDK Fans (M) Sdn. Bhd. - Panasonic Vietnam Co. Ltd.	6,340 7,526 5,193 1,493 2,634	6,275 5,701 7,956 1,063 2,479
(vii) Research and development expenditure paid and payable to related parties: - Panasonic Corporation - Panasonic Appliances R&D Centre Asia Pacific Sdn. Bhd.	– 30,949	5,835 –
(viii) Brand license fee paid and payable to related parties: - Panasonic Ecology Systems Co. Ltd.	2,581	2,679
(ix) Global sales service support fee paid and payable to a related party: - Panasonic Life Solutions (Hong Kong) Co. Ltd.*	–	1,340
(x) IT annual maintenance and support fees, and additional customisation costs for the Sapphire, GLICS and Oracle system paid and payable to related parties: - Panasonic Asia Pacific Pte. Ltd. (Oracle System Project) - Panasonic Corporation - Panasonic Procurement Malaysia Sdn. Bhd.	470 2,882 999	671 2,993 1,379
(xi) Purchase of fixed assets from a related company: - Panasonic Corporation	1,293	482
(xii) Manufacturing innovation services received and receivable from a related company - Panasonic Corporation's Corporate Manufacturing Innovation Division	2,758	2,956

Notes to the Financial Statements

(Cont'd)

22. RELATED PARTIES (CONT'D)

Identity of related parties (Cont'd)

(d) Significant outstanding related party balances

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

	2019 RM'000	2018 RM'000
Amount due to:		
- Panasonic Corporation	4,127	8,554
- Panasonic Malaysia Sdn. Bhd.	3,873	4,121
- Panasonic Procurement Malaysia Sdn. Bhd.	17,551	21,733
- Panasonic Vietnam Co. Ltd.	2	1,801
- Panasonic Life Solutions (Hong Kong) Co. Ltd.*	2,811	2,806
- Panasonic Appliances R&D Centre Asia Pacific Sdn. Bhd.	6,935	–
- Panasonic A.P. Sales (Thailand) Co. Ltd.	3,240	–
- Other related companies	2,239	2,361
	40,778	41,376
Amount due from:		
- Panasonic Corporation	814	729
- Panasonic Malaysia Sdn. Bhd.	20,422	18,485
- Panasonic Logistic Asia Pacific	26,609	35,788
- Panasonic Life Solutions (Hong Kong) Co. Ltd.*	30,388	38,294
- KDK Fans (M) Sdn. Bhd.	11,708	8,159
- Panasonic Financial Centre (Malaysia) Sdn. Bhd.	2,109	2,105
- Other related companies	1,639	1,800
	93,689	105,360

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:

	2019 RM'000	2018 RM'000
Directors' fees and meeting allowance	468	443
Salaries, allowance, bonus and other remuneration	13,575	17,039
Defined contribution retirement plan	673	684
	14,716	18,166

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

	2019 RM'000	2018 RM'000
Non-Executive Directors:		
- fees	440	414
- others	28	30
Executive Directors:		
- salaries, bonus and other remuneration	2,641	2,644
- defined contribution retirement plan	149	58
	3,258	3,146

The estimated monetary value of benefits provided to Executive Directors during the financial year amounted to RM97,570 (2018: RM205,953).

The estimated monetary value of benefits provided to Executive Directors and other members of key management personnel during the financial year amounted to RM646,409 (2018: RM906,725).

Included in key management personnel compensation is the Executive Directors' remuneration of RM2,789,769 (2018: RM2,702,404).

Notes to the Financial Statements

(Cont'd)

23. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Company generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Company have elected not to restate the comparatives. There are no material impacts arising from the adoption of MFRS 15 and MFRS 9 on the Company's financial statements.

23.1 Accounting for financial instruments

(a) **Classification of financial assets and financial liabilities on the date of initial application of MFRS 9**

The following table shows the measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 April 2018:

Categories under MFRS 139	31 March 2018 RM'000	1 April 2018 Reclassification to new MFRS 9 category Amortised cost ("AC") RM'000
Financial assets		
Loans and receivables		
Trade and other receivables	122,211	122,211
Cash and cash equivalents	650,610	650,610
	772,821	772,821

Categories under MFRS 139	31 March 2018 RM'000	1 April 2018 Reclassification to new MFRS 9 category AC RM'000
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	(181,919)	(181,919)

(i) **Reclassification from loans and receivables to amortised cost**

Trade and other receivables that were classified as loans and receivables under MFRS 139 are now reclassified at amortised cost. No allowance for impairment was recognised in opening retained earnings of the Company at 1 April 2018 respectively on transition to MFRS 9.

STATEMENT OF DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 73 to 119 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 2019 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: 28 May 2019

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 73 to 119 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 28 May 2019.

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 at 31 March 2019 of the Company, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of 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 73 to 119.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, 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) and Note 6 – Inventories.

The key audit matter

The Company held significant inventory balances as at 31 March 2019 of RM49,580,000. 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 amount of inventory was overstated.

Independent Auditors' Report (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 and recall cost, Note 2(j)(ii) – Provision for warranty and Note 11 – Provision for liabilities and charges.

The key audit matter

As of 31 March 2019, the Company recorded provision for warranty of RM2,191,000. The Company has exercised judgement in making these provisions in respect of the warranty obligations arising from the sale of goods.

A provision for rework cost and recall cost of RM1,275,000 and RM1,280,000 respectively 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 and implementation of controls over liability and charges account, and tested the effectiveness of the controls.
- We evaluated the appropriateness of the Company's processes, evaluated and tested the assumptions used in the determination of the provisions and tested the validity of the data used in the calculations by comparing it to the actual warranty claims in prior years and the rework cost per unit incurred.
- We evaluated the appropriateness of the Company's key inputs to evaluate the provision for recall and tested the validity of the data used in the calculation of the provision.

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 (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 statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Company to express an opinion on the financial statements of the Company. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report (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 statements 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

Mok Wan Kong
Approval Number: 02877/12/2020 J
Chartered Accountant

Petaling Jaya, Malaysia

Date: 28 May 2019

LIST OF PROPERTIES

Owned by the Company

Location	Description	Land Area (Acres)	Tenure	Date of Acquisition	Approximate Age of Buildings (Years)	Net Book Value (RM'000)
No. 3 Jalan Sesiku 15/2 Section 15 Shah Alam Industrial Site 40200 Shah Alam Selangor Darul Ehsan	Land	14.4	Leasehold, 99 years 92 years 84 years (Expires in the year 2065)	6-Jul-1966 25-Jun-1973 29-Sep-1981		143
						46
						221
	Factory and administrative office				6 - 53	2,836
	SA 1 New office				1	31,317
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		5,458
	Factory and administrative office				1 - 28	424

STATISTICS ON SHAREHOLDINGS

As at 28 June 2019

SHARE CAPITAL

Issued and Fully Paid-up Capital	:	RM60,745,780.00
Class of Shares	:	Ordinary Shares
Voting Rights	:	1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	1,047	19.72	17,753	0.03
100 - 1,000	2,620	49.35	1,242,722	2.05
1,001 - 10,000	1,380	25.99	4,309,568	7.09
10,001 - 100,000	224	4.22	6,123,786	10.08
100,001 to 3,037,288 (less than 5% of issued shares)	36	0.68	13,948,134	22.96
3,037,289 and above (5% and above of issued shares)	2	0.04	35,103,817	57.79
Total	5,309	100.00	60,745,780	100.00

DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct Interest	No. of Shares		Deemed Interest	%
				%		
1	Tan Sri Datuk Asmat Bin Kamaludin	0	0.00	0	0.00	0.00
2	Toyokatsu Okamoto*	0	0.00	0	0.00	0.00
3	Datuk Supperamaniam a/l Manickam	0	0.00	0	0.00	0.00
4	Tan Sri Hasmah binti Abdullah	0	0.00	0	0.00	0.00
5	Siew Pui Ling	100	0.00	0	0.00	0.00
6	Cheng Chee Chung	0	0.00	0	0.00	0.00
7	Raja Anuar bin Raja Abu Hassan	0	0.00	0	0.00	0.00
8	Kwan Wai Yue	0	0.00	0	0.00	0.00

* holds 3,700 common shares in Panasonic Corporation, the ultimate holding company of the Company.

SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	Direct Interest	No. of Shares		Deemed Interest	%
				%		
1	Panasonic Management Malaysia Sdn Bhd	28,823,871	47.45	–	–	–
2	Employees Provident Fund Board	6,279,946	10.34	–	–	–
3	Panasonic Corporation	–	–	28,823,871	47.45	47.45
4	Panasonic Holding (Netherlands) B.V.	–	–	28,823,871	47.45	47.45
5	Panasonic Asia Pacific Pte. Ltd	–	–	28,823,871	47.45	47.45
6	Kumpulan Wang Persaraan (Diperbadankan)	2,905,600	4.78	676,100	1.11	1.11

Statistics on Shareholdings (Cont'd)

30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	PANASONIC MANAGEMENT MALAYSIA SDN. BHD.	28,823,871	47.45
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	6,279,946	10.34
3	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	2,905,600	4.78
4	CHINCHOO INVESTMENT SDN. BERHAD	1,259,748	2.07
5	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,166,330	1.92
6	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR PANGOLIN ASIA FUND	982,400	1.62
7	HSBC NOMINEES (ASING) SDN BHD BPSS LUX FOR ABERDEEN STANDARD SICAV I - ASIAN SMALLER COMPANIES FUND	959,600	1.58
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	518,100	0.85
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	420,100	0.69
10	MAYOON SDN BHD	360,000	0.60
11	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	303,900	0.50
12	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	300,477	0.50
13	SHEN & SONS SDN BHD	272,000	0.45
14	CHONG YEAN FONG	264,600	0.44
15	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	259,700	0.43
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	HO HAN SENG	230,000	0.38
19	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	225,200	0.37
20	AMSEC NOMINEES (ASING) SDN BHD KGI SECURITIES (SINGAPORE) PTE. LTD. FOR TAI TAK SECURITIES PTE LTD (1442)	209,000	0.34

Statistics on Shareholdings (Cont'd)

30 LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	%
21	TAN KAH GHIE MARY @ TAN KAH GHEE MARY	204,800	0.34
22	LAI YAN YONG	194,000	0.32
23	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	193,380	0.32
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR TENAGA NASIONAL BERHAD RETIREMENT BENEFIT TRUST FUND (FM-ABERDEEN)(419500)	191,900	0.32
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	187,800	0.31
26	AMSEC NOMINEES (ASING) SDN BHD KGI SECURITIES (SINGAPORE) PTE. LTD. FOR YEO KOK GEE	184,478	0.30
27	CHONG KAH MIN	184,146	0.30
28	CIMB COMMERCE TRUSTEE BERHAD PUBLIC FOCUS SELECT FUND	148,700	0.25
29	DB (MALAYSIA) NOMJINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG CONSUMER PRODUCTS SECTOR FUND	147,500	0.24
30	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES CHONG KAH MIN (1835)	147,384	0.24
Total		48,025,598	79.08

HISTORY OF DIVIDEND PAYMENT

Financial Year / Period	Paid-Up Capital (RM)	Cash Dividend Rate			Stock Dividend Rate	Total Dividend Rate	Gross Cash Dividend (RM)	Tax Rate			Taxation Amount (RM)	Net Cash Dividend (RM)
		Interim	Final	Special				Interim	Final	Special		
3 / 2019	60,745,780	15%	221%	0%	–	226%	137,260,609	S/T	S/T	S/T	–	137,260,609
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)							1,632,501,047				245,392,385	1,387,108,662

T/E - Tax-exempt

S/T - Single-Tier

NOTICE OF 54TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 54th Annual General Meeting of the Company will be held at Hall 11, IDEAL Convention Centre Sdn Bhd, Level 7, Corporate Tower, Jalan Pahat L15/L, 40200 Shah Alam, Selangor on Friday, 30 August 2019 at 10.00 a.m. to transact the following business:

AGENDA

As Ordinary Business:

1. To receive the Statutory Financial Statements for the financial year ended 31 March 2019 together with the Reports of the Directors and Auditors thereon.
2. To declare a final single tier dividend of 211 sen per ordinary share for the financial year ended 31 March 2019. **(Resolution 1)**
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 Datuk Asmat bin Kamaludin **(Resolution 2)**
 - b. Siew Pui Ling **(Resolution 3)**
4. To re-elect Shigeru Dono who is retiring in accordance with Article 102 of the Company's Articles of Association **(Resolution 4)**
5. To approve the payment of Directors' fees and meeting attendance allowance not exceeding RM550,000 in respect of the financial year ending 31 March 2020. **(Resolution 5)**
6. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

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 7)**

"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."

Notice of 54th Annual General Meeting (Cont'd)

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

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

- | | |
|---|------------------------|
| (i) Sales of products, sales of tools and equipment, purchase of parts, components, raw materials, 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 31 July 2019. | (Resolution 8) |
| (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 31 July 2019. | (Resolution 9) |
| (iii) Placement of cash deposits with Panasonic Financial Centre (Malaysia) Sdn Bhd as specified in Section 2.2(a)(viii) of the Circular to Shareholders dated 31 July 2019. | (Resolution 10) |
| (iv) Other financial transaction services with Panasonic Financial Centre (Malaysia) Sdn Bhd as specified in Section [2.2(a)(ix)] of the Circular to Shareholders dated 31 July 2019. | (Resolution 11) |

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

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public;
- (b) disclosure is made in the Annual Report of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year where the aggregate value is equal to or exceeds the applicable prescribed threshold under the Listing Requirements and/or the relevant Practice Notes; and
- (c) annual renewal and such approval shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is to be held pursuant to Section 340 of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340 of the Companies Act 2016), whichever is earlier.

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

Notice of 54th Annual General Meeting (Cont'd)

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

9. Proposed Adoption of the new Constitution of the Company to replace the existing Memorandum and Articles of Association (Resolution 12)

"THAT the existing Memorandum and Articles of Association of the Company be replaced in its entirety with a new Constitution as set out in Appendix I of the Company's Circular to shareholders dated 31 July 2019."

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that a final single tier dividend of 211 sen per ordinary share for the financial year ended 31 March 2019, will be paid on 25 September 2019 to depositors registered in the Record of Depositors and Register of Members at the close of business on 10 September 2019.

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

- (a) Shares deposited into the Depositor's Securities Account before 4.30 p.m. on 10 September 2019 in respect of transfers.
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Leong Oi Wah
SSM Practicing Certificate No. : 201908000717
(MAICSA 7023802)
Company Secretary

Shah Alam
31 July 2019

Notes:

1. A Member entitled to attend and vote is entitled to appoint 1 proxy but not more than 2 proxies to attend and vote instead of him and the Member shall specify the proportion of his shareholdings to be represented by each proxy. When a Member is an exempt authorised nominee, there is no limit to the number of proxies which it may appoint.
2. The instrument appointing a proxy or proxies in the case of an individual shall be signed by the appointer or by his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under Common Seal or under the hand of the officer or attorney duly authorised.
3. The instrument appointing a proxy or proxies must be deposited at Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd), Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the holding of the meeting or any adjournment thereof.

Notice of 54th Annual General Meeting (Cont'd)

Notes: (Cont'd)

4. On agenda 3, the directors to retire under Article 97 of the Company's Articles of Association are Tan Sri Datuk Asmat bin Kamaludin, Datuk Supperamaniam a/l Manickam and Ms Siew Pui Ling. Datuk Supperamaniam a/l Manickam has informed the Company that he would not be seeking re-election in view that his tenure on the Board as independent director would be reaching 12 years by the end of 2019 and accordingly will retire at the end of the 54th Annual General Meeting of the Company.

5. Explanatory Note to Special Business:

Resolution 7

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

The Nomination Committee and the Board have assessed his independence at its meetings held on 16 May 2019 and have recommended that he continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

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

Resolutions 8 to 12

Please refer to the Circular to Shareholders dated 31 July 2019 for further information.

6. Depositors who appear in the Record of Depositors as at 23 August 2019 shall be regarded as Member of the Company entitled to attend the 54th 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 54th Annual General Meeting of the Company to be held at Hall 11, IDEAL Convention Centre Sdn Bhd, Level 7, Corporate Tower, Jalan Pahat L15/L, 40200 Shah Alam, Selangor on Friday, 30 August 2019 at 10.00 a.m. and at any adjournment thereof. My/our proxy/proxies is/are to vote as indicated below:

Resolutions	Ordinary Business	For	Against
1.	Declaration of a final single tier dividend of 211 sen per ordinary share.		
2.	Re-election of Tan Sri Datuk Asmat bin Kamaludin.		
3.	Re-election of Ms Siew Pui Ling.		
4.	Re-election of Mr. Shigeru Dono.		
5.	Approval of the payment of Directors' fees and benefits.		
6.	Appointment of Auditors.		
Special Business			
7.	Approval for the continuation in office of Tan Sri Datuk Asmat bin Kamaludin as Independent Non-Executive Director.		
8.	Approval for 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.		
9.	Approval for RRPT - Payment and receipt of fees.		
10.	Approval for RRPT - Placement of cash deposits and other treasury services.		
11.	Approval for RRPT - Other treasury services.		
12.	Adoption of new Constitution		

(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	%
	<hr/> 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 _____ 2019

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 authorised nominee, there is no limit to the number of proxies which it may appoint.
2. The instrument appointing a proxy or proxies in the case of an individual shall be signed by the appointer or by his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under Common Seal or under the hand of the officer or attorney duly authorised.
3. The instrument appointing a proxy or proxies must be deposited at Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd), Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the holding of the meeting or any adjournment thereof.
4. Depositors who appear in the Record of Depositors as at 23 August 2019 shall be regarded as Member of the Company entitled to attend the 54th 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

Boardroom Share Registrars Sdn. Bhd.

Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor Darul Ehsan

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PANASONIC MANUFACTURING MALAYSIA BERHAD
(COMPANY NO. 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