COVER SHEET
FOR
ANNUAL REPORT

SEC Registration Number

2	3	0	2	2						

Company Name

PANASONIC MANUFACTURING PHILIPPINES CORPORATION AND SUBSIDIARY

Principal Office (No./Street/Barangay/City/Town/Province)

Ortigas Avenue Extension, Barrio Mapandan, Barangay San Isidro, Taytay, Rizal

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A		N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
www.panasonic.com/ph	635-2260 to 65	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
444	3rd Friday of June	March 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Julieta Beltran	julieta.beltran@ph.panasonic.com	635-2260 to 65	(+63) 0917 584 4500

Contact Person's Address

Ortigas Avenue Extension, San Isidro, Taytay, Rizal

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **March 31, 2019**

2. SEC Identification Number **23022** 3. BIR Tax Identification No. **000-099-692-0000**

4. Exact name of issuer as specified in its charter **Panasonic Manufacturing Philippines Corporation**

5. **Rizal, Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
   Industry Classification Code:

7. **Ortigas Avenue Extension, Bo. Mapandan Barangay San Isidro, Taytay, Rizal**
   Address of principal office

   1920
   Postal Code

8. **(632) 635-22-60 to 65**
   Issuer's telephone number, including area code

9. **Not applicable**
   Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common shares, P1.00 par value	
Class A	84,723,432
Class B	337,994,588

11. Are any or all of these securities listed on a Stock Exchange?

    Yes [**X**] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:

    The Company's Class A shares are listed in the Philippine Stock Exchange.

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [**X**] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [**X**] No [ ]

13. Estimated aggregate market value of the voting stock held by non-affiliates of the issuer as of March 31, 2019 and June 30, 2019 based on stock market price amounted to about ₱376,928,320 and ₱371,877,354 respectively. The price per share used for this computation are the closing price as of March 29, 2019 at ₱5.97and June 28, 2019 at ₱5.89.

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE (5) YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Not Applicable

DOCUMENTS INCORPORATED BY REFERENCE

15. Information in the attached Annual Report and Financial Statements incorporated by reference to this SEC Form 17-A are clearly indicated in the part of this Form where the information is required.

TABLE OF CONTENTS

+

PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1 - BUSINESS

BUSINESS

Panasonic Manufacturing Philippines Corporation (the Parent Company) was incorporated in the Philippines on May 14, 1963 and is a subsidiary of Panasonic Corporation (PC or the Ultimate Parent Company) which is incorporated in Japan on December 15, 1935. The Securities and Exchange Commission (SEC) approved on March 19, 2013 the extension of Parent Company life for another fifty (50) years or until May 15, 2063. The Parent Company holds 40.0% interest in Precision Electronics Realty Corporation (PERC or the Subsidiary), over which the Parent Company has the control over the Subsidiary. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the Subsidiary and has the ability to affect those returns through its power over the Subsidiary.

The Parent Company is a manufacturer, importer and distributor of electronic, electrical, mechanical, electro-mechanical appliances, other types of machinery, parts and components, battery and other related products bearing the "Panasonic" brand. The Subsidiary is in the business of realty brokerage and leases out the land to the Parent Company in which the latter's manufacturing facilities are located, and acts as an agent of any persons, firms or corporation, domestic or foreign, for and in transaction relative to the acquisition, sales, lease, mortgage, disposition of, administration and management of real state and/or improvements thereon; to acquire by purchase, lease or other lawful means, lands and interest in lands, and to own, hold, improve, use, administer and manage any real state so acquired or held by the corporation.

The Parent Company's registered address is Ortigas Avenue Extension, Barrio Mapandan, Barangay San Isidro, Taytay, 1920, Rizal.

The Parent Company's shares were listed at the Philippine Stock Exchange on January 21, 1983.

There has been no bankruptcy, receivership or similar proceeding nor any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business in the last three (3) years of the Parent Company's and its Subsidiary's operations (collectively referred to as the "Group").

PRODUCTS

The primary products of the Parent Company are refrigerators, air conditioners and washing machines. Other products include electric fans, freezers, imported appliances like LCD/PDP TV sets, Digital AV products (DVD/VCD mini-components, home theater systems, video and still cameras, D-Snap multi-AV devices, etc.); communications equipment/devices (corded/cordless telephones, fax machines, PABX, etc.); office automation equipment (copiers, POS machines, Panaboard, plasma displays, LCD projectors, closed-circuit video equipment, etc.); cooling equipment (package/split-type air conditioners, air-moving equipment); and various kitchen and home appliances (rice cookers, vacuum cleaners, hair dryers/stylers, etc.).

The Group's business segments are grouped in accordance with that of Parent Company's (PC) lines of business, which are grouped on product basis follow: GCMS (Global Consumer Marketing Sector), SNC (System Network and Communication) and others. Under this structure, each business domain will integrate its research and development, manufacturing and sales, thereby establishing an autonomous structure that expedites business operations to accelerate growth.

Products under each business segment are as follows:

Consumer - This segment includes audio, video primarily related to selling products for media and entertainment industry. This also includes home appliance and household equipment primarily related to selling for household consumers.

System Solutions Group (SSG) - This segment includes office automation equipment such as telecommunication products, security system and projectors primarily related to selling for business consumers.

Others - This segment includes supermarket refrigeration such as cold room, showcases and bottle coolers primarily related to selling to supermarkets and groceries. This also includes solar panel which is primarily a project-based selling.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, current and deferred taxes are managed on a group basis and are not allocated to operating segments.

Segment reporting information is disclosed in Note 27 of the Audited Financial Statements included in the accompanying Annual Report (Annex "B").

Information as to sales and relative contributions of the main products to total sales were as follows:

	Years Ended March 31		
	2019	2018	2017
Domestic	**91.4%**	92.1%	92.1%
Export	**8.6%**	7.9%	7.9%
	100.0%	100.0%	100.0%
Refrigerator	**40.4%**	38.9%	37.7%
Airconditioner	**28.7%**	24.6%	28.6%
Television	**4.5%**	4.3%	3.2%
Washing machine	**14.1%**	12.6%	10.0%
Others and Export	**12.3%**	19.6%	20.5%
	100.0%	100.0%	100.0%

GEOGRAPHICAL INFORMATION

The table below shows the net sales information of the Parent Company based on the location of the customer (in thousands):

	Year Ended March 31		
	2019	2018	2017
Philippines	**₱10,392,122**	₱9,553,070	₱9,099,559
Hong Kong	**1,105,739**	930,088	841,527
Nigeria	**22,953**	-	-
Africa	**-**	6,919	33,191
Total Revenue	**₱11,520,814**	₱10,490,077	₱9,974,277

The Parent Company has two customers each representing 10.0% or more of the Parent Company's total revenue amounting to ₱3.7 billion and ₱3.0 billion in 2018.

DISTRIBUTION NETWORK

The Group's principal office is located along Ortigas Avenue Extension, Barrio Mapandan, Barangay San Isidro, Taytay, Rizal. The Group has PEZA registered activity (Airconditioner) located at 102 Laguna Boulevard Laguna Technopark, Sta. Rosa City, Laguna.

Aside from its warehouses located in its plant in Taytay and Sta. Rosa, the Group also has three (3) regional branches located in Pampanga, Cebu and Davao. The Group has a nationwide network of sales offices and accredited dealers to cater to its customers anywhere in the country. For customers' convenience, the Group has established a nationwide distribution network through its area offices and accredited service centers are strategically located at key towns, provinces, and cities.

Because of this wide distribution network, the Group is not dependent upon a single dealer or a few dealers, the loss of which would have a material adverse effect on the Group.

STATUS OF ANY PUBLICLY ANNOUNCED NEW PRODUCT OR SERVICE

The Group does not have any publicly-announced new major product or service that is being developed.

COMPETITION

Fiscal year 2018 was set as a transition period to next midterm plan. It was a year that provided with the opportunity to learn limitations in confronting various challenges, especially the increase in the price of raw materials, the constraints in supply chain as a result of port congestion compounded by the scarcity of trucking facilities, and the impact of the ever-increasing market competition.

Likewise, the year in review gave the Company the motivation to work even harder and look forward to a better and more successful business operation, particularly with the domestic market's positive acceptance of our new inverter window air conditioner, as well as the significant growth in our export market for window air conditioner.

The Company posted a significant growth in terms of sales, delivering a total of 11.5 billion pesos, which was 109.8% of last year's 10.5 billion pesos. However, although many of our product categories achieved their profit targets, some of them, especially our proudly Philippine-made products, failed to yield an improved profitability due to various factors. We only generated a profit after tax of 148.5 million pesos. This result could be attributed to the aforementioned factors, specifically the higher market price of its products major components such as chemicals, copper and resins and the unfavorable peso depreciation against the US dollar. In addition to these, the Company invested for the changing of refrigerant from R134a to R600a, securing new moulds & dies for productivity improvement, constructing our new washing machine and electric fan factory in Sta. Rosa, and the initial purchasing of new equipment for our fully automatic washing machine production. It is with certainty that the intensity of market competition will increase across our product lines and categories.

For the ensuing fiscal year 2019, the management target hinges on a 3-pronged major challenges: sustaining a double-digit sales growth performance; realizing a higher operating profitability; and pursuing a free cash flow. Moreover, please refer to the accompanying Annual Reports of the Company (Annex "A").

SOURCES OF RAW MATERIALS AND SUPPLIES

The Parent Company has a broad base of suppliers, both local and foreign. The Company is not dependent on one or a limited number of suppliers.

The Parent Company imports substantially all of its raw material requirements, merchandise, machinery and equipment and other spare parts and supplies from PC - Japan and affiliates. Purchases from PC - Japan amounted to ₱ million, ₱43.0 million and ₱5.7 million in fiscal year 2018, 2017 and 2016, respectively. Purchases made from affiliates amounted to ₱4.9 billion, ₱4.5 billion and ₱4.0 billion in fiscal year 2018, 2017 and 2016 respectively.

CUSTOMER CONCENTRATION

The Group is not dependent upon a single customer or a few customers, the loss of any or more of which would have a material adverse effect on the Company and its subsidiaries taken as a whole. The Group does not have a customer that will account for twenty percent (20%) or more of its revenues.

TRANSACTIONS WITH RELATED PARTIES

The Parent Company has entered into various transactions with related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, such as affiliates. Related parties may be individuals or corporate entities. Transactions with related parties are made substantially on the same terms as with other individuals and businesses and are generally settled in cash.

For the companies under control of the Ultimate Parent Company (referred to as affiliates) that the Parent Company has transactions, results of the related party transactions and the Parent Company has outstanding balances with related parties, please refer to Note 22 of the attached Annual Audited Financial Statements (Annex "B").

The sales and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances as at March 31, 2019 and 2018 are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. In 2019, 2018 and 2017, the Group has not recorded any impairment of receivables relating to amounts owned by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The Parent Company has interest-bearing loans receivable from its Subsidiary amounting to ₱154.0 million as of March 31, 2019 and 2018. The 12% nominal annual interest is to be paid on a monthly basis while the principal is payable on its maturity date, March 31, 2026.

The carrying amount of the receivable in the Parent Company's book and payable in the Subsidiary's books amounted to ₱154.0 million as of March 31, 2019 and 2018 which were eliminated in the consolidation. The net expenses in the Parent Company's books and net revenue in the Subsidiary's books amounted to ₱28.9 million and ₱19.1 million in 2019, 2018 and 2017. These balances and transactions were eliminated in the consolidation.

Key Management Personnel
The Group's key management personnel include the president and directors. The compensation of key management personnel consists of:

	2019	2018	2017
Short-term employee benefits	**₱64,978,844**	₱80,424,774	₱59,193,958
Post-employment benefits	**4,865,047**	6,451,950	4,635,894
	₱69,843,891	₱86,876,724	₱63,829,852

There are no agreements between the Group and any of its key management personnel providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Parent Company's retirement plan.

Under PFRS, certain post-employment benefit plans are considered as related parties. The Parent Company's retirement plan is in the form of different investments being managed by the Parent Company. The Board of Trustees (BOT) of the retirement plan is mandated to approve the plan, trust agreement, investment plan including any amendments or modifications thereto, and any other activities of the plan. Certain members of the BOD of the Parent Company are represented in the BOT. The BOT manages the plan based on the mandate as defined in the trust agreement. The retirement fund has 60.0% interest in the subsidiary of the Parent Company amounting to ₱59.7 million and 5.1% interest in the Parent Company amounting to ₱ 133.6 million and as of March 31, 2019 carried at fair value. The Retirement Fund recognized a re-measurement loss in 2019 amounting to ₱79.1 million.

The fair value of the net plan assets of the fund by each classes as at the end of the reporting period are presented in Note 11 of the attached AFS.

As of March 31, 2019 and 2018, certain loans and receivables amounting to ₱56.2 million and ₱51.8 million, respectively, are receivables of the retirement fund from certain employees of the Parent Company. These are being deducted from the monthly salary of the employees and are payable within 12 months. Investments include equity instruments which have quoted market prices except for the investment in PERC amounting to ₱59.7 million and ₱58.3 million as of March 31, 2019 and 2018, respectively. The fair value of investment in quoted equity instruments as of March 31, 2019 and 2018 amounted to ₱133.6 million and ₱251.4 million, respectively. Investments also include investment properties pertaining to a parcel of land held for capital appreciation amounting to ₱9.0 million as of March 31, 2019 and 2018.

There are no other transactions or outstanding balances by the Parent Company, or its related parties, with the retirement plan of the employees of the Parent Company as of March 31, 2019 and 2018.

TECHNICAL ASSISTANCE AND TRADEMARK LICENSE AGREEMENT

The Parent Company has several Technical Assistance Agreements with Panasonic Corporation – Japan ("PC") and Panasonic Ecology Systems Co., Ltd. ("PES") valid for five (5) years from April 1, 2019 until March 31, 2024. Under the terms of the agreements, the Parent Company pays semi-annual technical assistance fees equivalent to a certain percentage of sales of selected products equivalent to 3.0%. Technical assistance fees charged by the Parent Company amounted to ₱174.0 million, ₱172.7 million and ₱171.4 million in 2019, 2018 and 2017, respectively.

The Parent Company has existing trademark license agreements with PC – Japan and affiliates. Under the terms of the agreements, the Parent Company is granted a non-exclusive license to use the trademark "KDK" (Kawakita Electric Company) and "Panasonic" on or in relation to its products and shall be effective as far as the Company uses the trademarks on its products.

Currently, existing trademark license agreement became effective since the 1st day of April 2016 and shall thereafter continue and remain in full force and in effect until the 31st day of March 2024. The Parent Company pays royalty equivalent to 0.70% of the sales price of the products bearing the brands and 0.35% in the event that the Company uses the trademarks solely as either a tradename or as a corporate mark only. Brand license fees charged by the Parent Company amounted to ₱83.4 million, ₱76.4 million and ₱66.2 million in 2019, 2018 and 2017, respectively, while brand license fees charged by the affiliates amounted to ₱0.2 million, ₱0.2 million and ₱0.3 million in 2019, 2018 and 2017, respectively.

NEED FOR GOVERNMENT APPROVAL OF PRINCIPAL PRODUCTS OR SERVICES

The Group's principal products and services are offered to customers only upon receipt of the necessary regulatory approvals or clearances. The Group strictly complies with government product safety and quality standards before these are offered to the market.

The Group also complies with the related regulatory requirements such as reserves, liquidity position, provision on losses, anti-money laundering provisions and other reportorial requirements.

EFFECT OF EXISTING OR PROBABLE GOVERNMENTAL REGULATIONS ON THE BUSINESS

The Group strictly complied with the existing reportorial requirements of the regulatory agencies such as Securities and Exchange Commission, Philippines Stock Exchange and the Bureau of Internal Revenues, among others. In its fiscal year 2018 and 2017 consolidated financial statements, the Group adopted the changes to Philippine Accounting Standards and Philippine Interpretations of International Financial Reporting Interpretations Committee.

The Group will dedicate time and personnel to ensure proper and effective implementation of the future changes in accounting standards.

RESEARCH AND DEVELOPMENT COSTS

The amount spent for research and development costs and its percentage to net sales for each of the last three fiscal years ended March 31 were as follows:

	2019	2018	2017
Cost	**₱27,085,844**	₱ 36,772,785	₱ 23,147,498
Ratio to Net Sales	**0.24%**	0.35%	0.23%

The Parent Company's research and development activities are mainly driven by new technology and/or improvements of the technical know-how and production technique relating to the products, which is useful for the manufacture/assembly of the products. The efficient use of technology is expected to boost productivity and reduce manufacturing costs of the Parent Company.

COSTS AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS

As an industrial corporation, the Group conducts its operations in compliance with all environmental, occupational health and safety and other related regulations of the government and along with the environmental policy and directives of PC, with its dedication to continuously improve its environmental, occupational health and safety, product safety performance and responding to the requirement of the industrial organization in managing, controlling and mitigating all types of risk that the Group has been exposed to. In fact, the

Group, more often than not, implements environment-protection measures ahead of government regulations.

Compliance with the various environmental laws definitely entails costs and additional investments on the part of the Group, resulting higher production costs and operating expenses. The Group spent a total of ₱1.1 million, ₱0.9 million and ₱1.2 million for the treatment of wastes, monitoring and compliance, permits and personnel training for the fiscal year 2018, 2017 and 2016 respectively.

HUMAN RESOURCES AND LABOR MATTER

As of June 30, 2019, the Parent Company has 770 full time employees:

	Administrative	Operations	Total
Under CBA	-	261	261
Non-CBA	509	-	509
	509	**261**	**770**

Around half of the Parent Company's employees are rank and file employees who are subject to collective bargaining agreements (CBA). The Parent Company did not deal with any labor strike for the past three years nor were there union complaints submitted to the Department of Labor and Employment.

In addition to the statutory benefits, the Parent Company provides life insurance; hospitalization benefits; vacation, sick, birthday and emergency leaves; and company and emergency loans to employees.

The Parent Company also maintains a retirement plan for its regular full-time employees.

RISK MANAGEMENT OBJECTIVES AND POLICIES

This is incorporated by reference to Note 28 of the Consolidated and Parent Company Audited Financial Statements (Annex "B").

Risk management structure
All policy directions, business strategies and management initiatives emanate from the BOD which strives to provide the most effective leadership for the Group. The BOD endeavors to remain steadfast in its commitment to provide leadership, direction and strategy by regularly reviewing the Group's performance. For this purpose, the BOD convenes at least once a month.

The Group has adopted internal guidelines setting forth matters that require BOD approval. Under the guidelines, all new investments, any increase in investment in businesses and any divestments require BOD approval.

The Group's principal financial instruments consist of cash and cash equivalents, receivables and AFS investments. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial instruments such as, accounts payable and accrued expenses, dividends payable and technical assistance fees payable which arise from normal operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The Group also monitors the market price risk arising from all financial instruments.

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. With respect to credit risk arising from financial assets of the Group, which comprise of cash and cash equivalents, receivables, financial assets at FVOCI and other assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the instrument.

The Group manages credit risk by assessing the creditworthiness of its counterparties. The Group trades only with recognized, creditworthy third parties. It is the Group's practice that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

As of March 31, 2019, the Group does not hold collateral or other credit enhancement for cash and cash equivalents, AFS investments, receivables and refundable Meralco deposits (included in other assets). Thus, carrying values represent maximum exposure to credit risk. The Group acquired credit insurance for its domestic trade receivables, which covers both fully secured and partially secured receivables. Other than for domestic trade receivables, the Group's maximum exposure to credit risk is equivalent to the carrying value of the Group's financial assets as of March 31, 2019 and 2018.

Risk concentrations of the maximum exposure to credit risk
Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

As of March 31, 2019, the Group had two customers that owed it more than ₱220.0 million each that each accounts for more than 16% of the total trade receivables outstanding. As of March 31, 2018, the Group had two customers that owed it more than ₱140.0 million each that each accounts for more than 15% of the total trade receivables outstanding.

The Group's principal financial instruments comprise cash and cash equivalents and AFS investments. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial instruments such as receivables, accounts payable and accrued expenses, dividends payable and technical assistance fees payable which arise from normal operations.

Liquidity Risk
The Group's objective is to maintain a balance between continuity of funding and flexibility through collection of receivables and cash management. Liquidity planning is being performed by the Group to ensure availability of funds needed to meet working capital requirements.

Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt to give financing flexibility while continuously enhancing the Group's business.

Market Risk
Market risk is the risk to earnings or capital arising from adverse movements in factors that affect the market value of financial instruments. The Group manages market risks by focusing on two market risk areas such as foreign currency risk and equity price risk.

Foreign currency risk
Exposure to currency risk arises from sales and purchases in currencies other than the Parent Company's functional currency. Foreign currency risk is monitored and analyzed systematically and is managed by the Group. The Group ensures that the financial assets denominated in foreign currencies are sufficient to cover the financial liabilities denominated in foreign currencies.

Equity Price Risk
The Group's exposure to equity price pertains to its investments in quoted shares of the Parent Company which are classified as AFS investments in the consolidated statements of financial position. Equity price risk arises from the changes in the level of equity indices and the value of individual stocks traded in the stock exchange.

The effect on equity (as a result of a change in fair value of equity instruments held as financial assets at FVOCI and available-for-sale at March 31, 2019 and 2018, respectively) due to a reasonably possible change in equity indices is not material to the consolidated financial position of the Group.

Fair Value Measurement
The methods used by the Group in estimating the fair value of its assets and liabilities follow:

Cash and cash equivalents, receivables and other assets
Carrying amounts of cash in banks, cash equivalents and receivables maturing within twelve (12) months are assumed to approximate their fair values. This assumption is applied to liquid assets and the short-term elements of all other financial assets.

Financial assets at FVOCI
Fair values are based on quoted prices published in the markets. For investments that are not quoted, the investments are carried at cost less allowance for impairment losses due to the unpredictable nature of future cash flows and the lack of suitable methods of arriving at a reliable fair value.

Investment properties
The fair value of the investment properties has been determined by an independent appraiser using market data (or direct sales comparison) approach. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or with close proximity to the subject property.

The Group has determined that the highest and best use for the investment properties is its current use.

Accounts payable and accrued expenses
Carrying amounts of accounts payable and accrued expenses approximate their fair values due to the short-term nature of the transactions.

Finance lease liability
Fair value was estimated using the discounted future cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued.

ITEM 2 – PROPERTIES

Manufacturing operations are conducted in a plant with an area of 72,503.5 sq. m. located in Ortigas Avenue Extension, Taytay, Rizal and another plant with an area of 147,195 sq. m. in Laguna Technopark, Sta. Rosa, Laguna. The Company leases the land from its subsidiary for a period of 25 years that will mature on March 31, 2020, while the land improvements, buildings, machinery and equipment, transportation equipment, office furniture and equipment, and/or tools and small equipment on these parcel of land in which the head office, region offices, sales office and warehouse are located are owned by the Company. Rental expense from these leases amounted to ₱28.9 million during the recent fiscal year. Operations of sales offices and service centers in Pampanga, Cebu and Davao are operated on properties owned by the Parent Company except for the land that is also owned by its subsidiary. Operations of other sales offices and service centers are being conducted on properties leased by the Parent Company in various areas: Naga, Isabela, Dagupan, Bacolod, Iloilo, Tacloban and Cagayan de Oro.

On March 1, 2008, the Parent Company entered into a two-year renewable contract of lease with Panasonic Industrial Devices Philippines Corporation (PIDPH, formerly Precision Devices Philippines Corporation) for the rent of its building with some covered areas or improvements, comprising approximately of: main building 15,072.6 square meters, warehouse building 3,564 square meters and parking area 909 square meters located at Brgy. Don Jose, Laguna Technopark, Sta. Rosa City, Laguna. The lease is for a period of two years guaranteed commencing on the 1st day of March to 28th day of February and shall automatically be renewed unless terminated by either party upon servicing of at least three (3) months. The leased properties are accounted for by the Parent Company as "Investment properties" (see AFS Note 8). The lease contract was renewed on March 1, 2016 and expired on February 28, 2018 with a fixed monthly rental fee of US$45,217.8. On March 1, 2018, the lease agreement was extended for one month only until March 31, 2018. On April 1, 2018, the Parent Company transferred investment properties to property, plant and equipment for its use in its operations with cost and related accumulated depreciation amounting to ₱192.5 million, ₱161.1 million, respectively, in 2019 and ₱43.9 million and ₱30.9 million, respectively, in 2018 (see note 7 of AFS).

The properties owned and/or leased by the Company are in good condition and are free from mortgages, liens and encumbrances.

The aggregate fair value of the investment properties amounted to nil and ₱59.7 million as of March 31, 2019 and 2018, respectively.

There are no plans for the acquisition of the Group's property over the next twelve (12) months.

ITEM 3 - LEGAL PROCEEDINGS

As of March 31, 2019 and June 30, 2019, the Group is not involved in any material litigation or any pending legal proceedings to which the registrant or any of its subsidiaries or affiliates is a party or of which any of their property is the subject.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters, except for the matters taken up last Annual Stockholders Meeting, submitted to a vote of security holders during the period covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5 - MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

1. MARKET INFORMATION

The Parent's Company's common shares were officially listed and first traded at the Philippine Stock Exchange on January 21, 1983.

As of March 31, 2019 and June 30, 2019, a total of 84,723,432 Class "A" shares are listed in the Philippine Stock Exchange.

The price performance of the Company's common equity for each quarter within the two fiscal years and the subsequent interim period has been as follows in Philippine peso:

	High	Low
2019		
Jan – Mar	6.60	5.69
Apr – June	7.80	5.02
2018		
Jan – Mar	10.00	7.60
Apr – Jun	8.48	6.44
Jul – Sept	7.38	5.16
Oct – Dec	6.50	5.23
2017		
Jan– Mar	7.50	4.94
Apr – Jun	7.55	6.05
Jul – Sept	14.90	6.88
Oct – Dec	13.90	7.30

2. DIVIDENDS

The payment of dividend, either in the form of cash or stock, will depend upon the Parent Company's earnings, cash flow and financial condition, among other factors. The Parent Company may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings of the Parent Company, with its capital unimpaired, that are not appropriated for any other purpose. Dividends paid are subject to the approval by the Board of Directors. The Parent Company's Board of Director declared cash dividends as follows:

Date of Declaration	Cash Dividend Per Share	Date of Record	Date of Payment
FY 2018			
April 22, 2019	**20.99%**	**May 7, 2019**	**May 24, 2019**
FY 2017			
April 11, 2018	37.17%	April 25, 2018	May 11, 2018
FY 2016			
March 31, 2017	70.00%	April 18, 2017	May 10, 2017

3. HOLDERS

As of June 30, 2019, there were approximately 444 holders of the Company's common shares. The following table sets forth the top 20 shareholders.

Rank / Name of Holder	Number of Shares	Percentage of Ownership
1. Panasonic Corporation (Japanese)	337,994,588	79.96%
2. PCD Nominee Corporation (Filipino)	38,041,989	9.00%
3. PMPC Employees Retirement Plan	21,586,360	5.11%
4. Pan Malayan Management and Investment Corporation	6,076,341	1.44%
5. Jesus V. Del Rosario Foundation, Inc.	3,870,926	0.92%
6. Vergon Realty Investment Corporation	3,389,453	0.80%
7. J.B. Realty and Development Corporation	1,778,915	0.42%
8. So Sa Gee	855,716	0.20%
9. David S. Lim	656,393	0.16%
10. Efren M. Sangalang	603,156	0.14%
11. Vicente L. Co	577,245	0.14%
12. Jason S. Lim	500,000	0.12%
13. Jonathan Joseph Lim	500,000	0.12%
14. Vicente S. Lim	500,000	0.12%
15. Susan L. Tan	500,000	0.12%
16. Rodolfo P. Tagle	354,192	0.08%
17. Falck Enterprises, Inc.	298,106	0.07%
18. So Ki Lin	252,995	0.06%
19. Jaime Agabin	252,995	0.06%
20. Vladimir Co	248,164	0.06%

4. RECENT SALE OF UNREGISTERED SECURITIES

The Parent Company has neither sold any securities nor reacquired or issued new securities in exchange of properties within the past three (3) years.

5. DESCRIPTION OF REGISTRANT'S SECURITIES

a. Authorized Capital Stock — 847,000,000 (P1.00 par value)
Common Class A shares (Listed) — 169,400,000
Class "B" shares — 677,600,000

Only Class "A" shares are listed in Philippine Stock Exchange.

b. Number of Shares Outstanding as of March 31, 2019 and June 30, 2019
Common Shares @ P1.00/share

Class "A"	84,723,432
Class "B"	337,994,588
Total	422,718,020

c. Amount of Debt Outstanding as of March 31, 2019 and June 30, 2019
NONE

d. Stocks Options, Warrants, Securities subject to redemption or call, other securities and Market information for securities other than common equity
NONE

ITEM 6 - MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Management's Discussion and Analysis of Financial Condition and Results of Operations
Top 5 Key Performance Indicators of the Company

Name of Index	Calculation	FY 2018	FY2017	FY2016
1. Rate of Sales Increase	$\frac{\text{CY Sales - LY Sales}}{\text{LY Sales}} \times 100\%$	**9.8%**	5.2%	22.8%
2. Rate of Profit Increase	$\frac{\text{CY Profit After Tax - LY Profit After Tax}}{\text{LY Profit After Tax}} \times 100\%$	-43.7%	-50.7%	113.5%
3. Rate of Profit on Sales	$\frac{\text{Profit After Tax}}{\text{Total Sales}} \times 100\%$	**1.3%**	2.5%	5.4%
4. Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}} \times 100\%$	**2.6**	2.7	2.8
5. Dividend Ratio to Capital	$\frac{\text{Dividend}}{\text{Average Capital}} \times 100\%$	**21.0%**	37.2%	20% (regular) 50% (special)

(a) Rate of Sales Increase - This measures the sales growth versus the same period last year. Sales increased by 9.8% versus last year. Such was achieved due to improved sales to domestic market.

(b) Rate of Profit Increase - This measures the increase in profit after tax versus the same period last year. Rate of profit for the year decreased by 43.7% due mainly to increase in income tax provision by 138.4% this year.

(c) Rate of Profit on Sales - This measures the percentage of profit after tax versus net sales for the period. Rate of profit decreased to 1.3% versus 2.5% last year.

(d) Current Ratio - This measures the liquidity of the Company and its ability to pay off current liabilities.

(e) Dividend Ratio to Capital - This measures the dividend payout ratio versus capital for the period. The Group declared 20.99% and 37.17 cash dividend for the fiscal year 2018 and 2017, respectively.

INTRODUCTION

The following are discussions on the Consolidated Financial Conditions and Results of the Company and its Subsidiary (The Group) based on the Audited Financial Statements as of and for the years ended March 31, 2019, 2018 and 2017.

This discussion summarizes the significant factors affecting the consolidated operating results, financial condition, liquidity and cash flows of the Group for the fiscal year 2018 ended March 31, 2019. The following discussion should be read in conjunction with the attached audited consolidated financial statements of the Company as of and for the year ended March 31, 2019 (Annex "B") and management plans and reviews (Annex "A').

Fiscal Year 2018 vs. 2017

Financial Positions

Material Changes (+/-5% or more) in the financial statements *(in thousands):*

Accounts	March 31, 2019	March 31, 2018	Difference (%)
Cash and cash equivalents	**₱2,831,509**	₱3,356,080	-15.6%
Receivables	**1,667,305**	1,190,057	**40.1%**
Inventories	**1,637,439**	1,332,521	**22.9%**
Other current assets	**127,904**	116,207	**10.1%**
Investment properties	-	31,391	-100.0%
Property and equipment – net	**969,014**	856,076	**13.2%**
Deferred tax assets	**112,090**	124,634	-10.1%
Other assets	**31,324**	52,046	-39.8%
Accounts payable and accrued expenses	**2,443,486**	2,203,880	**10.9%**
Provision for estimated liabilities	**420,258**	264,033	**59.2%**
Stockholders'equity	**4,512,842**	4,591,100	-1.7%

The Company's consolidated total assets as of March 31, 2019 increased by ₱317.6 million or 4.5% to ₱7.4 billion as of March 31, 2019. This was due mainly to the increase in accounts receivable and inventories, in spite of decrease in cash and cash equivalent. Current ratio for the period ending March 31, 2019 recorded at 2.6:1 versus 2.7:1 of last year. Current assets and liabilities increased by ₱269.3 million and ₱239.6 million, respectively.

Cash and cash equivalents decreased by ₱524.6 million or 15.6% due to acquisitions of property, plant and equipment, cash dividend payment and cash used in operating expenses. Total accounts receivable increased by ₱477.2 million due to higher sales during the last quarter of the period versus last year, collection of which will be the following month. Inventory amount increased by ₱304.9 million due to non-achievement of sales forecast and in preparation for the increase in sales during summer season.

Property, plant and equipment – net increased by ₱112.9 million or 13.2%. As of March 31, 2019, the Company's total capital expenditures amounted to ₱286.1 million mainly pertains to construction in progress for the improvements of factory machinery and equipment due to the increase of production and volume capacity in its Washing Machine division, as well as building renovation of Washing Machine and Electric Fan Production. Total depreciation and disposal amounted to ₱201.9 million and ₱33.6 million, respectively. Investment properties was transferred to property, plant and equipment for its use in its operation. Other current assets increased by ₱11.7 million or 10.1% due mainly to creditable withholding taxes for the period.

The Company's consolidated total liabilities as of March 31, 2019 amounted to ₱2.9 billion, increased by ₱395.8 million versus March 31, 2018. This was due mainly to accounts payable and accrued expenses increase of ₱296.6 million or 13.9% for purchases of inventory and the outstanding payable for the purchase of equipment. Moreover, other liabilities increase of ₱74.7 million was due to sales warranty.

The total stockholders' equity decreased by ₱78.3 million or 1.7% caused by re-measurement loss on retirement liability and income tax expense.

Results of Operation

Material Changes (+/-5% or more) in the financial statements ***(in thousands):***

Accounts	FY 2018	FY 2017	Difference (%)
Sales	**₱11,520,814**	₱10,490,077	**9.8%**
Cost of sales	**9,267,010**	8,478,203	**9.3%**
Gross profit	**2,253,804**	2,011,873	**12.0%**
Selling expenses	**983,828**	897,541	**9.6%**
General administrative	**1,096,513**	949,816	**15.4%**
Other income – net	**101,129**	152,398	-33.6%
Income before tax	**274,591**	316,915	-13.4%
Income tax expense	**126,070**	52,883	**138.4%**
Income after tax	**148,522**	264,032	-43.7%

The Company's consolidated group sales for fiscal year 2018 ending March 31, 2019 increased by ₱1,030.7 million or 9.8% versus last year because of favorable sales in the following product lines: room airconditioning products by ₱661.3 million (21.2%); washing machine ₱179.7 million (12.0%) and refrigerator ₱166.9 million (3.6%).

Cost of sales and gross profit amount rose with the increase in sales. However, the direct material cost ratio improved to 37.8% from 41.3% of last year despite the unfavorable effect of peso depreciation and fuel price hikes.

Selling expenses grew by ₱86.3 million (9.6%) composed of increase in freight cost by ₱62.4 million (13.4%), provision for warranty ₱13.7 million (26.3%) and sales promotion expense ₱29.9 million (11.9%).

General and administrative expenses increased by ₱146.7 million (15.4%) mostly attributable to provision for other estimated liabilities ₱110.5 million, payment of taxes and dues amounting to ₱12.2 million; outsourcing expense for sales delivery helpers to customers' warehouses ₱12.6 million; computers maintenance cost ₱22.4 million and salaries and wages ₱12.6 million.

Other income – net decreased by ₱51.3 million (33.6%) due to reversal of provisions for credit losses recorded last year ₱23.0 million and the losses of rental income ₱25.2 million due to lease agreement termination. On the other hand, bank interest income from time deposits increased by ₱13.5 million due to increase in interest rate during the period. However, other miscellaneous expense – net increased by ₱14.9 million.

Total income before tax decreased by ₱42.3 million (13.4%) due to reduction in other income and increase in general and administrative expenses as stated above. Although profit before tax was lower than last year, income tax expense increased by ₱73.2 million (138.4%) due to provision for retirement liability ₱101.6 million and warranty expense added back to taxable income. Net income after tax decreased by ₱115.5 million (43.7%) versus last year due mainly to the aforementioned increase of income tax expense of ₱73.2 million and increase in general and administrative expenses.

Fiscal Year 2017 vs. 2016

Financial Positions

Material Changes (+/-5% or more) in the financial statements *(in thousands)*:

Accounts	March 31, 2018	March 31, 2017	Difference (%)
Cash and cash equivalents	**₱3,356,080**	₱3,586,650	-6.4%
Receivables	**1,190,057**	1,021,726	**16.5%**
Inventories	**1,332,521**	1,010,964	**31.8%**
Other current assets	**116,207**	72,957	**59.3%**
Investment properties	**31,391**	48,350	-35.1%
Property and equipment – net	**856,076**	770,581	**11.1%**
Other assets	**52,046**	25,424	**104.7%**
Accounts payable and accrued expenses	**2,137,959**	2,040,722	**4.8%**
Provision for estimated liabilities	**329,954**	366,597	-10.0%
Stockholders'equity	**4,591,100**	4,269,857	**7.5%**

The Group continues to maintain its strong financial position with total assets amounting to ₱7.1 billion and ₱6.7 billion as of March 31, 2018 and 2017, respectively while total equity amounted to ₱4.6 billion and ₱4.1 billion as of the same period.

Current ratio for the period ending March 31, 2018 recorded at 2.8:1, same as last year. Current assets and liabilities increased by ₱303 million and ₱97 million, respectively.

The decrease in cash and cash equivalent was mainly due to low profit, increased inventory and the payment of last year's declared dividend amounted to ₱295 million.

Accounts receivable increase in amount versus last year was due to the higher export sales in March 2018 versus last year - a difference of ₱76 million, collection of which will be the following month. Lower sales in March 2018 versus forecast attributed to increase in unsold stocks which have been purchased. Also, the higher sales versus last year considered the increase in volume of inventory purchases.

Property, plant and equipment – net increased by ₱85.5 million (11.1%). Capital expenditures amounted to ₱245 million during the year as the Group continues to upgrade its factory facilities, machinery and equipment to improve productivity. Total capital goods retirement / disposal amounted to ₱31 million. The other difference represents depreciation for the year.

Other current assets increased by ₱43.2 million (59.3%) due to excess of creditable withholding taxes for the period against income tax payable.

Accounts payable and accrued expenses increased by ₱97.2 million (4.8%) was mainly brought by the increased purchases of inventory and the outstanding payable for the purchase of equipment.

Provision for estimated liabilities was due to payment and/or reversal of reserves or estimated provision on expenses.

Total equity of the Group increased by ₱321 million (7.5%) caused by current year's total comprehensive income.

Results of Operation

Material Changes (+/-5% or more) in the financial statements *(in thousands)*:

Accounts	FY 2017	FY 2016	Difference (%)
Sales	**₱10,490,076**	₱9,974,277	**5.2%**
Cost of sales	**8,478,203**	7,506,888	**12.9%**
Gross profit	**2,011,873**	2,467,389	-18.5%
Selling expenses	**897,541**	1,046,995	-14.3%
General administrative	**949,815**	888,570	**6.9%**
Other income – net	**152,398**	135,386	**12.6%**
Income before tax	**316,915**	667,210	-52.5%
Income tax expense	**52,883**	131,375	-59.7%
Income after tax	**264,032**	535,835	-50.7%

Consolidated sales for FY 2017 ended March 31, 2018 grew by 5.2% from last year mainly because of the increased demand in consumer appliance products particularly washing machine, refrigerator and split type airconditioner.

The cost of sales increased due to increase in volume. The increase was further aggravated by higher market price of raw materials such as copper, resin and certain chemicals such as urethane. Also, the unfavorable effect of peso depreciation increased our importation cost/cost of sales.

Selling expenses decreased by ₱149.5 million (14.3%) due to decrease in advertising expense, controlled promo activities and lower warranty costs. Also, freight cost slightly decreased by ₱40 million due to more sales concentration in GMA areas versus VisMin sales deliveries.

General administrative expenses increased by ₱61.2 million (6.9%) mainly due to payment for the maintenance of SAP system for one (1) year against half year of last year.

Other income mainly compose of interest income from the bank and Forex gain/loss. The increase mainly pertains to recovery of allowance for credit and impairment losses.

The decrease in net income before tax was attributable to the high cost of our material components and the peso devaluation/forex loss difference. Last year's average Forex was Php47.92/US dollar, this year was Php50.8/US dollar.

Income tax expense decreased due to low profit, the Company resulted to being taxable under the Minimum Corporate Income Tax (MCIT) of 2% of adjusted gross profit as against the 30% RCIT. Net income after tax decreased by 50.7% versus last year mainly due to the low income.

Fiscal Year 2016 vs. 2015

Financial Positions

Material Changes (+/-5% or more) in the financial statements ***(in thousands):***

Accounts	March 31, 2017	March 31, 2016	Difference (%)
Cash and cash equivalents	**₱3,586,650**	₱3,292,423	**8.9%**
Receivables	**1,021,726**	993,452	**2.8%**
Inventories	**1,010,964**	692,094	**46.1%**
Other current assets	**72,957**	32,734	**122.9%**
Investment properties	**48,350**	53,579	-9.8%
Property and equipment	**770,581**	752,800	**2.4%**
Other assets	**25,424**	26,360	-3.5%
Accounts payable and accrued expenses	**2,040,722**	1,510,804	**35.1%**
Provision for estimated liabilities	**366,597**	466,229	-21.4%
Stockholders' equity	**4,269,857**	3,991,496	**7.0%**

The Group continues to maintain its strong financial position with total assets amounting to ₱6.7 billion and ₱6.0 billion as of March 31, 2017 and 2016, respectively while total equity amounted to ₱4.3 billion and ₱4.0 billion as of the same period.

Current ratio decreased at 2.8:1 as of March 31, 2017 compared to 3.3:1 as of March 31, 2016 due to increase in accounts payable and accrued expenses.

Total current assets increased by ₱681.6 million (13.6%) due mainly to increase in cash by ₱294.2 million (8.9%) and accounts receivable by ₱28.3 million brought by 22.8% increase in sales mostly domestic sales. In addition, inventory increased by ₱318.9 million (46.1%) and other current assets by ₱40.2 million (122.9%).

Property, plant and equipment decreased by ₱17.8 million (net) (2.4%) due to retirement and disposal of phased out and defective assets. Capital expenditures amounted to ₱172 million during the year as the Group continues to upgrade its factory facilities, machinery and equipment to improve productivity. Total capital goods retirement / disposal amounted to ₱96.1 million.

Other non-current assets decreased by ₱3.3 million (12.4%) due to utilization of advances for software depreciation cost for the period and deposits by ₱1.3 million.

Trade accounts payable increased by ₱233.3 million due to high volume sales requirement for the last quarter of fiscal year 2016 and first quarter of 2017. Cash dividend payable also increased by ₱211.4 million due to additional 50% special dividend. Moreover, advances from customers increased by ₱162.6 million.

Provision for estimated liabilities decreased by ₱99.6 million (21.4%) due ₱100 million fund contribution to PMPC's Retirement Plan.

Appropriated retained earnings for plant expansion increased by ₱235 million for continuous factory development and IT facilities and change of accounting system to SAP.

Results of Operation

Material Changes (+/-5% or more) in the financial statements ***(in thousands):***

Accounts	March 31, 2017	March 31, 2016	Difference (%)
Sales	**₱9,974,277**	₱8,124,341	**22.8%**
Cost of sales	**7,506,888**	6,320,824	**18.8%**
Gross profit	**2,467,389**	1,803,517	**36.8%**
Selling expenses	**1,046,995**	756,704	**38.4%**
General administrative	**888,570**	826,891	**7.5%**
Other income – net	**135,386**	179,772	-24.7%
Income before tax	**667,210**	399,693	**66.9%**
Income tax expense	**131,376**	148,718	-11.7%
Income after tax	**535,835**	250,975	**113.5%**

Consolidated sales for FY 2016 ended March 31, 2017 increased by ₱1,850 million (22.8%) This was mainly due to high sales achievement of Consumer products. Local and imported appliances are making good in the market with the Company's inverter models ad sell out activities.

With good sales result, Cost of sales and gross profit increased by 18.8% and 36.8% respectively versus last year.

Selling expenses increased by ₱290 million (38.4%) due to increase in freight cost by ₱106.8 million and advertising by ₱112 million. Sales promotion and warranty cost also increased by ₱95.7 million and ₱11.9 million, respectively.

General administrative expenses increased ₱61.7 million (7.5%) mainly due to increase in technical assistance and brand license fee by ₱32.7 million and ₱22.5 million respectively due to increase in sales amount for the period.

Other income - net decreased by ₱44.4 million (24.7%) against 2016 mainly due to recovery of allowance for credit and impairment losses by ₱53.7 million last year. On the other hand, bank interest earned from time deposits increased by ₱19.9 million.

Net income before tax increased by ₱267.5 million (66.9%) due mainly to 22.8% increase in sales achievement versus last year.

Income tax expense decreased by ₱17.3 million (11.7%) due to decrease in temporary differences for the period.

- **Events that will trigger direct or contingent financial obligation**

  In the normal course of business, the Group has various commitments and contingent liabilities that are not presented in the accompanying financial statements.

  The management believes that these actions are without merit or that the ultimate liability, if any, resulting from these cases will not adversely affect the financial position or results of operation of the Parent Company.

  The Group does not anticipate material losses as a result of these commitments and contingent liabilities.

- **Material Commitments for Capital expenditures**

  The Parent Company has commitments for capital expenditures. Among these are investments on IT-related projects, relocation and renovation of branch premises, acquisition and repairs of furniture, fixtures and equipment needed to bring the Company at par with competitors.

- **Known Trends or Demands, Commitments, Events or Uncertainties**

  There are no known events, trends, and demands, commitments or uncertainties that might affect the Company's liquidity or cash flows within the next twelve (12) months.

  There are no trends, events or uncertainties know to management that are reasonably expected to have material favorable or unfavorable impact on the net income or revenues from continuing operations of the Company.

- **Material off-balance transactions, arrangements or obligations**

  There were no material off-balance transactions, arrangement or obligations that had a material effect on the Company's financial conditions or result of operations.

- **Significant Elements of Income or Loss**

  Significant elements of income or loss will come from continuing operations.

- **Seasonal Aspects**

  There were no seasonal aspect that had a material effect on the Company's financial conditions or result or operations.

CASHFLOWS

A brief summary of cash flow movement is shown below

(in thousands)	**2019**	2018	2017
Net cash provided by (used in) operating activities	**(₱137,648)**	₱217,772	₱549,257
Net cash used in investing activities	**(245,650)**	(151,836)	(168,547)
Net cash used in financing activities	**(157,606)**	(298,194)	(86,864)

Net cash flow from operations consists of income for the period less change in non-cash current assets, certain current liabilities and others, which include decrease in inventory level.

Net cash provided by (used in) investing activities included the following:

(in thousands)	**2019**	2018	2017
Proceeds from disposal of PPE	**₱2,786**	₱1,858	₱2,522
Acquisitions of property, plant and equipment	**(253,150)**	(142,898)	(171,955)
Acquisition of software	**-**	(4,533)	(446)
Decrease (increase) in other assets	**4,713**	(6,264)	1,332
Total	**(₱245,651)**	(₱151,837)	(₱168,547)

Major components of net cash used in financing activities are as follows:

(in thousands)	**2019**	2018	2017
Cash dividends paid	**(₱157,155)**	(₱295,889)	(₱84,544)
Finance lease liabilities paid	**(451)**	(2,305)	(2,321)
Total	**(₱157,606)**	(₱298,194)	(₱86,865)

The Group can internally provide its own cash requirements for its operation for the next twelve months and in succeeding years. Various cash flow improvements such as aggressive operational cost reduction, cost negotiation, productivity and system enhancements are being implemented to maintain the Group's loan-free operation.

RETAINED EARNINGS

Retained Earnings in excess of 100% of paid-in capital will be declared as dividends and/or appropriated for plant expansion and modernization and upgrading of factory facilities and equipment in the future.

The appropriated retained earnings pertain to the appropriation for plant expansion and modernization and upgrade of factory facilities and equipment of the Parent Company. The appropriated retained earnings of the Subsidiary for the payment of its outstanding loan payable to Parent Company.

ITEM 7 - FINANCIAL STATEMENTS

The Group's Audited Consolidated Financial Statements for the fiscal year 2018 ended March 31, 2019 are attached hereto as Annex "B". Please refer also to the accompanying notes to the Audited Financial Statements.

ITEM 8 – CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

Information on Independent Accountants and Other Related Matters

Audit Committee's Approval Policies

The Group's Audit Committee reviews the eligibility of the incumbent external auditor for retention. Otherwise, the Audit Committee then follows the selection process. Audit Committee selects from among the qualified external auditors and presents their recommendation to the Board of Directors for approval.

Sycip Gorres Velayo and Co., CPAs (SGV) is the current external auditor of the Group for FY 2018 and for the last two (2) fiscal years. To comply with the amended SRC Rule 68 (3) (b) (ix), the signing partners are rotated every five (5) years.

The Group's audit partner-in-charge for fiscal year 2018 ended March 31, 2019 is Mr. Juan Carlo B. Maminta who was appointed in 2018.

Changes in and Disagreements with External Accountants on Financial Accounting and Disclosures

The Group had no disagreements with the former accountant, SGV, the Group's external auditor, on any matter of accounting principles or practices, financial statements disclosures or auditing scope and procedures.

External Audit Fees and Services

The Group engaged SGV and Co. to audit its annual financial statements and perform related reviews. The following fees, exclusive of VAT, were incurred:

(in millions)	**2019**	2018	2017
Total	**₱3.5**	₱2.5	₱2.0

There are no fees paid to external auditors other than for audit services, including the incremental fees for the additional audit procedures for the adoption of PFRS 9 and 15 of the Company.

Management presents proposals on possible external auditors to be engaged together with their respective proposed audit fees to the Audit Committee for proper consideration. The Audit Committee evaluates and thereafter, upon its recommendation, the appointment of the external auditor is presented to the Board of Directors and/or stockholders for confirmation. However, financial statements duly approved by the Audit Committee are still subject to confirmation of the Board of Directors prior to submission to the respective government regulatory agencies.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9 – DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

1. Directors and Executive Officers

Name	**Office/Position**	**Citizenship**	**Age**
Masatoshi Sasaki	Chairman of the Board and President	Japanese	56
Yoshiyuki Takahashi	Vice – Chairman, Executive Director and Treasurer	Japanese	57
Hiroshi Yamada	Executive Director	Japanese	57
Masaru Toyota	Executive Director and VP – PPH	Japanese	59
Hiroyuki Tagishi	Director	Japanese	58
Yukio Hirose	Director	Japanese	51
Yasuo Tonooka	Director	Japanese	50
Emiliano Volante	Independent Director	Filipino	75
Elizabeth Gildore	Independent Director	Filipino	61
Mamerto Z. Mondragon	Corporate Secretary	Filipino	75

Mr. Masatoshi Sasaki, Japanese, 56, was elected to the Board and appointed as the President on April 1, 2019. Prior to his assignment, He was assigned to Refrigerator Business Division, Appliance Company, Panasonic Corporation – Japan ("PC") as the Director from October 2017 – March 2019. He was the Director of PC – Quality Innovation Division from April 2016 – September 2017 and General Manager of PC – Refrigeration Business Unit from October 2010 – September 2012. He joined Panasonic Corporation – Japan in April 1986. In November 2005, He was transferred to Panasonic Thailand Subsidiary, Panasonic Home Appliance RandD Center (Thailand) Company as the Manager and he returned to PC – Japan in October 2010 as the General Manager of PC – Product Development Group, Refrigerator Business Unit. He graduated from Kyoto Prefecture, Japan with a Bachelor's degree.

Mr. Yoshiyuki Takahashi, Japanese, 57, was elected as Director and appointed as the Vice – Chairman, Treasurer and Executive Director for Finance and Administration Department on June 22, 2015. He is the Chairman of Board Risk Oversight Committee and a member of the Audit, Related Party Transactions and Corporate Governance Committees. He is also the Chief Information, Financial and Human Resource Officer. Prior to joining the Company, he was a former General Manager of Panasonic Corporation's regional office ("PC"), Panasonic Asia Pacific Pte Ltd ("PA") Accounting Department from August 2013 to May 2015. He was the Manager of Panasonic Corporation – Equity Management Team, Global Finance Administration Center (April – July 2013) and Councilor of PC HQ Finance Management Team, Corporate Finance and IR Group (June 2010 – March 2013). He is a graduate of the Osaka City University in Osaka, Japan with a Degree in Business Administration.

Mr. Hiroshi Yamada, Japanese, 57, was elected as PMPC – Executive Director since February 01, 2014. He is one of the Company's Senior Managing Officer and Chief Officer for Technology and Strategy. He was a former Councilor for Refrigerator Business Division, Appliances Company, PC – Japan from October 2012 to August 2013. He was the General Manager of Refrigerator Business Unit, Home Appliances Company, PC – Japan from October 2010 to September 2013. He was also the General Manager of Engineering Group, Refrigerator Business Unit, PC – Japan from April 2008 to September 2010 and from July 2005 to March 2008 he was assigned Engineering Group, Refrigerator Division, Pc – Japan as the General Manager. He is a graduate of the Toyama University in Japan with a Degree in Science of Engineering.

Mr. Masaru Toyota, Japanese, 59, was elected as a Executive Director and Vice- President of PPH Sales and Marketing Division last April 23, 2014. Prior to his assignment to PMPC, he was the Vice-President of Panasonic Corporation – Japan (PC) Panamanian subsidiary, Panasonic Marketing Latin America from January 2012 to April 2014. He is a former General Manager for PC's Latin America Administration Group, Corporate Management Division for Latin America from June to December 2011. He was assigned as Councilor to Overseas Marketing Group, PC's AVC Networks Company from July 2009 to June 2011. He was the Vice-President of PC's Russian subsidiary, Panasonic Russia Ltd. from April 2004 to May 2011. He graduated from Otaru University.

Mr. Hiroyuki Tagishi, Japanese, 58, was elected to the Board on April 1, 2016. Presently, he is the Leader of PC's Appliances Company ("AP") for AP Asia Project since October 2014. Prior to PC's AP, he was the Business Unit Executive of PC's AP for Beauty and Living Business Unit from Jan. – Dec. 2012 and was promoted to Director from Jan. 2013. He was assigned to Product Planning Department, Beauty Business Division of Panasonic Electric Work Co., Ltd. ("PEW"), an affiliated Company of PC as a Councilor from Oct. 2008 – Dec. 2011. He graduated from Kobe University in Hyogo, Japan with a Degree in Engineering.

Mr. Yasuo Tonooka, Japanese, 50, was elected to the Board on June 1, 2018. He is currently the General Manager of Cold Chain Devices Human Resources Department, Human Resources and General Affairs Center, Appliance Company, PC since April 2015. He was previously assigned to Industrial Relations Section, HQ Industrial Relations Department as Manager from April 2012 – March 2015. He was the Manager and Councilor of PC – HRD Section, HQ Human Resources Department from April 2009 – March 2012 and April 2004 – March 2009, respectively. He graduated from Ritsumeikan University (College of Law) in Kyoto, Japan in 1991, obtaining a Bachelor's Degree and joined PC in April 1991.

Mr. Yukio Hirose, Japanese, 51, was elected to the Board on November 7, 2018. He is currently the Executive Deputy Managing Director of Panasonic Appliance Asia Pacific and concurrently the Managing Director and in – charge of Sales and Marketing of Panasonic Appliances Marketing Asia Pacific since July 2018. He was the Director of Panasonic Asai Pacific Pte. Ltd. ("PA") from May 2017 – June 2018. He was assigned to Panasonic Marketing Europe as the Managing Director from April 2015 – April 2017. He was the Vice – President of Panasonic Consumer Electronic United States from October 2011 – March 2015. He was assigned to PA – Global Marketing of Digital Camera as General Manager from April 2005 – September 2011. He graduated from Meiji University with a Bachelor Degree in Politics. He joined Panasonic Corporation in March 1991.

Independent Directors

Mr. Emiliano S. Volante, Filipino, 75, was elected as Director on October 2010. He is the Chairman of Audit and Corporate Governance Committees. He is a member of the Compensation/Remuneration Committee. He was a former Financial Consultant for Expresslane Brokerage Corporation from 2003 – 2010. He was also a former Internal Audit Manager of PMPC from 2000-2002. He graduated from Far Eastern University with a Degree in Commerce.

Ms. Elizabeth Gildore, Filipino, 61, was elected as Director on May 4, 2015. She is a member of the Nomination, Remuneration and Corporate Governance Committees. Currently, she is the Finance Manager of Moduvi Inc. since March 2014. Ms. Gildore is a former General Manager – PPH Accounting from September 2007 to August 2012. She was the Finance Manager of PMPC - PPH Accounting from June 2000 to August 2007. She is a graduate of B.S. in Commerce, Major in Accounting.

Corporate Secretary

Atty. Mamerto Z. Mondragon, Filipino, 75, has been the corporate secretary of the Company since 1968 and its Subsidiary since 1984. He is also the Corporate Secretary of Panasonic Industrial Devices Philippines Corporation (PIDPH, formerly PPRDPH) since 2000. He is a graduate of the University of the East with a Bachelor Degree of Law.

Compliance Officer

Ms. Virginia Arevalo, Filipino, 54, has been the compliance officer of the Company since 2018. She is currently the Manager of Corporate Planning Center from May 2017. She was previously the Manager of Quality Assurance Center from September 2012 – April 2017 and Manager of Purchasing and Import/Export Department from April 2010 to August 2012. And she was the Manager of Purchasing Management Center from April 2006 to March 2010. She graduated from the University of Santo Tomas with a Bachelor Degree in Electrical Engineering and joined the Company in 1987.

The members of the Board of Directors are elected at the annual stockholders' meeting to hold office until the next annual meeting and until their respective successors have been elected and qualified. The Company's Corporate Governance Committee evaluated and reviewed each nominee-director's qualifications based on the guidelines spelled out in SRC Implementing Rule 38 (as amended) and unanimously resolved that said nominees are qualified for election/re-election.

Executive Officers

Position	Name	Age	Citizenship
President and Chairman	Masatoshi Sasaki	56	Japanese
Executive Director, Treasurer and Vice - Chairman	Yoshiyuki Takahashi	57	Japanese
Executive Director	Hiroshi Yamada	57	Japanese
Executive Director and PPH Vice-President	Masaru Toyota	59	Japanese
Corporate Secretary	Atty. Mamerto Mondragon	75	Filipino
Compliance Officer	Ma. Virginia Arevalo	54	Filipino

Term of Office

The Directors and Executive Officers are appointed/elected annually by the Board of Directors at the organizational meeting following the stockholders' meeting, each to hold office for a period of one (1) year until the next succeeding annual meeting and until their respective successors have been elected and qualified.

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among the Parent Company's directors, executive officers or persons nominated or chosen by the Parent Company to become its directors or executive officers.

2. Significant Employees

The Group values its human resources and considers the entire manpower force as significant employees. It expects each employee to do his share in achieving its set goals and objectives.

3. Family Relationships

There are no family relationship up to the fourth civil degree either by consanguinity or affinity among the Group's directors, executive officers or persons nominated or chosen by the Group to become its directors and executive officers.

4. Involvement in Certain Legal Proceedings

The above-named executive officers and directors have not been involved in any material legal proceedings in any court or administrative agency of the government during the past five (5) years that will affect their ability as directors and officers of the Group.

a. None of them has been involved in any bankruptcy petition

b. None of them has been convicted by final judgment in a criminal proceeding or being subject to a pending criminal proceeding, both domestic and foreign.

c. None of them has been subject to any order, judgment, or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodity or banking activities.

d. None of them has been found by a domestic or foreign court of competent jurisdiction (in civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self – regulatory organization, to have violated a securities or commodities law or regulation.

ITEM 10 – EXECUTIVE COMPENSATION

The aggregate annual compensation during the last two fiscal years and to be paid in ensuing fiscal year 2019 of the Company's Chief Executive Officer and four others most highly compensated executive officers and all other officers and directors as a group are as follows:

Chief Executive Officer and four other most highly compensated executive officers:

	Compensation	Bonuses	Others	Total
FY2019***	₱38,715,397	₱12,385,469	₱-	₱51,100,866
FY2018**	38,512,186	12,936,859	-	51,449,045
FY2017	44,081,497	14,196,408	-	58,277,905

******Refers to Messrs. Masatoshi Sasaki (CEO), Yoshiyuki Takahashi, Hiroshi Yamada, Masaru Toyota and Satoshi Kono. Estimated amount – no significant change versus last year*
*** Refers to Messrs. Shinichi Hayashi, Yoshiyuki Takahashi, Hiroshi Yamada, Masaru Toyota and Satoshi Kono. Mr. Hayashi resigned last March 31, 2019 and Mr. Sasaki was elected as his replacement effective April 1, 2019.*

All officers and directors as a group unnamed:

	Compensation	Bonuses	Others	Total
FY2019*	₱43,908,613	₱13,300,739	₱960,000	₱58,169,352
FY2018	48,650,465	15,008,379	1,320,000	64,978,844
FY2017	47,777,003	15,245,272	660,000	63,682,275

**Estimated amount*
For ensuing year 2019, no significant change is anticipated in the compensation of Directors and Officers.

The Company has no standard arrangement regarding the remuneration of its existing directors and officers aside from the compensation herein stated.

The directors and executive officers receive salaries, bonuses and other usual benefits that are also already included in the amounts stated above. Aside from the said amounts, they have no other compensation plan or arrangement with the registrant.

The Company has not granted any warrant or options to any of its Directors or Executive Officers.

Each director and executive officers executed an employment contract with the Company for an indefinite period and entitled to receive retirement benefits in accordance with the terms and conditions of the Group's BIR-registered Employees Retirement Plan. There is no plan or arrangement by which a the director and executive officers will receive from the Group in case of a change-in-control of the Group or change in the executive officer's responsibilities following a change-in-control.

The Group has not granted any warrant or options to any of its Directors or Executive Officers.

ITEM 11 – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

1. Security Ownership of Certain Record and Beneficial Owner of more than 5% of any class as of March 31, 2019 and June 30, 2019

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Ownership and Relationship with Record Owner	Citizenship	No. of Shares	Percentage
Common Class "B"	Panansonic Corporation ("PC") Japan 1006 Oaza Kadoma, Kadoma City, Osaka 571-8501, Japan Parent Company	Various Stockholders	Non-Filipino	337,994,588	79.96%

Panasonic Corporation (PC) has the power to decide how the PC shares in Panasonic Manufacturing Philippines are to be voted and has authorized Mr. Masatoshi Sasaki – Chairman of the Board to vote on the shares.

2. Security Ownership of Directors and Management

The following are the securities beneficially owned by directors, nominees and executive officers of the Parent Company as of June 30, 2019.

Title of Class	Name of Beneficial Owner	Amount of Beneficial Ownership (Php)	Nature of Beneficial Ownership	Citizenship	Percent
Common "B"	Masatoshi Sasaki	1	Direct	Japanese	NIL
Common "B"	Yoshiyuki Takahashi	1	Direct	Japanese	NIL
Common "B"	Masaru Toyota	1	Direct	Japanese	NIL
Common "B"	Hiroshi Yamada	1	Direct	Japanese	NIL
Common "B"	Hiroyuki Tagishi	1	Direct	Japanese	NIL
Common "B"	Yukio Hirose	1	Direct	Japanese	NIL
Common "B"	Yasuo Tonooka	1	Direct	Japanese	NIL
Common "A"	Emiliano Volante	9,879	Direct	Filipino	0.0024
Common "A"	Elizabeth Gildore	1,000	Direct	Filipino	NIL
Common "A"	Atty. Mamerto Mondragon	85,360	Direct	Filipino	0.0202

The aggregate number of shares owned of record by all or key officers and directors as a group as of March 31, 2019 and June 30, 2019 is 96,246 shares or approximately 0.02% of the Parent Company's outstanding capital stock.

3. **Voting Trust Holders of 5% or More**

There has been no beneficial owner under the PCD Nominee account who holds more than 5% of the Parent Company's equity securities.

4. **Changes in Control**

The Parent Company is not aware of any change in control or arrangement that may result in change in control of the Company since the beginning of its last fiscal year.

ITEM 12 – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During the last two years, there were no transactions was undertaken by the Company in which any director, executive officer, beneficial owner, or any member of their immediate family had a direct or indirect material interest.

There were no director, executive officer, principal stockholder, or any member of their immediate family owns 10% or more of the Company's outstanding shares.

There were no transactions promoters for the past five years.

Details on related party transactions were on Note 22 of the Consolidated Financial Statements which is incorporated herein.

PART IV – CORPORATE GOVERNANCE

ITEM 13 – CORPORATE GOVERNANCE

Financial Reporting 2018

The corporate governance practices of Panasonic Manufacturing Philippines Corp. (PMPC) has remarkably improve from its inception in the past. PMPC is committed to adhere itself with the global best practice of corporate governance and full and fair disclosure to provide and deliver sustained growth and profitability for its shareholders and stakeholders. PMPC, being a public corporation and, complies with the corporate governance requirements of Security and Exchange Commission (SEC) and Philippine Stocks Exchange (PSE) specifically, the SEC's Revised Code of Corporate Governance, and the PSE Corporate Governance Guidelines.

PMPC's current internal governance framework embodies all the principles needed to ensure that the company's businesses are managed and supervised in a manner consistent with good corporate governance, including the necessary checks and balances. Currently, the focus of the company is to benchmark its corporate governance practices consistent with the ASEAN Corporate Governance practices. PMPC will continue to strive to achieve beyond mere compliance and promote sound ethical corporate culture which is guided by principles of accountability, integrity, fairness, legal and transparent behavior.

Board Governance

The Corporate Governance structure of the Board prescribes the authority and responsibilities. It is the company's highest governance body which ensures there is an effective governance framework and system in place. It is also responsible for the stewardship of the company, which means that it oversees the day-to-day management delegated to the President and the other officers of the company.

The Board as well as in their individual capacity, foster the long-term success of the company, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interest of its stockholders.

PMPC Board is a combination of executive and non-executive that are possessed with qualifications and stature that enable them to effectively participate in the deliberations of the Board. It is composed of qualified and competent individuals that provide complementary skills from their respective areas of expertise in the exercise of their fiduciary responsibilities. The Board has two independent directors who were selected by Nomination Committee on the basis of independence criteria as set forth under the SEC's revised Securities Regulation Code and implementing rules and regulation, PMPC By-laws and Code of Governance Manual.

Board of Director, Board Committee and relevant senior management evaluations, in accordance with the Code of Corporate Governance self-assessment, have been undertaken with respect to the FY 2017 reporting period. It was put in place by the Board since 2009 and has since been consistently implemented. The corporate governance self-assessment is annually conducted to measure performance and benchmark its compliance with the best Corporate Governance practices in the industry. The actions agreed upon by the Board in response to the performance review were documented and the completion of these items was monitored by the Board. In accordance with SEC's implementing rules and regulations, PMPC directors have attended at least one corporate governance seminar conducted by accredited agency. Our directors keep abreast with the latest developments relevant with their duties and responsibilities to ensure good corporate governance practices.

Board Diversity

PMPC recognizes and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors. These differences are considered in determining the optimum composition of the Board and balanced appropriately. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. PMPC implemented the Board Diversity policy in 2015.

Board Committees

Our Board of Directors is the highest governance body of the company. It provides direction and delegates the conduct of business to the company's management and operating levels under the leadership of the President. PMPC has standing committees to support the Board. The Audit Committee, Corporate Governance Committee, Risk Management Committee, Nomination Committee and Compensation Committee have their respective charters approved by the Board. Charters delineate the objectives of the committees, define its functions, composition and procedures. These charters were prepared and benchmarked consistent with SEC's Corporate Governance. Every PMPC committee has at least one independent director. The Board convenes regular meeting on a monthly basis and special meetings may be called for as needed.

Audit Committee

The purpose and authority of the Audit Committee is to assist the Board in fulfilling its responsibilities for general oversight of: (1) PMPC's financial reporting processes and the audit of financial statements, (2) PMPC's compliance with legal and regulatory requirements, (3) the external auditors' qualifications and independence, (4) the performance of PMPC's internal audit function and external auditors, and (5) risk assessment and risk management. The Audit Committee is composed of two independent directors and one executive director. The Chairman of Audit Committee is an independent director and a Certified Public Accountant (CPA).

As for Internal Audit function, the Audit Committee reviewed and approved the Internal Audit performance report in 2016, internal audit plan for 2015, and the revised internal audit charter. The Internal Audit periodically reports on the status of relevant auditable areas and recommendations which includes the current status of internal control over financial reporting. The quarterly Audit Committee meetings were conducted to report significant audit issues and accomplishments of the Internal Audit. The Audit Committee through its Internal Audit reviewed the audited consolidated financial statements in accordance with Philippine Financial Reporting Standard (PFRS) and Philippine Accounting Standards (PAS) for Board approval. The Internal Audit reports functionally to the Audit Committee Chairman.

Corporate Governance Committee

The Corporate Governance Committee is appointed by the Board of Directors to assist the Board in fulfilling this responsibility with respect to four (4) fundamental issues: (i) overseeing the development and the regular assessment of the Corporation's approach to corporate governance issues, (ii) ensuring that such approach supports the effective functioning of the Corporation with a view to the best interests of the Corporation's shareholders and effective communication between the Board of Directors and management of the Corporation, (iii) overseeing the process, structure and effective system of accountability by management to the Board of Directors and by the Board to the shareholders, in accordance with applicable laws, regulations and industry standards for good governance practices, and (iv) carrying out the functions and responsibilities of a nomination committee to recommend to the Board of Directors candidates for election or appointment to the Board of Directors. The Corporate Governance Committee is composed of three members, one of whom is an independent director.

Risk Management Committee

The Risk Management Oversight Committee monitors the risk environment for PMPC and provides direction for the activities to mitigate, to an acceptable level, the risks that may adversely affect company's ability to achieve its goals. The committee facilitates continuous improvement of the company's capabilities around managing its priority risks. In addition, the committee supports the Audit Committee's efforts to monitor and evaluate, as mandated by the SEC's Code of Corporate Governance, the risk management processes of the company. The Risk Management Committee is composed of three members, one of whom is an independent director.

Compensation Committee

The purpose and authority of the Compensation Committee is to establish policies with respect to the compensation of the Company's officers including, (1) evaluation and approval of the officer's compensation plan, and (2) preparation of annual report on executive compensation for inclusion in the Company's proxy statement. The Compensation Committee is composed of three members, one of whom is an independent director.

Nomination Committee

The purpose and authority of the Nomination Committee is to ensure that the Board of Directors is made up of individuals of proven integrity and competence, and that each possess the ability and resolve to effectively oversee the company. It also reviews and evaluates the qualifications of all persons nominated to positions in PMPC which require approval of the Board. The Nomination Committee is composed of three members, one of whom is an Independent director.

Risk Management

PMPC recognizes risks are associated with achieving value-based objectives. Managing these risks forms an essential part of PMPC's business. The aim of risk management within PMPC is to provide reasonable assurance that it understand the risks associated with achieving its business objectives and that it responds appropriately to these risks at all levels within the organization. This is achieved by ensuring that at all times:

- Risks are properly identified, assessed, managed and reported;
- Risk ownership is taken and communicated;
- Resources are effectively and efficiently allocated to manage risks;
- Risks that could significantly affect our employees, the company, our suppliers or our clients are suitably managed;
- The company is compliant with regulatory and legal requirements.

Related Party Transaction

PMPC in the normal course of business transacts with related parties, particularly, its affiliates as defined in the company's policy on related party transaction. The company is exercising extensive effort to ensure that all significant related party transactions with related parties are done at arm's length. The transaction with related parties involve the supply of raw materials, service and management consulting. Significant related party transaction is prospectively reviewed by the Board Audit Committee or by management committee, depending on materiality prior to implementation. PMPC discloses significant related party relationships and transactions in PMPC's financial statements based on Philippine Accounting Standards (PAS) No. 24 requirements.

Internal Audit

Our Internal Audit unit is an independent body that evaluates the effectiveness of the company's internal controls, governance processes. and risk management. It ensures that operating and business units adhere to internal processes and procedures and to regulatory and legal requirements. Internal Audit reports directly to the Board through its Audit Committee. Its audit activities conform to the International Standards for the Professional Practice of Internal Auditing.

Code of Business Conduct and Ethics

Our business environment is constantly changing. We can count on changes in our products, our people, our customers, and our suppliers. What will not change is our commitment to our company values. Our basic business philosophy helps us determine our objectives, our approach to business activities, and the general direction of our company. It serves as a compass, helping us set and maintain the right direction for our business. It is timeless and remains valid regardless of where our business takes us.

Our values are the foundation for sustaining our business environment within the Company. Among them, include:

- Contribution to society
- Fairness & honesty
- Cooperation & team spirit
- Untiring effort for improvement
- Courtesy and humility
- Adaptability
- Gratitude

These values define who we are as a company — to each other, to our customers, to our suppliers and to our shareholders. They define what we stand for, and they are guiding principles for behavior.

Internal policies such as conflict of interest policy, insider trading policy, whistleblower policy and related party transaction lend guidance, provide support and lay the proper context in PMPC's adherence to Code of Business Conduct and Ethics.

Conflict of Interest. It is PMPC's policy that all employees avoid any activity that is or has the appearance of being hostile, adverse or competitive with the company, or that interferes with the proper performance of duties, responsibilities or loyalty to the company. PMPC has in place conflict of interest policy that elevate the interest of the company above that of the personal interest of directors, officers, and employees. The policy covers specific conflict of interest situations and it also support that directors, officers and employees do not tolerate corruption or any form of bribery nor provide or accept improper inducement in the course of any business dealing.

Insider Trading. It is the policy of the Company to oppose the unauthorized disclosure of any nonpublic information acquired in the work-place and the misuse of Material Nonpublic Information in securities trading. The company prohibits director, officer, or employee of, or consultant or contractor to, the Company, and no member of the immediate family or household of any such person, shall engage in any transaction involving a purchase or sale of Company's securities, including any offer to purchase or offer to sell, during any period commencing with the date that he or she possesses Material Nonpublic Information concerning the Company, and ending at the close of business on the second Trading Day following the date of public disclosure of that information, or at such time as such nonpublic information is no longer material.

Whistleblower. PMPC has whistleblower policy in place, another important mechanism for preventing the incident of fraud, bribery and misconduct. All stakeholders which include the board, officers, and employees, as well as customers, and suppliers can report any violation of conduct of business conduct, policies, procedures and applicable laws and regulations.

A whistleblower can raise their concerns of violations of the code of business conduct and ethical guidelines, or other illegal or unethical conduct, without fear that they will be disciplined or terminated. The company does not permit retaliation of any kind against an employee for reporting information in good faith. The whistleblower may approach the internal audit or any officers of the company who are designated contact person for the purpose of whistleblowing.

Investor Relation

PMPC strives to maintain its corporate credibility and instill investor confidence in the Company by practicing a structured approach to the communication of material information. It assists in achieving a fair market value for PMPC's securities – a benefit to both shareholders and the Company. PMPC will make every effort to ensure that all material information concerning the Company is made as freely and widely available as possible. PMPC encourages an exchange of opinion between itself and its principal stakeholders, and will organize its communications to facilitate that dialogue.

Measure to fully comply with Corporate Governance

In 2018, PMPC substantially complied with its Manual on Corporate Governance, the provisions of the Code of Corporate Governance of the Securities and Exchange Commission (SEC) and the Corporate Governance Guidelines Disclosure Template of the Philippine Stock Exchange (PSE). As a mechanism to comply with Corporate Governance, the company has a Corporate Governance Committee, which comprises the company's President, Compliance Officer, Audit Committee, Internal Audit, and Risk Management Committee. The Corporate Governance Committee has taken various initiatives to comply with the ASEAN Corporate Governance practices.

PMPC's Corporate Governance is exercised by a duly appointed Compliance Officer who is responsible for monitoring compliance with the provisions and requirements of corporate governance law, rules and regulations, reporting violations and recommending the imposition of disciplinary actions, and adopting measures to prevent repetition of violations. He also ensures that corporate governance education and communication program, promotes the development of knowledge, skills, attitudes, and culture that would enhance observance of corporate governance policies.

No Material Deviation

The Company has established Internal Control procedures and mechanism to ensure compliance with the Code of Corporate Governance and to avert any possible deviation thereof. PMPC shall continue to monitor, adopt and evolve in conjunction with corporate governance developments. There have been no material deviations noted by the compliance officer for the fiscal year 2018.

Plans to improve Corporate Governance

Areas for improvement noted during the preparation of SEC and PSE corporate governance reports and the result of Corporate Governance audit conducted by the Company's Internal Audit Department will be addressed with positive action.

The Corporate Governance Committee shall principally and periodically review the provisions and enforcement of the company's Manual on Corporate Governance. The said manual is subject to annual review and amendment to continuously improve the company's corporate governance practices by assessing their effectiveness and comparing them with evolving best practices, standards identified by leading governance authorities and the company's changing circumstances and needs. Specifically, PMPC plans to fully comply with the ASEAN Corporate Governance practices to reflect global principles and internationally recognized good practices in corporate governance applicable to public listed corporations.

PART V - EXHIBITS AND SCHEDULES

ITEM 14 – EXHIBITS AND REPORTS ON SEC FORM 17 – C

The following reports on SEC Form 17-C were filed to SEC.

Date Filed	Item Reported
04/03/2018	Final list of Candidates for Board of Directors 2018 – 2019
04/13/2018	List of PMPC's Top 100 Stockholders as of March 31, 2018
	Declaration of 37.17% cash dividend for all stockholders of record as of April 25, 2018; payable on May 11, 2018
06/05/2018	Resignation of Mr. Koji Takatori as member of the Board of Director Election of Mr. Yasuo Tonooka as new member of the Board of Director
06/07/2018	List of stockholders of entitled to vote during June 15, 2018 Annual Meeting
06/21/2018	Election of Regular Directors, Independent Directors and External Auditor during Annual Stockholders' Meeting held on June 18, 2018
07/11/2018	List of Top 100 PMPC stockholders as of June 30, 2018
11/08/2018	Resignation of Mr. Eiji Fukumori as member of the Board of Director Election of Mr. Yukio Hirose as new Director effective November 7, 2018
01/30/2019	Sworn Corporate Secretary's Certification for the number of board meetings and Board Members attendance
02/11/2019	Transfer of Washing Machine and Electric Fan production from Taytay, Rizal to its factory in Sta. Rosa, Laguna
04/02/2019	Final List of Candidate for members of the Board of Directors for 2019 – 2020 as follows: Mr. Masatoshi Sasaki Mr. Yoshiyuki Takahashi Mr. Masaru Toyota Mr. Hiroshi Yamada Mr. Hiroyuki Tagishi Mr. Yukio Hirose Mr. Yasuo Tonooka Mr. Emiliano Volante Ms. Elizabeth Gildore Resignation of Mr. Shinichi Hayashi as President and Chairman effective April 1, 2019 Election of Mr. Masatoshi Sasaki as new Director, President and Chairman to replace Mr. Hayashi effective April 1, 2019

04/24/2019	Declaration of cash dividend 20.99% of capital or Php0.2099179 per share in favor of all stockholders of record as of May 7, 2019 payable on May 24, 2019
05/03/2019	Certification of Independent Director for 2019 Mr. Emiliano Volante Ms. Elizabeth Gildore
06/07/2019	List of stockholders as of June 3, 2019, record date of stockholders entitled to notice and to vote during annual stockholders meeting scheduled on June 21, 2019
06/25/2019	Matters taken up during Annual Board Meeting held on June 21, 2019: Election of Corporate Officers for 2019 – 2020 Mr. Masatoshi Sasaki – President and Chairman of the Board Mr. Yoshiyuki Takahashi – Vice-Chairman of the Board, Executive Director and Treasurer Mr. Hiroshi Yamada – Executive Director Mr. Masaru Toyota – Executive Director andVice – President PPH Atty. Mamerto Z. Mondragon – Corporate Secretary Election of Compliance Officer for 2019 – 2020 Ms. Ma. Virginia Arevalo Amendment of By – Laws to change date of Annual Stockholders' Meeting from 3rd Friday of June to 3rd Friday of July effective 2020
06/25/2019	Matters taken up during Annual Stockholders' Meeting held last June 21, 2019 Election of Regular Directors for 2019 – 2020 1. Mr. Masatoshi Sasaki 2. Mr. Yoshiyuki Takahashi 3. Mr. Hiroshi Yamada 4. Mr. Masaru Toyota 5. Mr. Hiroyuki Tagishi 6. Mr. Yukio Hirose 7. Mr. Yasuo Tonooka Independent Directors: 1. Mr. Emiliano Volante 2. Ms. Elizabeth Gildore Appointment of Sycip, Gorres, Velayo and Co. as the Co.'s external auditor for fiscal year 2019 – 2020

Reports under SEC form 17-C, as amended during the last six (6) months:

NONE

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Taytay, Rizal on July 8, 2019.

PANASONIC MANUFACTURING PHILIPPINES CORPORATION
REGISTRANT

Pursuant to the requirements of the Securities Regulation Code, this Annual Report has been signed by the following persons in their capabilities and on the date indicated.

By:

M Sasaki
MASATOSHI SASAKI
President & Chairman

Y. Takahashi
YOSHIYUKI TAKAHASHI
Treasurer & Vice – Chairman
Executive Director

MASARU TOYOTA
Executive Director &
VP – Sales & Marketing

ATTY. MAMERTO Z. MONDRAGON
Corporate Secretary

Signed on this 8th day of July 2019

SUBSCRIBED AND SWORN to before me this 10 JUL 2019, affiants exhibiting to me their passport numbers as follows:

NAMES	PASSPORT NO.	DATE ISSUED	PLACE ISSUED
Masatoshi Sasaki	TS1137403	July 04, 2018	Japan
Yoshiyuki Takahashi	TZ1094063	December 15, 2015	Japan
Masaru Toyota	TZ1179940	January 19, 2017	Japan
Mamerto Z. Mondragon	EC1383417	June 11, 2015	Philippines

NOTARY PUBLIC

Doc. No. 91
Page No. 19
Book No. LXIII
Series of 2019

MCLE Compliance ... 06.28.2016