Annual Securities Report
for the fiscal year ended March 31, 2017
(the 110th Business Term)

Panasonic Corporation

[Cover]

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Certain References and Information

This is an English translation of the Annual Securities Report ("Yukashoken Hokokusho") submitted to the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors' Network ("EDINET") on June 30, 2017, pursuant to the Financial Instruments and Exchange Act of Japan.

In this document, "fiscal 2017" refers to the year ended March 31, 2017. All information contained in this document is as of March 31, 2017 or for fiscal 2017, unless otherwise indicated.

Disclaimer Regarding Forward-Looking Statements

This report includes forward-looking statements (that include those within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended) about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this report do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Panasonic Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Panasonic Group's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Panasonic undertakes no obligation to publicly update any forward-looking statements after the date of this report. Investors are advised to consult any further disclosures by Panasonic in its subsequent filings under the Financial Instrument and Exchange Act of Japan (the FIEA) and other publicly disclosed documents.

The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the Americas, Europe, Japan, China and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; the possibility that excessive currency rate fluctuations of the U.S. dollar, the euro, the Chinese yuan and other currencies against the yen may adversely affect costs and prices of Panasonic’s products and services and certain other transactions that are denominated in these foreign currencies; the possibility of the Panasonic Group incurring additional costs of raising funds, because of changes in the fund raising environment; the possibility of the Panasonic Group not being able to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the possibility of not achieving expected results or incurring unexpected losses in connection with the alliances or mergers and acquisitions; the possibility of not being able to achieve its business objectives through joint ventures and other collaborative agreements with other companies, including due to the pressure of price reduction exceeding that which can be achieved by its effort and decrease in demand for products from business partners which Panasonic highly depends on in BtoB business areas; the possibility of the Panasonic Group not being able to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Panasonic Group; the possibility that the Panasonic Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; fluctuations in market prices of securities and other financial assets in which the Panasonic Group has holdings or changes in valuation of non-financial assets, including property, plant and equipment, goodwill and deferred tax assets; future changes or revisions to accounting policies or accounting rules; the possibility of incurring expenses resulting from a leakage of customers’ or confidential information from Panasonic Group systems due to unauthorized access or a detection of vulnerability of network-connected products of the Panasonic Group; as well as natural disasters including earthquakes, prevalence of infectious diseases throughout the world, disruption of supply chain and other events that may negatively impact business activities of the Panasonic Group. The factors listed above are not all-inclusive and further information is contained in the most recent English translated version of Panasonic’s securities reports under the FIEA and any other documents which are disclosed on its website.

Contents

Part Ⅰ Information on Panasonic Group

Ⅰ Overview of Panasonic Group

1. Key Financial Data (Consolidated)

(Millions of yen, unless otherwise stated)

	IFRS		
Fiscal year	Transition date	109th business term	110th business term
Year end	April 1, 2015	March 2016	March 2017
Net sales	―	7,626,306	7,343,707
Profit before income taxes	―	227,529	275,066
Net profit attributable to Panasonic Corporation stockholders	―	165,212	149,360
Comprehensive income (loss) attributable to Panasonic Corporation stockholders	―	(54,617)	174,892
Total Panasonic Corporation stockholders' equity	1,535,518	1,444,442	1,571,889
Total equity	1,759,446	1,647,233	1,759,935
Total assets	5,820,789	5,488,024	5,982,961
Panasonic Corporation stockholders' equity per share (yen)	664.36	622.34	673.93
Earnings per share attributable to Panasonic Corporation stockholders, basic (yen)	―	71.30	64.33
Earnings per share attributable to Panasonic Corporation stockholders, diluted (yen)	―	71.29	64.31
Total Panasonic Corporation stockholders' equity to total assets ratio (%)	26.4	26.3	26.3
Return on equity (%)	―	11.1	9.9
Price earnings ratio (times)	―	14.50	19.56
Net cash provided by operating activities	―	419,355	385,410
Net cash used in investing activities	―	(293,804)	(420,156)
Net cash provided by (used in) financing activities	―	(309,565)	294,598
Cash and cash equivalents at end of year	1,279,943	1,012,666	1,270,787
Number of employees (persons)	257,216	252,923	257,533

(Notes)

1. The Company's consolidated financial statements are prepared in conformity with International Financial Reporting Standards (IFRS) since the 110th business term.
2. Net sales do not include consumption tax, etc.

(Millions of yen, unless otherwise stated)

	U.S.GAAP			
Fiscal year	106th business term	107th business term	108th business term	109th business term
Year end	March 2013	March 2014	March 2015	March 2016
Net sales	7,303,045	7,736,541	7,715,037	7,553,717
Income (loss) before income taxes	(398,386)	206,225	182,456	217,048
Net income (loss) attributable to Panasonic Corporation	(754,250)	120,442	179,485	193,256
Comprehensive income (loss) attributable to Panasonic Corporation	(647,324)	296,972	437,933	(81,821)
Total Panasonic Corporation shareholders' equity	1,264,032	1,548,152	1,823,293	1,705,056
Total equity	1,304,273	1,586,438	1,992,552	1,854,314
Total assets	5,397,812	5,212,994	5,956,947	5,596,982
Panasonic Corporation shareholders' equity per share (yen)	546.81	669.74	788.87	734.62
Net income (loss) attributable to Panasonic Corporation common shareholders per share, basic (yen)	(326.28)	52.10	77.65	83.40
Net income attributable to Panasonic Corporation common shareholders per share, diluted (yen)	—	—	77.64	83.39
Total Panasonic Corporation shareholders' equity to total assets ratio (%)	23.4	29.7	30.6	30.5
Return on equity (%)	(47.2)	8.6	10.6	11.0
Price earnings ratio (times)	—	22.51	20.31	12.39
Net cash provided by operating activities	338,750	581,950	491,463	398,680
Net cash provided by (used in) investing activities	16,406	12,128	(138,008)	(274,274)
Net cash provided by (used in) financing activities	(491,058)	(532,315)	257,615	(308,031)
Cash and cash equivalents at end of year	496,283	592,467	1,280,408	1,014,264
Number of employees (persons)	293,742	271,789	254,084	249,520

(Notes)

1. The Company's consolidated financial statements were prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) until the 109th business term.
2. Net sales do not include consumption tax, etc.
3. Diluted net income, attributable to Panasonic Corporation common shareholders per share for 106th business term and 107th business term, have been omitted because the Company did not have potentially dilutive common shares that were outstanding for the period.

2. History

Month/Year	Events
March, 1918	Konosuke Matsushita founded Matsushita Denkikigu Seisakusho at Ohiraki-cho, Fukushima-ku, Osaka and started to manufacture wiring instrument.
March, 1923	Bullet-shaped bicycle lamp developed and marketed.
April, 1927	Established "National" brand.
May, 1933	Relocated new head office and factory in Kadoma. Instituted divisional system.
August, 1935	Established Matsushita Electric Trading Co., Ltd.
December, 1935	Incorporated as Matsushita Electric Industrial Co., Ltd. on December 15, 1935 (10 million yen in capital).
May, 1949	Listed on Tokyo Stock Exchange and Osaka Securities Exchange.
September, 1951	Listed on Nagoya Stock Exchange.
January, 1952	Formed a capital alliance with Nakagawa Kikai Kabushiki Kaisha (subsequently renamed Matsushita Refrigeration Company).
December, 1952	Established Matsushita Electronics Corporation through a technology alliance with Philips in Netherlands, and transferred four lamp manufacturing factories to this establishment.
May, 1953	Established the Central Research Laboratory.
February, 1954	Formed a capital alliance with Victor Company of Japan Ltd. (JVC).
December, 1955	Established Kyushu Matsushita Electric Co., Ltd. (subsequently renamed Panasonic Communications Co., Ltd.).
May, 1956	Established Osaka Denki Seiki Kabushiki Kaisha (subsequently renamed Matsushita Seiko Co., Ltd.).
January, 1958	Established Matsushita Communication Industrial Co., Ltd. (subsequently renamed Panasonic Mobile Communications Co., Ltd.), and transferred communication equipment manufacturing section to this establishment.
September, 1959	Established Matsushita Electric Corporation of America (currently Panasonic Corporation of North America). (Since then, established manufacturing and sales sites at various locations in the world.)
January, 1961	Masaharu Matsushita became President of the Company.
August, 1962	Formed a capital alliance with Toho Denki Kabushiki Kaisha (subsequently renamed Matsushita Graphic Communication Systems, Inc.).
November, 1969	Established Matsushita Kotobuki Electronics Industries, Ltd. (subsequently Panasonic Healthcare Co., Ltd.).
December, 1971	Listed on New York Stock Exchange.
December, 1975	Issued U.S. dollar-denominated convertible bonds (100 million U.S. dollars at face value).
January, 1976	Established Matsushita Electronic Components Co., Ltd. (subsequently renamed Panasonic Electronic Devices Co., Ltd.), and transferred electronic device manufacturing section to this establishment.
January, 1977	Established Matsushita Household Equipment Co., Ltd., and transferred household equipment manufacturing section to this establishment. Established Matsushita Industrial Equipment Co., Ltd. (subsequently renamed Matsushita Industrial Information Equipment Co., Ltd.), and transferred industrial equipment manufacturing section to this establishment.
February, 1977	Toshihiko Yamashita became President of the Company.
January, 1979	Established Matsushita Battery Industrial Co., Ltd., and transferred battery manufacturing section to this establishment.
July, 1985	Established a finance subsidiary in U.S. (In May, 1986, established two finance subsidiaries in Europe.)
October, 1985	Established Semiconductor Fundamental Research Laboratory.

Month/Year	Events
February, 1986	Akio Tanii became President of the Company.
March, 1987	Changed the fiscal year end from November 20 to March 31.
April, 1988	Absorbed Matsushita Electric Trading Co., Ltd.
April, 1989	The Company's founder Konosuke Matsushita passed away.
December, 1990	Acquired MCA INC. (MCA), a leading entertainment company (subsequently renamed Universal Studios).
February, 1993	Yoichi Morishita became President of the Company.
May, 1993	Dissolved partnership with Philips regarding Matsushita Electronics Corporation and purchased all shares of Matsushita Electronics Corporation which Philips held.
April, 1995	Absorbed Matsushita Household Equipment Co., Ltd.
June, 1995	Sold 80% equity interest in MCA shares, which a subsidiary of the Company in U.S. held, to Seagram Company Ltd. (subsequently renamed Vivendi Universal S.A.).
February, 1999	Cancelled 50 million shares of treasury stock by 98.8 billion yen of retained earnings decided by resolution of 91st Ordinary General Meeting of Shareholders.
April, 2000	Made Matsushita Refrigeration Company into a wholly-owned subsidiary through share-exchange.
June, 2000	Kunio Nakamura became President of the Company.
April, 2001	Absorbed Matsushita Electronics Corporation.
April, 2002	Established a joint venture liquid crystal display panel manufacturing company, Toshiba Matsushita Display Technology Co., Ltd. with Toshiba Corporation.
October, 2002	Made Matsushita Communication Industrial Co., Ltd., Kyushu Matsushita Electric Co., Ltd., Matsushita Seiko Co., Ltd. (currently Panasonic Ecology Systems Co., Ltd.), Matsushita Kotobuki Electronics Industries, Ltd. and Matsushita Graphic Communication Systems, Inc. into wholly-owned subsidiaries through share-exchanges.
January, 2003	Instituted business domain system through business restructuring. Kyushu Matsushita Electric Co., Ltd. was merged with Matsushita Graphic Communication Systems, Inc.
April, 2003	Established a joint venture cathode ray tubes manufacturing company, Matsushita Toshiba Picture Display Co., Ltd. (currently MT Picture Display Co., Ltd.) with Toshiba Corporation. Made Matsushita Electronic Components Co., Ltd. and Matsushita Battery Industrial Co., Ltd. into wholly-owned subsidiaries through share-exchanges. Created a unified global brand, "Panasonic."
April, 2004	Made Matsushita Electric Works, Ltd. (subsequently renamed Panasonic Electric Works Co., Ltd. (PEW)), PanaHome Corporation and their subsidiaries into consolidated subsidiaries of the Company through additional purchase of shares of Matsushita Electric Works, Ltd.
April, 2005	Absorbed Matsushita Industrial Information Equipment Co., Ltd.
February, 2006	Sold the remaining shares of affiliated company of Universal Studios (formerly MCA), which a subsidiary of the Company in U.S. held, to Vivendi Universal.
June, 2006	Fumio Ohtsubo became President of the Company.
March, 2007	Made Matsushita Toshiba Picture Display Co., Ltd. into a wholly-owned subsidiary.
August, 2007	Excluded JVC and its subsidiaries from consolidated subsidiaries of the Company due to JVC's issuance of new shares and third party allotments. As a result, JVC became an associated company accounted for under the equity method. (Subsequently, in January, 2011, JVC was excluded from an associated company accounted for under the equity method)
April, 2008	Absorbed Matsushita Refrigeration Company.

Month/Year	Events
October, 2008	The Company changed its name from Matsushita Electric Industrial Co., Ltd. to Panasonic Corporation. Absorbed Matsushita Battery Industrial Co., Ltd.
April, 2009	Sold all the shares of Toshiba Matsushita Display Technology Co., Ltd., which the Company held, to Toshiba Corporation.
December, 2009	Acquired majority of the voting rights in SANYO Electric Co., Ltd. (SANYO) and made SANYO and its subsidiaries into consolidated subsidiaries of the Company.
January, 2010	Transferred the business of System Solutions Company, the Company's internal division company, to Panasonic Communications Co., Ltd., which was at the same time renamed Panasonic System Networks Co., Ltd.
April, 2011	Made PEW and SANYO into wholly-owned subsidiaries through share-exchanges.
January, 2012	Absorbed PEW. Reorganized domain system to 9 domains and 1 marketing section through business restructuring.
April, 2012	Absorbed companies including Panasonic Electronic Devices Co., Ltd.
June, 2012	Kazuhiro Tsuga became President of the Company.
October, 2012	Established the Corporate Strategy Head Office.
March, 2013	Panasonic System Solutions Japan Co., Ltd. absorbed companies including Panasonic System Networks Co., Ltd., and was at the same time renamed Panasonic System Networks Co., Ltd. (Subsequently, in April 2017, renamed as Panasonic System Solutions Japan Co., Ltd. due to partial reorganization.)
April, 2013	Transformed to new basic group formation through business division system from business domain system. Absorbed Panasonic Mobile Communications Co., Ltd. subsequent to carrying out the incorporation-type company split of mobile phone terminal business and transferring mobile phone base station business to Panasonic System Networks Co., Ltd. in the company split. Delisted from New York Stock Exchange.
March, 2014	Transferred all the shares and other related assets of Panasonic Healthcare Co., Ltd. to PHC Holdings Co., Ltd. and subscribed 20% of shares of PHC Holdings Co., Ltd.
June, 2014	Transferred semiconductor business to Panasonic Semiconductor Solutions Co., Ltd. in the company split.

3. Description of Business

The Panasonic Group is comprised primarily of the parent Panasonic Corporation and 495 consolidated subsidiaries in and outside of Japan, operating in close cooperation with each other. As a comprehensive electronics manufacturer, Panasonic is engaged in development, production, sales and service activities in a broad array of business areas.

The Company supplies a full spectrum of electric/electronic equipment and related products, which is categorized in the following five segments: Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems, and Other. For further details about each segment, please refer to "Ⅴ. Consolidated Financial Statements, Note 4."

The Company's consolidated financial statements have been prepared in conformity with IFRS, and the scopes of affiliates are also disclosed based on the definition of those accounting principles. The same applies to “Ⅱ. Business Overview” and “Ⅲ. Property, Plants and Equipment.”

(Panasonic Group)

As of March 31, 2017

(Segments, main products and services)	(Major manufacturing companies)
Appliances Room air-conditioners, TVs, refrigerators, washing machines, personal-care products, microwave ovens, video equipment, home audio equipment, vacuum cleaners, rice cookers, bicycles, showcases, large-sized air-conditioners, compressors, fuel cells, etc.	**(Japan)** Panasonic Corporation SANYO Electric Co., Ltd. **(Overseas)** Panasonic Appliances Air-Conditioning (Guangzhou) Co., Ltd. Panasonic Appliances Washing Machine (Hangzhou) Co., Ltd. Panasonic Corporation of North America Hussmann Corporation
Eco Solutions Lighting fixtures, lamps, wiring devices, solar photovoltaic systems, water-related products, interior furnishing materials, exterior finishing materials, ventilation and air-conditioning equipment, air purifiers, nursing-care-related products, etc.	**(Japan)** Panasonic Corporation Panasonic Ecology Systems Co., Ltd. SANYO Electric Co., Ltd. KMEW Co., Ltd. **(Overseas)** Panasonic Energy Malaysia Sdn Bhd
AVC Networks* Aircraft in-flight entertainment systems and in-flight communications services, PCs and tablets, projectors, broadcast and professional AV systems, surveillance cameras, digital cameras, fixed-phones, etc.	**(Japan)** Panasonic Corporation Panasonic System Networks Co., Ltd. **(Overseas)** Panasonic Avionics Corporation
Automotive & Industrial Systems Automotive-use infotainment systems, electrical components, lithium-ion batteries, automotive-use batteries, dry batteries, automation controls, electric motors, electronic components, electronic materials, semiconductors, LCD panels, electronic-components-mounting machines, welding equipment, etc.	**(Japan)** Panasonic Corporation SANYO Electric Co., Ltd. Panasonic Semiconductor Solutions Co., Ltd. Panasonic Factory Solutions Co., Ltd. Panasonic Liquid Crystal Display Co., Ltd. **(Overseas)** Panasonic Asia Pacific Pte. Ltd. Panasonic Automotive Systems Dalian Co., Ltd.
Other Detached housing, rental apartment housing, land and buildings for sale, home remodeling, raw materials, etc.	**(Japan)** PanaHome Corporation

(Major sales companies)

(Japan)
Panasonic Consumer Marketing Co., Ltd.

(Overseas)
Panasonic Corporation of North America
Panasonic Marketing Europe GmbH
Panasonic Asia Pacific Pte. Ltd.
Panasonic Corporation of China

Customers

4. Information on Affiliates

(1) Principal Consolidated Subsidiaries

As of March 31, 2017

Name	Location in Japan	Common stock (millions of yen)	Principal businesses (Note 2)	% of voting rights interests (Note 1)	Relationship			Remark
					Interlocking directorate, etc. (Note 3)	Advances to	Business transaction	
PanaHome Corporation	Toyonaka-shi, Osaka	28,375	Other	54.5			Sale of Panasonic products and purchase of materials	Note 5 Note 6
Panasonic Factory Solutions Co., Ltd.	Kadoma-shi, Osaka	15,000	Automotive & Industrial Systems	100.0			Manufacture of Panasonic products	Note 11
Panasonic Ecology Systems Co., Ltd.	Kasugai-shi, Aichi	12,092	Eco Solutions	100.0			Manufacture of Panasonic products	
KMEW Co., Ltd.	Chuo-ku, Osaka-shi	8,000	Eco Solutions	50.0			Sale of Panasonic products	Note 8
Panasonic Consumer Marketing Co., Ltd.	Chuo-ku, Osaka-shi	1,000	Appliances	100.0			Sale of Panasonic products	Note 5
Panasonic Liquid Crystal Display Co., Ltd.	Himeji-shi, Hyogo	500	Automotive & Industrial Systems	95.0		Yes	Manufacture of Panasonic products	Note 7
SANYO Electric Co., Ltd.	Daito-shi, Osaka	400	Eco Solutions, Automotive & Industrial Systems, Other, Corporate	100.0 (0.0)		Yes	Manufacture and sale of Panasonic products and supply of materials and merchandise	Note 7
Panasonic Semiconductor Solutions Co., Ltd.	Nagaokakyo-shi, Kyoto	400	Automotive & Industrial Systems	100.0	Yes	Yes	Manufacture of Panasonic products	Note 7
Panasonic System Networks Co., Ltd.	Hakata-ku, Fukuoka-shi	350	AVC Networks	100.0			Manufacture and sale of Panasonic products and provision of IT services	Note 11

Name	Location	Common stock (millions)	Principal businesses (Note 2)	% of voting rights interests (Note 1)	Relationship			Remark
					Interlocking directorate, etc. (Note 3)	Advances to	Business transaction	
Panasonic Corporation of North America	New Jersey, U.S.A.	US$ 537	Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems, Other, Corporate	100.0 (100.0)			Manufacture and sale of Panasonic products and management service to Panasonic affiliates	Note 5
Panasonic Avionics Corporation	California, U.S.A.	US$ 22	AVC Networks	100.0 (100.0)	Yes		Manufacture and sale of Panasonic products in the U.S.A	
Hussmann Corporation	Missouri, U.S.A	US$ ―	Appliances	100.0 (100.0)			Manufacture and sale of Panasonic products in the U.S.A.	Note 10
Panasonic do Brasil Limitada	Amazonas, Brazil	BRL 712	Appliances, AVC Networks, Automotive & Industrial Systems	100.0			Manufacture and sale of Panasonic products in Brazil	Note 5
Panasonic Europe Ltd.	Berkshire, U.K.	Stg£ 200	Corporate	100.0			Management service to Panasonic affiliates	Note 5
Panasonic AVC Networks Czech s.r.o.	Plzen, Czech Republic	KC 2,414	Appliances	100.0 (100.0)			Manufacture and sales of Panasonic products in Europe	
Panasonic Holding (Netherlands) B.V.	Amsterdam, Netherlands	US$ 0.2	Corporate	100.0	Yes		Management of investment and financing of overseas subsidiaries	
Panasonic India Pvt. Ltd.	Chennai, India	INR 17,949	Appliances, AVC Networks, Automotive & Industrial Systems	100.0 (100.0)			Manufacture and sale of Panasonic products in India	Note 5
Panasonic Asia Pacific Pte. Ltd.	Singapore	US$ 1,478	Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems, Corporate	100.0 (100.0)			Manufacture and sale of Panasonic products and management service to Panasonic affiliates	Note 5
Panasonic Taiwan Co., Ltd.	New Taipei, Taiwan	NT$ 3,422	Appliances, Eco Solutions, Automotive & Industrial Systems, Corporate	69.8			Manufacture and sale of Panasonic products in Taiwan	
Panasonic Corporation of China	Beijing, China	RMB 8,127	Appliances, Eco Solutions, AVC Networks, Corporate	100.0			Sale of Panasonic products and management service to Panasonic affiliates	Note 5
Panasonic Appliances Air-Conditioning (Guangzhou) Co., Ltd.	Guangzhou, China	RMB 282	Appliances	67.8 (28.2)			Manufacture of Panasonic products in China	
Panasonic Automotive Systems Dalian Co., Ltd.	Dalian, China	RMB 94	Automotive & Industrial Systems	60.0 (25.0)			Manufacture of Panasonic products in China	

(2) Principal Companies accounted for using the Equity Method

(As of March 31, 2017)

Name	Location	Common stock (millions)	Principal businesses (Note 2)	% of voting rights interests (Note 1)	Relationship			Remark
					Interlocking directorate, etc. (Note 3)	Advances to	Business transaction	
Panasonic Healthcare Holdings Co., Ltd.	Minato-ku, Tokyo	JPY 31,135	Manufacture and sale of healthcare products	20.0	Yes		Manufacture and sale of Panasonic products through subsidiaries	
Socionext Inc.	Kohoku-ku, Yokohama-shi	JPY 30,200	Design, development, and sale of system LSI	20.0	Yes		Design, development, and sale of Panasonic products	
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	Minato-ku, Tokyo	JPY 25,584	Total financial services	15.1			Lease and credit sale of Panasonic products	Note 9

(Notes)

1. A number in the parenthesis notation in the "% of voting rights interests" column shows the % of indirect voting interests, which is a part of the total voting interest.
2. The name of the segment in which the companies are classified is shown in the "Principal businesses" column of the principal consolidated subsidiaries. For the companies which do not belong to any segment, the name of the segment which handles the products are displayed in the case of the sales company, and "Corporate" is displayed, otherwise.
3. Regarding the interlocking directorate, etc. other than what is displayed above, the Company's employees concurrently hold position of directors or officers in the most of the consolidated subsidiaries or companies accounted for under the equity method.
4. There is no consolidated subsidiary, of which sales amount, excluding the internal transactions, exceeds the 10% of the Company's consolidated sales.
5. Companies that correspond to the specified subsidiaries or "Tokutei Kogaisha," total amount of sales, purchase or common stock of which exceeds the 10% of the amount of sales, purchase or common stock the parent company in the period that correspond to the recent fiscal year of the parent company, as defined in the Financial Instruments and Exchange Act of Japan.
6. PanaHome Corporation submits Annual Securities Report.
7. Significant companies with insolvency. The amounts of liabilities in excess of assets as of March 31, 2017 are shown below.

Panasonic Liquid Crystal Display Co., Ltd.	536,806 million yen
SANYO Electric Co., Ltd.	469,258 million yen
Panasonic Semiconductor Solutions Co., Ltd.	29,796 million yen

8. Although % of voting rights interests is 50.0, KMEW Co., Ltd. is treated as a consolidated subsidiary because the Company controls it involving in its manufacturing and sale activities.
9. Although % of voting rights interests is 15.1, Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. is treated as a company accounted for using the equity method because the Company holds significant influence over operating and financial policies.
10. Common stock of Hussmann Corporation is zero as registered.
11. The name of the companies changed as follows effective on April 1, 2017.

As of March 31, 2017	After April 1, 2017
Panasonic Factory Solutions Co., Ltd.	Panasonic Smart Factory Solutions Co., Ltd.
Panasonic System Networks Co., Ltd.	Panasonic System Solutions Japan Co., Ltd.

5. Employees

(1) Consolidated basis

As of March 31, 2017

Segment	Number of employees
Appliances	57,561
Eco Solutions	48,900
AVC Networks	30,837
Automotive & Industrial Systems	94,372
Other	23,593
Corporate	2,270
Total	257,533

(Notes)

1. The number of employees refers solely to full-time employees of the Company on a consolidated basis.
2. The number of employees increased by 4,610, compared with the end of last fiscal year.

(2) Parent-alone basis

As of March 31, 2017

Number of employees	Average age	Average tenure (years)	Average annual salary (yen)
57,484	45.3	22.8	7,814,911

Segment	Number of employees
Appliances	11,366
Eco Solutions	12,539
AVC Networks	7,609
Automotive & Industrial Systems	22,626
Other	1,074
Corporate	2,270
Total	57,484

(Notes)

1. The number of employees refers solely to full-time employees of the parent company.
2. Average annual salary includes bonuses and extra wages.

(3) Relationship with labor union

The total number of union members of the federation of Panasonic group labor union is 91,371 as of March 31, 2017, and most of the labor unions belong to the Japanese Electrical Electronic & Information Union except some labor unions.

The followings are main labor unions which belong to federation of Panasonic group labor union.

Panasonic Appliances labor union（Belongs to the Japanese Electrical Electronic & Information Union）

Panasonic Eco Solutions labor union（Belongs to the Japanese Electrical Electronic & Information Union）

Panasonic AVC Networks labor union（Belongs to the Japanese Electrical Electronic & Information Union）

Panasonic Industrial Devices labor union（Belongs to the Japanese Electrical Electronic & Information Union)

The relationship between management and labor unions is quite stable and smooth.

Ⅱ Business Overview

1. Summary of Business Results

(1) Consolidated Results

For the business and segment results for the year ended March 31, 2017, please refer to "7. Analyses of Consolidated Financial Position, Operating Results and Cash Flows."

(2) Cash Flows

Cash flows from operating activities
Net cash provided by operating activities for the year ended March 31, 2017 amounted to 385.4 billion yen, a decrease of 34.0 billion yen from a year ago, due primarily to a significant decrease of working capital such as trade receivables in the previous year.

Cash flows from investing activities
Net cash used in investing activities amounted to 420.1 billion yen, an increase of 126.3 billion yen from a year ago, due primarily to the acquisition of Hussmann Corporation.

Cash flows from financing activities
Net cash provided in financing activities amounted to 294.6 billion yen, compared with the outflow of 309.6 billion yen a year ago, due mainly to issuing of total of 400.0 billion yen straight bonds this year, while redemption of total of 240.0 billion yen straight bonds a year ago.

Taking into consideration the exchange rate fluctuations, cash and cash equivalents totaled 1,270.8 billion yen as of March 31, 2017, an increase of 258.1 billion yen compared with a year ago.

2. Production, Orders Received and Sales

The Company's production and sale of items is extensive and diverse. Even products are categorized in the same type, their capacity, structure and format are not necessarily uniform. Due to the nature of the products, the Company in principle adopts a production system that is mainly based on projected production.

Since the Company is engaged in production activities in a way that the product inventories are kept at a certain level, production trend is generally similar to the sales trend.

3. Management Policy, Business Environment and Challenges of Panasonic Group

Future expectations included in this section are as of June 30, 2017, the filing date of this annual securities report.

(1) Basic Management Policy

Panasonic aims at offering "A Better Life, A Better World" for each customer – a slogan that embodies the founding philosophy to contribute to further progress of society through its business activities. The Company's business is categorized into four business areas: Consumer Electronics, Housing, Automotive and B2B, and the Company has set company-wide management targets in fiscal 2019 of operating profit of 450.0 billion yen and net profit attributable to Panasonic Corporation stockholders of 250.0 billion yen or more.

Panasonic reorganized AVC Networks Company to establish a new internal company named Connected Solutions Company as of April 1, 2017, as a way to squarely address its customers toward further growth of group-wide B2B solutions business. AVC Networks segment was therefore renamed as Connected Solutions.

(2) Management Strategy and Challenges of Panasonic Group

1) Main initiatives for fiscal 2018

Panasonic set fiscal 2017 as a "year to lay a solid foundation for growth," and conducted proactive initiatives for future. The Company promoted the initiatives such as making upfront investments in its automotive infotainment business, and in increasing the number of operation sites for its house remodeling business. Moreover, the Company made strategic investments such as a capital investment to lithium-ion batteries for the U.S. electric vehicle manufacturer, a consolidation of the U.S. based Hussmann, which manufactures commercial-use refrigerated and freezer display cases, and other M&A projects.

In the management environment for fiscal 2018, despite uncertainty over the trend of overseas politics, government and monetary policies and so forth, the global economy is expected to grow overall due mainly to a recovery in the U.S. economy and resource-rich countries. In Japan, a gradual economic recovery is expected to continue due mainly to an increase in public investment and the start of investments for the Tokyo 2020 Olympic and Paralympic Games. In fiscal 2018, Panasonic will therefore promote its growth strategies aiming at sustainable sales and profit increase, identifying the growth areas where the Company will concentrate its management resources.

2) Major initiatives in each segment

Appliances

In its Consumer Electronics business, Panasonic will take advantage of its expertise in Japan to continuously expand premium product lineup for further growth in China and other Asian countries. The Company also intends to strategically focus its resources on the Indian market by strengthening its product lineup and sales platform to expand business. In B2B business, the Company will reinforce its profit structure, focusing on U.S. based Hussmann as one of its key business pillars.

Eco Solutions

In its Housing-related business in Japan, Panasonic will strengthen its product lineup by taking advantage of Panasonic Living Showrooms and strong customer contacts owned by PanaHome Corporation, and by creating customer-oriented values in living spaces at home. The Company will expand service business tailored to customers' need over their lifetime, such as home remodeling and elderly-care businesses. Meantime, for overseas business, the Company will accelerate localization of decision-making process, expand electrical equipment and material business in the Middle East and Africa through Panasonic Eco Solutions Turkey, as well as India's Anchor Electricals Pvt. Ltd., and accelerate Housing-related business in Southeast Asia.

Connected Solutions

Panasonic intends to become a special technology partner for its customers, by offering its cutting-edge products and IoT-oriented values in the areas of airlines, manufacturing, entertainment, distribution, logistics and public sector to contribute to creating better societies. The Company will aim for business growth and profit increase by strengthening global sales networks and solutions capabilities that are closely tied with its customers in each major industry.

Automotive & Industrial Systems
Panasonic will aim to accelerate growth by reinforcing development of next-generation cockpit systems and Advanced Driver Assistance Systems (ADAS), and by taking advantage of the technology of Ficosa International S.A., a major Spanish automotive mirror systems manufacturer, and OpenSynergy GmbH, a German automotive software developer, both of which have been made consolidated subsidiaries. Moreover, the Company will expand its production of automotive batteries in three regions, Japan, the U.S. and China, to meet booming demand for eco-cars. Regarding industrial devices, the Company will strengthen the automotive and industrial businesses with the aim of improving profitability.

3) Foundations toward sustainable growth
Corporate Governance
Panasonic continues to strengthen its corporate governance and improve its effectiveness, as the Company recognizes it as a key foundation to enhance its mid-to-long term corporate value. In the Board of Directors meeting held in December 2016, the Company resolved the change of the number of members of the Board of Directors of Panasonic (limiting Inside Directors to a maximum of eight and setting a minimum ratio of Outside Directors of one third, following to the change) effective on June 29, 2017, to enhance the agility, transparency and objectivity of the Board of Directors.

Environment
Panasonic formulated the Environmental Vision 2050, targeting a balance between better living and the sustainability of the global environment by creating a society with clean energy which will enable people to live better and more comfortable lives. Under Environmental Vision 2050, the Company will develop products, technologies and solutions that contribute to the creation, storage, conservation of energy and energy management, reducing energy consumption internally used by Panasonic and generating larger amount of clean energy than the consumption amount.

Human Resources Strategy
Under the global business environment, Panasonic needs to create new business and achieve growth by being closer to its customers in the markets with growth potential. Toward this end, the Company reorganizes workplace environment and systems which enable each of its employees to work in a rewarding work environment and grow as an individual, regardless of nationality and length of service. The Company will accelerate global assignment of talents across national and regional boundaries, and will introduce an HR system such as global human resources database.

(3) Policy on Control of Panasonic Corporation
1) Efforts to boost corporate value of the Company
Since the Company’s foundation, Panasonic has operated its businesses under its management philosophy, which sets forth that Panasonic’s mission as a business enterprise is to contribute to the progress and development of society and the well-being of people through its business activities, thereby enhancing the quality of life throughout the world. Having its DNA of Consumer Electronics tailored to customer lifestyles and collaborating with a variety of partners, the Company will also work to sustainably grow its corporate value to satisfy its shareholders, investors, customers, business partners, employees and all other stakeholders while offering and pursuing a “better life” for an even wider range of customers.

The Company’s business is categorized into four business areas of Consumer Electronics, Housing, Automotive, and B2B to achieve the Company-wide management targets for fiscal 2019. The management targets are: operating profit of 450.0 billion yen and net profit attributable to Panasonic Corporation stockholders of 250.0 billion yen or more. In fiscal 2018, Panasonic will promote its growth strategies aimed at sustainable sales and profits increase, identifying the growth areas where the Company will concentrate its management resources.

2) Measures against large-scale purchase
Panasonic has a basic policy that shareholders should make final decision in the event that a large-scale purchase of the Company's shares is offered, regarding whether or not the offer should be accepted. However, in such cases, there is a possibility that shareholders might not be provided with sufficient information required to make appropriate decisions, and a concern that corporate value and shareholder interest might be significantly damaged.

Based on this approach, in 2005 Panasonic resolved to adopt a policy related to a Large-scale Purchase of the Company's shares called the Enhancement of Shareholder Value (ESV) Plan, and announced the policy publicly. Since then, the continuation of the policy has been approved every year at the Board of Directors' meeting. However, the Company has now decided to discontinue the policy as of the end of fiscal 2017, thereby abolishing it. This decision is the result of careful consideration involving close attention to changes in the external business environment, including the opinions provided by shareholders such as institutional investors in Japan and abroad, the latest trends regarding takeover defense measures, and permeation of the Japan's Corporate Governance Code.

Henceforth, Panasonic will take appropriate measures within the scope permitted by the Financial Instruments and Exchange Act, the Companies Act, and other related laws and regulations, including requesting any party proposing a Large-scale Purchase of the Company's shares to provide sufficient information necessary to assist shareholders in making appropriate decisions, expressing or disclosing opinions or other statements from the Board of Directors, and endeavoring to secure sufficient time for shareholders to consider the proposed purchase. Before the Board of Directors' opinions or other statements are expressed or disclosed, the Company will set up an independent committee comprising Outside Directors and Outside Audit & Supervisory Board Members and the Board of Directors will consult this committee regarding its opinion and treat the committee's verdict with the utmost respect.

4. Risk Factors

Annually, Panasonic conducts a risk assessment by which it surveys to identify potential risks which may affect its business activities, evaluates such risks based on its common global standards mainly focusing on the impact to the management of Panasonic and the probability of the materialization of the risks, and prioritizes the risks against which measures should be taken. For the risks identified as material in these processes, each level of Panasonic Group, such as the Corporate, Divisional Companies and Business Divisions, forms and takes countermeasures that correspond to the characteristics of the risks, monitors the progress of such countermeasures, and seeks continuous improvements.
The following are the potential risks which may affect its business activities and may have a material impact on the investors' decision, but is not comprehensive to include all the risks related to Panasonic. Other than described herein, there are unforeseeable risks. These risks may substantially and adversely affect Panasonic's business, operating results and financial condition.
This section includes forward-looking statements and future expectations as of June 30, 2017, the filing date of this annual securities report.

(1) Risks Related to Economic Conditions

Changing economic conditions

Demand for Panasonic's products and services may be affected by general economic trends in the countries or regions in which Panasonic's products and services are sold. Economic downturns and resulting declines in demand in Panasonic's major markets worldwide may thus adversely affect the Company's business, operating results and financial condition. For fiscal 2018, ending March 31, 2018, the Company anticipates that the global economy will grow moderately due to economic recovery in the United States and resource-rich countries. The Company also anticipates that a moderate economic recovery will continue mainly due to an increase in public investment and the start of investments for the Tokyo 2020 Olympic and Paralympic games in Japan. On the other hand, there are uncertainties such as overseas political situation, monetary policy trends, rapid changes in the price of natural resources, and geopolitical risks. If additional business restructuring is necessary to cope with such situations, Panasonic may incur increased costs. If the global economy worsens contrary to the Panasonic's expectations, the business environment of Panasonic may deteriorate more than currently anticipated, which may adversely affect the Company's business, operating results and financial condition.

Currency exchange rate fluctuations

Foreign exchange rate fluctuations may adversely affect Panasonic's business, operating results and financial condition, because costs and prices of its products and services and certain other transactions that are denominated in a foreign currency are affected by foreign exchange rate changes. In addition, foreign exchange rate changes also affect the yen value of Panasonic's overseas assets and liabilities because the amounts of such assets and liabilities are translated and presented in Japanese yen in Panasonic's consolidated financial statements. Generally, an appreciation of the yen against the local currencies of the countries in which Panasonic operates may adversely affect Panasonic's operating results. Meanwhile, a depreciation of the yen against local currencies may have a favorable impact on Panasonic's operating results. However, the depreciation of the yen against certain currencies such as the RMB may adversely affect the operating results of certain businesses on a Japanese yen basis due to the price increase of imported products. Excessive foreign exchange rate fluctuations may adversely affect the Company's business, operating results and financial condition.

Interest rate fluctuations

Panasonic is exposed to interest rate fluctuation risks which may affect the Company's interest expenses, interest income and the value of financial assets and liabilities. Accordingly, interest rate fluctuations may adversely affect the Company's business, operating results and financial condition.

Changing fundraising environment
Panasonic raises funds for its business through methods such as borrowing from financial institutions and issuing bonds and commercial paper. If, among other factors, the financial market becomes unstable or deteriorates, financial institutions reduce lending to Panasonic or rating agencies downgrade Panasonic's credit ratings, Panasonic may not be able to raise funds in the time and amount necessary for Panasonic, or under conditions which Panasonic deems appropriate, and Panasonic may incur additional costs of raising funds, which may adversely affect the Company's business, operating results and financial condition.

Decreases in the value of stocks
Panasonic holds both Japanese and overseas stocks as part of its financial assets. Decreases in the value of the stocks, such as stock price decline, may reduce Panasonic Corporation stockholders' equity, thereby adversely affecting Panasonic's condition.

(2) Risks Related to Panasonic's Business
Competition in the industry
Panasonic develops, produces and sells a broad range of products and services and therefore faces many different types of competitors, from large international companies to relatively small, rapidly growing, and highly specialized organizations. Panasonic is strengthening an investment in strategically important business, but may not be able to invest in a specific business to the same degree as its competitors do, or it may not be able to do so in a timely manner or even at all. These competitors may have greater financial strength, technological capability, and marketing resources than Panasonic in the respective businesses in which they compete.

Competition including price competition, worldwide
Panasonic's business is subject to intense competition worldwide, which makes it difficult for the Company to determine product prices and maintain adequate profits. Although Panasonic makes efforts to reduce costs and develop high value products, downward price pressure due to such price competition may seriously affect Panasonic's ability to maintain or secure profits notwithstanding such efforts, especially during periods of possible decreases in product demand. In business-to-consumer, or BtoC business areas, amid accelerating changes in the structure of markets, such as a demand shift to emerging markets and lower-priced products, Panasonic's product prices in digital electronics and other business areas may continue to decline. On the other hand, notwithstanding the Company's efforts, in business-to-business, or BtoB business areas, the Company's business, operating results and financial condition may be adversely affected by the downward price pressure, decrease in demand for products, or pressure for capital investment from business partners that the Company highly depends on.

Risks generally associated with international business operations
One of Panasonic's business strategies is business expansion in overseas markets. In many of these markets, Panasonic may face risks generally associated with international manufacturing and other business operations, such as political instability, including war, civil war, conflict, riot and terrorist attacks, cultural and religious differences and labor relations, as well as economic uncertainty and foreign currency exchange risks. Panasonic may also face barriers in commercial and business customs in foreign countries, including difficulties in timely collection of accounts receivable or in building and expanding relationships with customers, subcontractors or parts suppliers. Panasonic may also experience various political, legal or other restrictions in investment, trade, manufacturing, labor or other aspects of operations, including restrictions on foreign investment or the repatriation of profits on invested capital, nationalization of local industry, changes in export or import restrictions or foreign exchange controls, and changes in the tax system, including the change in the rate of taxation and international tax risk, such as tax on the transfer pricing, in countries where Panasonic operates businesses. With respect to products exported overseas, tariffs, other barriers or shipping costs may make Panasonic's products less competitive in terms of price. Expanding its overseas businesses may require significant investments long before Panasonic realizes returns on such investments, and increased investments may result in expenses growing at a faster rate than revenues.

Product formats that prevail as de facto standards

Panasonic may fail to develop or provide new products or services in a timely manner. Some of Panasonic's core businesses in both BtoC and BtoB areas are concentrated in industries where technological innovation is the central competitive factor. In cases where Panasonic fails to predict with reasonable accuracy both future demand and new technologies that will be available to meet such demand or the technology developed or provided by Panasonic does not lead the market and, instead, the technology developed by its competitors are recognized as de facto standards, the Company may lose its competitiveness in new markets.

Competition in recruiting and retaining skilled employees

Panasonic's future success depends largely on its ability to attract and retain certain key personnel, including professionals in the fields of research, development, technology, manufacturing and management. However, the number of qualified personnel in each field is limited, and the competition for attracting and retaining these employees is intense. Because of this intense competition for skilled employees, Panasonic may be unable to retain its existing personnel or attract additional qualified employees to keep up with future business needs. If this should happen, Panasonic's business, operating results and financial condition could be adversely affected.

Alliances with, and strategic investments in, third parties, and corporate takeovers

Panasonic has formed strategic alliances such as business alliances or joint ventures with, or strategic investments in, other companies, and has also purchased other companies, in order to introduce new products and services. Furthermore, the importance of strategic alliances with third parties as well as corporate takeovers is increasing. In the strategic alliances, Panasonic may not be able to successfully collaborate or achieve expected synergies with its alliance partners, or recover some or all of its respective investments. Furthermore, the alliance partners may make decisions regarding their business undertakings with Panasonic that may be contrary to Panasonic's interests. In addition, if these partners change their business strategies, Panasonic may fail to maintain these partnerships. In the corporate takeovers, Panasonic may incur substantial expenses in relation to such takeovers may not be able to fully achieve expected results or may incur unexpected losses in connection with business integration or restructuring after such takeovers.

Reorganization

Panasonic owns a large number of subsidiaries (including listed subsidiaries) and associated companies, etc., and may restructure its group-wide business organization, such as transferring its business or equity interest to outside and re-organizing its organization or locations of the group businesses, for management efficiency and strengthening competitiveness. However, Panasonic may fail to fully achieve the expected results from any ongoing or future restructuring.

Shortage of and increased purchase prices for raw materials, components and services, as well as electricity

Panasonic's manufacturing operations depend on obtaining raw materials, parts and components, equipment and other supplies including services from reliable suppliers at adequate quality and quantity in a timely manner. It may be difficult for Panasonic to substitute one supplier for another, increase the number of suppliers or change one component for another in a timely manner or at all due to the shortage or interruption of supply caused by, among other factors, natural disasters, accidents, the bankruptcy of suppliers or increased industry demand. Any of these factors may adversely affect the Panasonic Group's operations. Although Panasonic and its suppliers agree on purchase prices by contract, the prices of raw materials, including iron and steel, resin, non-ferrous metals, and parts and components may increase due to changes in demand and supply conditions and the inflow of investment funds. Some raw materials and components are only available from a limited number of suppliers. The production and sales activities of Panasonic may be adversely and significantly affected by the aforementioned factors.

Customers facing financial difficulties
Many of Panasonic's customers purchase products and services from Panasonic on payment terms that do not provide for immediate payment. If customers from whom Panasonic has substantial accounts receivable encounter financial difficulties and are unable to make payments on time, Panasonic's business, operating results and financial condition could be adversely affected.

(3) Risks Relating to Panasonic's Management Targets
Panasonic sets profit targets in connection with its management of the Panasonic group and implements specific measures to achieve these targets. While such targets are based on information, analysis and other factors that Panasonic deems appropriate at the time they are determined, Panasonic may not be able to achieve such targets due to various factors, such as the deterioration of the business environment.

(4) Risks Related to Legal Restrictions and Litigations
Significant direct or indirect costs resulting from product liability or warranty claims
The occurrence of quality problems due to product defects, including safety incidents, relating to Panasonic products could make Panasonic liable for damages not covered by product and completed operation liability insurance, whereby the Company could incur significant expenses to manage such problems. Due to the occurrence of these problems, Panasonic may experience the deterioration of its image or reputation or may not be able to retain its customers. As a result, Panasonic's business, operating results and financial condition may be adversely affected.

Damages related to intellectual properties rights
Panasonic may fail to protect its intellectual property rights adequately, face claims of intellectual property infringement by a third party and lose its intellectual property rights to key technologies or be liable for significant damages. Patents may not be granted or may not be of sufficient scope or force to provide Panasonic with adequate protection. In addition, effective intellectual property rights may be unavailable or limited in some countries in which Panasonic operates. Competitors or other third parties may also develop technologies that are protected by patents and other intellectual property rights, which make such technologies unavailable or available only on terms unfavorable to Panasonic. The Company obtains licenses for patents and other intellectual property rights from other parties; however, such licenses may not be available on acceptable terms or at all, and the terms of such licenses may be modified unfavorably. Litigation may also be necessary to enforce Panasonic's intellectual property rights or to defend against intellectual property infringement claims brought against Panasonic by third parties. In such cases, Panasonic may incur significant expenses and management resources in connection with such lawsuits. Furthermore, Panasonic may be prohibited from using certain important technologies or be found liable for damages in cases of admitted violations of intellectual property rights of others.

Changes , etc. in accounting standards and tax systems
Introduction of new accounting standards or tax systems, or changes thereof, which Panasonic cannot predict, may have a material adverse effect on the Company's operating results and financial condition. In addition, if tax authorities have different opinions from Panasonic on the Company's tax declarations, Panasonic may need to make larger tax payments than estimated.

Environmental regulations or issues
Panasonic is subject to environmental laws and regulations such as those relating to climate change, natural resources, water, biodiversity, chemical substances, waste materials, product recycling, and soil, groundwater and air contamination, and may be held responsible for certain related payments or compensation. Furthermore, if these regulations become stricter and an additional duty with the aim of eliminating the use of environmentally hazardous materials is imposed, or if Panasonic Group determines that it is necessary and appropriate, from the viewpoint of corporate social responsibility, to respond more to environmental issues, the payment of penalties for the violation of these laws and regulations or the payment of expenses of such efforts may adversely affect Panasonic's business, operating results and financial condition.

Risk related to information security
In the normal course of business, Panasonic holds confidential information mainly about customers regarding privacy, creditworthiness and other information such as customers' personal information, and receives confidential information about companies and other third parties. Other than the information regarding customers and companies and other third parties, Panasonic also deals with its own trade secrets (including Panasonic' technical information). Such information may be leaked due to an intentional action or negligence including fraudulent access to the Company's systems or cyber security attacks. Furthermore, the number of the Company's products, services and production facilities utilizing the Internet is increasing, and despite the Company implementing security measures to protect against external threats, the Company may experience a leak of personal information, a release of information to outside parties, suspension of its services, adverse effect to its processes or other incidents due to reasons such as an unexpected intrusion or fraudulent activities conducted through the network linked with its products, services or production facilities. Such events may cause Panasonic to be liable for damages against the affected parties or result in significant expense to manage these issues or otherwise adversely affect Panasonic's business and image. If such is the case, Panasonic's business, operating results and financial condition may be adversely affected.

Restrictions, costs or legal liability relating to governmental laws and regulations
Panasonic is subject to governmental regulations in Japan and other jurisdictions in which it conducts its business, including requirements to obtain governmental approvals for conducting business and investments, laws and regulations governing the telecommunications businesses and the safety of electric products, national security-related laws and regulations and export/import laws and regulations, as well as commercial, antitrust, patent, product liability, environmental laws and regulations, consumer protection, labor relations, financial transactions, internal control and business taxation laws and regulations. If, due to the implementation of stricter laws and regulations and stricter interpretations by governmental authorities, Panasonic cannot comply with these laws and regulations from technical and economic perspectives, or Panasonic determines that it would not be economical to continue to comply with them, Panasonic will need to limit its activities in the affected business areas. Such laws and regulations could increase Panasonic's operating costs. In addition, in the event that governmental authorities find or determine that Panasonic has violated such laws and regulations, Panasonic could become subject to regulatory sanctions, including monetary penalties, as well as criminal sanctions or civil lawsuits for damages, and could also suffer reputational harm.

(5) Risks Relating to Disasters, Accidents and Unpredictable Events
Panasonic continues to expand its manufacturing, sales, and research and development activities globally and has facilities all over the world. If major natural disasters, such as earthquakes, tsunamis, floods, including those caused by climate change, fires, explosions, wars, terrorist attacks or other events occur, Panasonic's employees, facilities, information systems and other assets may be seriously injured or damaged, or the Company may have to stop or delay production and shipment of its products. Panasonic may incur expenses relating to restoration of damaged facilities. In addition, if an infectious disease, such as a new highly pathogenic flu strain, becomes prevalent throughout the world, Panasonic's manufacturing and sales may be materially disrupted. In addition, if such natural disasters and accidents or other unpredictable events disrupt Panasonic's supply chain, including through disruptions affecting suppliers of parts or components and manufacturers to which Panasonic sells its products, the production and sales activities of Panasonic may be adversely and significantly affected due to the shortage or interruption in the supply of parts or components from such suppliers, or suspension of or decline in the production activities of such manufacturers.

(6) Other Risks
Panasonic's pension plan benefit obligations
Panasonic Group has contributory, funded benefit pension plans covering substantially all employees in Japan who meet eligibility requirements. The Company and certain domestic subsidiaries made a transition from a defined benefit pension plan to a defined contribution pension plan for contributions made on or after the transition date. Regarding the contributions made prior to the transition date, a decline in interest rates may cause a decrease in the discount rate on benefit obligations. A decrease in the value of stocks may also reduce the fair value of the plan assets. As a result, Panasonic's pension plan benefit obligations may increase, causing the Panasonic Corporation stockholders' equity to decrease.

Impairment of some non-financial assets

Panasonic has many non-financial assets (other than inventories and deferred tax assets etc.), such as property, plant and equipment, goodwill, and intangible assets, which generate returns. The Company periodically reviews the recorded value of its non-financial assets on the Consolidated Statements of Financial Position, to determine if the recoverable amount of the asset is more than its carrying amount. If the assets do not generate sufficient future cash flows, impairment losses may have to be recognized.

Realizability of deferred tax assets

In assessing the realizability of deferred tax assets, Panasonic recognizes those which it considers that it is probable that they can be utilized against its future taxable profit. Deferred tax assets are reviewed at the end of each period and reduced to the extent that it is no longer probable that the related tax benefits will be realized, leading to Panasonic's income taxes increase.

Financial results and condition of companies using the equity method

Panasonic holds equities in several companies using the equity method. Panasonic has significant influence in terms of financial and operating policies over these companies, but does not have control over these companies. Therefore, Panasonic does not make decisions for their policies. Deterioration of business results and financial condition of these companies accounted for using the equity method may affect Panasonic's business results and financial condition.

5. Material Agreements, etc.

(1) As Licensee

Licensor	Country	Contract description	Contract period
QUALCOMM INC.	U.S.A	License of patents relating to 3G mobile phone and base station	From March 2001 to the expiration of the patents under contracts

(2) As Licensor

Licensee	Country	Contract description	Contract period
MPEG LA LLC.	U.S.A	License of patents relating to MPEG-4 Visual	From January 2000 to the expiration of the patents under contracts

(3) Cross License Agreement

Party	Country	Contract description	Contract period
Eastman Kodak Company	U.S.A	Cross license of patents relating to digital still camera	From December 2007 to December 2017
Koninklijke Philips Electronics N.V.	Netherlands	Cross license of patents relating to mobile phone and AV products	From March 2007 to the expiration of the patents under contracts
SAMSUNG Electronics Co., Ltd.	South Korea	Cross license of patents relating to semiconductor	From January 2008 to the expiration of the patents under contracts
Pioneer Corporation	Japan	Cross license of patents relating to major AV products	From April 2006 to March 2018

(4) Conclusion of Agreement for Company Split (Simplified Absorption Type) of B2B Solution Related Business

The Company's Board of Directors resolved on September 28, 2016 to succeed B2B solution related business of Panasonic System Networks Co., Ltd. ("PSN"), a wholly-owned consolidated subsidiary of Panasonic, through an absorption-type company split (the "Company Split"), and concluded the absorption-type split agreement on December 22, 2016.

1) The purpose of the Company Split is as follows.
The Company, aiming for the growth of the B2B solution business that is one of its core businesses, identified the industries to focus on and will establish a business structure in which it can serve closely with each customer in each identified industry. To achieve that, the Company will succeed the B2B solution related businesses which PSN currently takes care of through the Company Split. The Company intends to realize the flexible resource-shifting toward growth area and the establishment of the aforementioned business structure. The Company will also aim to provide wide range of solutions for the customers in B2B market.

2) Method of the Company Split
The Company Split is an absorption-type company split in which PSN is the splitting company and Panasonic is the succeeding company (simplified absorption-type company split). There shall be no allotment of shares or other consideration upon the Company Split.

3) Effective date of the Company Split: April 1, 2017

4) Operating results of the business to be succeeded
Net Sales: 143.2 billion yen (The year ended March 2017)

5) Assets and liabilities of the business to be succeeded
Total assets: 54.8 billion yen (as of March 31, 2017)
Total liabilities: 31.6 billion yen (as of March 31, 2017)

6) Outline of succeeding Company (Panasonic)
Stated capital: 258,740 million yen (as of March 31, 2017)
Principal lines of business: Manufacture and sale of electronic and electric equipment, etc.

In accordance with the above agreement, the Company, on April 1, 2017, implemented the Company Split.

(5) Conclusion of Absorption-type Merger Agreement of Panasonic Industrial Materials Koriyama and Panasonic Industrial Materials Yokkaichi

The Company's Board of Directors resolved on November 30, 2016 to absorb Panasonic Industrial Devices Materials Koriyama Co., Ltd. ("PIDMK") and Panasonic Industrial Devices Materials Yokkaichi Co., Ltd. ("PIDMYC"), both of which are wholly-owned consolidated subsidiaries of Panasonic (the "Merger"), and concluded the agreement on the same day.

The outline of the Merger is as follows.

1) Method of the Merger
Panasonic, as the surviving company, will absorb PIDMK and PIDMYC, which will be dissolved upon the Merger.

2) Effective date of the Merger: April 1, 2017

3) Purpose of the Merger:
To accelerate speed of management through global-level cooperation based on the integrated development, manufacturing, and sales for the electronic materials business.

4) Allotment of shares in relation to the Merger:
There shall be no allotment of shares or any other consideration with respect to the Merger.

5) Merger ratio calculation basis: None

6) Assets and liabilities to be succeeded:
PIDMK: Total assets: 9.1 billion yen / Total liabilities: 5.9 billion yen (As of March 31, 2017)
PIDMYC: Total assets: 6.2 billion yen / Total liabilities: 4.2 billion yen (As of March 31, 2017)

7) Outline of the surviving company (Panasonic):
Stated Capital: 258,740 million yen (As of March 31, 2017)
Principal lines of business: Manufacture and sales of electric and electronic equipment etc.

In accordance with the above agreement, the Company absorbed PIDMK and PIDMYC on April 1, 2017.

(6) Conclusion of a Share Exchange Agreement to Make Panasonic Industrial Devices SUNX Co., Ltd. ("SUNX") its Wholly-owned Subsidiary

The Company's Board of Directors resolved on December 20, 2016 to conduct a share exchange (the Share Exchange) in order to make SUNX, which is the Company's consolidated subsidiary, a wholly-owned subsidiary and Panasonic the wholly-owning parent company. The Company and SUNX concluded the share exchange agreement on the same day.

The Outline of the Share Exchange is as follows.

1) The Share Exchange
Panasonic shall become the wholly-owning parent company through share exchange and SUNX shall become a wholly-owned subsidiary through share exchange.

2) Effective date of the Share Exchange: March 27, 2017

3) Purpose of the Share Exchange
Panasonic and SUNX aim to further enhance the Panasonic Group's competitive advantage through sharing and utilizing the management resources of both companies to provide customers with their desired solutions, and the unification of the development, production, and sales functions in the FA business.

4) Method of the Share Exchange
The Company shall allot the shares of Panasonic to shareholders of SUNX (excluding the shares of SUNX that Panasonic owns). All of the shares to be delivered by Panasonic are scheduled to be sourced from the treasury shares held by Panasonic.

5) The share exchange ratio
0.68 shares of Panasonic will be allotted and delivered in exchange for each share of SUNX.

6) Basis and reason for calculation of the allotment
Panasonic appointed Nomura Securities Co., Ltd. ("Nomura Securities") as the third-party valuation institution, and SUNX appointed Daiwa Securities Co. Ltd. ("Daiwa Securities") as the third-party valuation institution. Nomura Securities adopted the average market price analysis for calculation in the valuation of Panasonic, and the average market price analysis and the DCF Analysis in the valuation of SUNX. Daiwa Securities adopted the market price analysis and the DCF Analysis in the valuation of Panasonic and SUNX.

Panasonic and SUNX, each based on the results of the valuation, upon conducting careful reviews and holding mutual negotiations and consultations, decided the share exchange ratio.

7) Outline of the wholly-owning parent company in the share exchange (Panasonic)
Stated capital: 258,740 million yen (as of March 31, 2017)
Principle lines of business: The manufacture and sale of electric and electronic equipment etc.

In accordance with the above agreement, the Company acquired the shares of SUNX on March 27, 2017.

(7) Conclusion of a Share Exchange Agreement to Make PanaHome Corporation ("PanaHome") its Wholly-owned Subsidiary

The Company's Board of Directors resolved on December 20, 2016 to conduct a share exchange (the Share Exchange) in order to make PanaHome, which is the Company's consolidated subsidiary, a wholly-owned subsidiary and Panasonic the wholly-owning parent company. The Company and PanaHome concluded the share exchange agreement on the same day.

The Outline of the Share Exchange is as follows.

1) The Share Exchange
Panasonic shall become the wholly-owning parent company through share exchange and PanaHome shall become a wholly-owned subsidiary through share exchange.

2) Effective date of the Share Exchange: August 1, 2017 (scheduled)

3) Purpose of the Share Exchange
Panasonic aims to further enhance the value of the Panasonic Group in the housing market, through addressing customer needs swiftly and precisely within the All-Panasonic framework, by sharing and utilizing management resources of both Panasonic and PanaHome.

4) Method of the Share Exchange
The Company shall allot the shares of Panasonic to shareholders of PanaHome (excluding the shares of PanaHome that Panasonic owns). All of the shares to be delivered by Panasonic are scheduled to be sourced from the treasury shares held by Panasonic.

5) The share exchange ratio in the Share Exchange
0.80 shares of Panasonic will be allotted and delivered in exchange for each share of PanaHome.

6) Basis and reason for calculation of the allotment
Panasonic appointed Nomura Securities Co., Ltd. ("Nomura Securities") as the third-party valuation institution, and PanaHome appointed SMBC Nikko Securities Inc. ("SMBC Nikko Securities") as the third-party valuation institution. Nomura Securities adopted the average market price analysis for calculation in the valuation of Panasonic, and the market price analysis, the comparable multiple valuation method, and the DCF Analysis in the valuation of PanaHome. SMBC Nikko Securities has adopted the market price analysis in the valuation of Panasonic, and the market price analysis, the comparable multiple valuation method, and the DCF Analysis in the valuation of PanaHome. Panasonic and PanaHome, each based on the results of the valuation, upon conducting careful reviews and holding mutual negotiations and consultations, decided the share exchange ratio.

7) Outline of the wholly-owning parent company in the share exchange (Panasonic)
Stated capital: 258,740 million yen (as of March 31, 2017)
Principle lines of business: The manufacture and sale of electric and electronic equipment etc.

(8) Conclusion of the Memorandum of Understanding with respect to the Termination of the Share Exchange Agreement between Panasonic and PanaHome and Implementation of the Tender Offer for shares of common stock of PanaHome

The Company's Board of Directors resolved on April 21, 2017, to terminate, by mutual agreement, the share exchange agreement between Panasonic and PanaHome (the "Share Exchange Agreement") that was executed on December 20, 2016, in order to make PanaHome, which is Company's consolidated subsidiary, a wholly-owned subsidiary through share exchange and make Panasonic the wholly-owning parent company through share exchange, as explained in the above (7). The Company also resolved to acquire shares of common stock of PanaHome through a tender offer ("the Tender Offer"). Also on the same day, both companies terminated the Share Exchange Agreement by mutual agreement, and entered into the memorandum of understanding with respect to the implementation of the Tender Offer, subject to certain conditions being satisfied.

(9) Conclusion of Agreement of the Share Transfer of Panasonic Corporation of North America

The Company's Board of Directors resolved on December 22, 2016 to reorganize overseas shareholding structure of Panasonic Group. The Company conducted the agreement of share transfer on March 16, 2017, to transfer all shares of Panasonic Corporation of North America held by Panasonic to Panasonic Holding (Netherlands) B.V. and concluded the transfer on same day.

6. Research and Development

The Panasonic Group concentrated on development of new technologies and new products to underpin the future based on the growth strategies for the major business fields of each segment. The Panasonic Group also established Wonder LAB Osaka as a space for conducting joint innovation, and proactively undertook initiatives for generating innovation with external partners.

Key development themes and results during fiscal 2017 were as follows:

(1) Automotive:
Development of technologies that will contribute to self-driving vehicles and creation of a prototype and Demonstration experiment of a self-driving electric commuter vehicle

Panasonic Group developed a proprietary integrated electrified system that mounts, with high precision, an electric power circuit, inverter, motor, etc., into a single case. It also took up the challenge of self-driving vehicles utilizing digital AV, image recognition, and artificial intelligence technologies cultivated in the field of home appliances. A self-driving electric commuter vehicle prototype was created, featuring self-driving functions that allow the vehicle to ascertain the road status itself, avoiding stationary vehicles and following a preset route. Test driving of the prototype has already commenced on a test course and in an environment similar to a public road inside the Company's site.

Through these developments, Panasonic Group will accumulate self-driving vehicle-related technologies and strengthen and accelerate its business related to the advanced driver assistance systems (ADAS).

(2) Consumer electronics:
Development of "nanoe X" generating ten times more hydroxyl (OH) radicals than previously

Panasonic Group has developed the "nanoe X" with an improved discharge unit compared to the conventional "nanoe" device, allowing it to form a wide plasma generation field and retain the same amount of ozone while generating ten times more OH radicals.

The OH radicals can draw out the hydrogen contained in airborne bacteria and allergens, neutralizing them. The bacterial elimination effect is expected to increase as the number of OH radicals increases.

This "nanoe X" device can be mounted in humidifying air purifiers and room air-conditioners to neutralize pollen (12 varieties) dispersed throughout Japan, regardless of region or season, and eliminate five frequently encountered odors, thereby providing secure and comfortable atmospheric environments.

(3) Housing:
Development of a 700 W hydrogen fuel cell and start of demonstration experiment for introduction into society

Panasonic Group developed a 700 W hydrogen fuel cell prototype that generates electricity directly from hydrogen with high power generation efficiency in a small size, based on Ene Farm. Panasonic Group also collaborated with local governments, related companies, and others to install the prototypes in the "Yume Solar Kan Yamanashi" and "Hydrogen Station Shizuoka" to start collecting data in an actual environment and demonstration experiment of several units linked together, and so forth, with a view to introducing them into society.

Looking ahead, Panasonic Group will accelerate development towards practical implementation through this demonstration testing and contribute to the development of a hydrogen society in the future.

(4) B2B:
Demonstration experiment conducted for industry's first entirely automated robotic checkout system, "Regi-Robo"

Panasonic Group developed “Regi-Robo,” an entirely automated robotic checkout system that can automatically associate products and a register using sensing technology driven by IoT* and automatically calculate the total price and bag products placed in a “Smart Basket” when it is placed in a dedicated checkout counter, using robotics technologies developed in the manufacturing industry. “Regi-Robo” was developed by reflecting customer feedback on demonstration tests held at the in-house co-creation space Wonder LAB Osaka. After that, a demonstration experiment was held in a next-generation type convenience store collaborating with Lawson, Inc.

“Regi-Robo” will significantly shorten time for calculating totals and checkout operations, and Panasonic Group plans to continue supporting rich lifestyles for customers using technology.

R&D expenditures totaled 436.1 billion yen in fiscal 2017.

* IoT: Internet of Things refers to the connection of many things and devices to the Internet.

7. Analyses of Consolidated Financial Position, Operating Results and Cash Flows

(1) Critical Accounting Policies

The Company's consolidated financial statements are prepared in conformity with IFRS. The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions are reflected in valuation and disclosure of revenue recognition, net realizable value of inventories, recoverability of deferred tax assets, measurement of defined benefit obligation, impairment of non-financial assets (including goodwill), and assets acquired and liabilities assumed by business combinations. Actual results could differ from those estimates.

The details of critical accounting policies are stated in "Ⅴ. Consolidated Financial Statements, Note 3. Significant accounting policies."

(2) Analyses of Operating Results for Fiscal 2017, ended March 31, 2017

During fiscal 2017 under review, the global economy continued to moderately recover; as the economy in the U.S. started to recover on the back of its steady personal spending and the improvement in capital investments, and the excessive concern for the slowdown of Chinese economy decreased. In Japan, signs of recovery in its exports and capital investments were seen on the back of improving overseas economy, although its personal spending remained at a standstill. While the economic environment significantly changed in terms of politics, monetary policies, foreign exchange rate trends and so forth, the overall economy has mildly recovered.

Under this economic environment, the Panasonic set fiscal 2017 as a "year to lay a solid foundation for growth" towards its vision for fiscal 2019 and beyond, and made investments in its growth businesses. As one of the initiatives during fiscal 2017, for housing business, the Company unified the brands of remodeling business of Panasonic and PanaHome Corporation (PanaHome) into "Panasonic Reform" in April 2016. The Company announced that Panasonic would acquire PanaHome as a wholly-owned subsidiary through a tender offer and subsequent related procedures for common stock of PanaHome. The Company will promote its business strategies by making the maximum use of management resources in both Panasonic and PanaHome. In December 2016, Panasonic also announced that the Company reached the agreement with Tesla, Inc. to collaborate in manufacturing solar cells and modules in the U.S. For automobile business, Panasonic announced that it would consolidate Ficosa, a Spanish automotive component manufacturer in March 2017. Panasonic and Ficosa will accelerate commercialization of jointly developed products such as electric mirrors. For B2B business, in the Commercial Refrigeration & Food Equipment business, which is one of the core businesses of Panasonic, the Company acquired Hussmann Corporation (Hussmann) in the U.S. to have Hussmann and its subsidiaries as subsidiaries of Panasonic in April 2016. In December 2016, Panasonic announced to acquire Zetes in Belgium as a subsidiary to expand its overseas mobility logistics solution business. In March 2017, the Company acquired SUNX as a wholly-owned subsidiary to further enhance its factory automation equipment business.

1) Sales

Consolidated group sales for fiscal 2017 decreased to 7,343.7 billion yen from 7,626.3 billion yen a year ago due to the substantial impact of yen appreciation. However, overall sales in real terms excluding the effect of exchange rates increased. In terms of domestic market, sales slightly decreased year on year due mainly to sluggish sales of solar photovoltaic systems for household-use, while sales in home appliances and automotive -related business were solid. In terms of overseas business, sales also decreased year on year due mainly to an impact from exchange rates, even though the sales of newly-consolidated Hussmann contributed and sales of rechargeable batteries and electromechanical control devices were favorable. In real terms excluding the impact of exchange rates, consolidated group sales increased by 2% from a year ago.

By geographic region, overall sales in Japan declined by 1% to 3,659.1 billion yen, from 3,700.4 billion yen a year ago. Sales overseas decreased by 6% to 3,684.6 billion yen, from 3,925.9 billion yen a year ago. However, in real terms, excluding the impact of exchange rates, sales increased by 5% year on year. In North and South America, sales totaled 1,272.2 billion yen, a year-on-year increase of 2%, and a 12% increase in real terms. In Europe, sales declined by 13% from the previous fiscal year to 607.7 billion yen, which represents a 3% decline in real terms. In Asia and China, sales were 1,804.7 billion yen, a 9% decrease from a year ago, but a 3% increase in real terms.

2) Operating Profit

Cost of sales decreased from 5,367.7 billion yen a year ago to 5,157.2 billion yen. Selling, general and administrative expenses totaled 1,842.9 billion yen, a decrease from 1,845.4 billion yen a year ago. Share of profit of investments accounted for using the equity method declined slightly year on year to 8.4 billion yen. In other income (expenses), there was a loss of 75.2 billion yen, compared to a loss of 191.4 billion yen the previous fiscal year, due in part to declines in business restructuring expenses and legal costs related to rechargeable batteries, cathode-ray picture tubes, etc.

As a result, operating profit totaled 276.8 billion yen, an increase from 230.3 billion yen the previous fiscal year. Fixed costs in the form of upfront investments for future growth increased and exchange rates had an impact, but profit increased owing to the effects of streamlining initiatives, the aforementioned improvement in other income, and other factors. The operating profit ratio also improved to 3.8%, from 3.0% a year ago.

3) Profit before Income Taxes

Finance income declined from 23.6 billion yen the previous fiscal year to 21.8 billion yen. Finance expenses were 23.5 billion yen, down from 26.4 billion yen a year ago.

As a result, profit before income taxes was 275.1 billion yen, compared to 227.5 billion yen the previous fiscal year.

4) Net Profit attributable to Panasonic Corporation Stockholders

Income taxes were 102.7 billion yen, compared to 36.3 billion yen a year ago. Income taxes the previous fiscal year includes the amount of benefits from the restatement of deferred tax assets in Panasonic Corporation based on its improvement of profitability and stability of profit by the Company's decision on introducing the consolidated tax system in Japan.

As a result, net profit attributable to Panasonic Corporation stockholders totaled 149.4 billion yen, compared to 165.2 billion yen a year ago. Also, net profit attributable to Panasonic Corporation stockholders per share was 64.33 yen, against 71.30 yen the previous fiscal year.

5) Segment information

The Panasonic Group has five segments: Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Solutions and Other. Segment results are as follows.

Certain businesses were transferred among segments on April 1, 2016. Accordingly, the figures for segment information in fiscal 2016 have been reclassified to conform to the presentation for fiscal 2017 in the following analysis.

a. Appliances

Sales increased by 2% to 2,324.5 billion yen from a year ago due mainly to favorable sales of home appliances in Japan and the consolidation of Hussmann in the U.S. in fiscal 2017.

Looking at the main Business Divisions (BD) of this segment, in the Air-Conditioner Company, despite sales growth in both room air-conditioners and large air-conditioners in Japan, and strong performance overseas, particularly in Asia, sales declined due to the impact of exchange rate movement.

In the Laundry Systems and Vacuum Cleaner BD, despite sales growth in Japan centered on a new drum-type washer/dryer product, sales declined due to the withdrawal from the U.S. market.

In the TV BD, despite brisk sales of the expanded 4K TV lineup in Japan, sales declined due to lackluster growth in the European market.

In the Refrigerator BD, despite of sales increase in Japan and other Asian regions due to a favorable sales of high value-added products, overall sales decreased due to the impact of exchange rate movement.

Operating profit increased by 44.7 billion yen to 104.3 billion yen from a year ago due mainly to profitability improvements achieved by shifting to high value-added products such as home appliances and 4K TVs in Japan, as well as the consolidation of Hussmann.

b. Eco Solutions

Sales decreased by 3% to 1,545.7 billion yen from a year ago due to sales decrease associated with a contraction in the market for residential solar photovoltaic systems in Japan and the impact of exchange rate movement.

Looking at the main BDs of this segment, sales of the Housing Systems BD remained at the same level as a year ago. Sluggish sales of interior furnishing materials caused by a problem related to materials procurement were offset by favorable sales of water-related equipment and exterior finishing materials.

In the Energy Systems BD, sales declined, due mainly to a contraction in the domestic market as a result of lowering price of feed-in tariffs for electricity generated by solar photovoltaic systems. To expand the solar cell business going forward, the Panasonic Group started joint operations with a U.S. electric vehicle manufacturer.

In the Lighting BD, despite receiving increased revenues from lighting equipment such as LED lighting fixtures as a result of the expansion in sales to various facilities such as offices and schools in Japan and growth in sales in China, sales declined, due mainly to the contraction of the market for conventional light sources in Japan and a decline in sales in the device business in Europe and the U.S.

At Panasonic Ecology Systems Co., Ltd., despite strong sales of air purifiers and ventilation systems in China and ventilation systems in North America, sales decreased due to the impact of exchange rate movement.

Moreover, the Age-free (elderly-care) business grew with an expansion in the number of nursing care service bases.

Operating profit decreased by 13.8 billion yen to 62.5 billion yen from a year ago due to sales decrease in residential solar photovoltaic systems in Japan, although the profit increase was achieved in the Housing Systems BD and the Lighting BD.

c. AVC Networks

Sales decreased by 11% to 1,040.7 billion yen from a year ago.

In fiscal 2017, overall sales declined due to a fallback from strong sales of aircraft in-flight entertainment systems in the previous fiscal year driven by demand for refitting of existing aircraft and, a contraction in the market for fixed-phones and conventional analogue private branch exchanges (PBXs), as well as the impacts of exchange rate movement and the Kumamoto Earthquake.

Looking at the main businesses of this segment, in the Solutions Business, despite a strong performance from initiatives tailored to specific industries, with sales growing in the distribution and logistics sector and public sector in Japan, and in the entertainment sector in North America, sales declined due to a significant impact from a fallback from extraordinary demand in the preceding fiscal period and exchange rate movement.

In the Visual and Imaging Business, despite growth in sales of high value-added products such as mirrorless interchangeable lens cameras, high grade compact cameras, and high brightness projector models, sales declined due to the impact of exchange rate movement and the Kumamoto Earthquake.

In the Mobility Business, sales in the IT Products BD declined due to the impact of exchange rate movement and a decline in sales of conventional products in the Storage BD. These were partially offset by brisk sales of notebook PCs in Japan and a recovery in the North American market from poor sales in the preceding fiscal period due to efforts to strengthen the sales system and activities closely attuned to customers.

Operating profit decreased by 39.4 billion yen to 29.6 billion yen from a year ago, due mainly to the negative effect of exchange rates, a fallback from special demand in aircraft in-flight entertainment systems business, despite profitability improvement by shifting to high value-added products.

d. Automotive & Industrial Systems

Sales decreased by 5% to 2,561.2 billion yen from a year ago. Despite steady progress in shifting its focuses to the automotive and industrial applications, sales declined due to the impact of exchange rate movement.

Looking at the main businesses of this segment, in the Automotive Business, although sales of electrical components such as automotive cameras and sensors, and switches increased backed by favorable sale of automotives in global market, sales declined due to the impact of exchange rate movement. Sales of automotive infotainment systems such as car navigation systems were brisk in Japan and China, although they lacked vigor in Europe and other regions.

In the Energy Business, sales increased due to strong sales of lithium-ion batteries for a U.S. electric vehicle manufacturer.

In the Industrial Business, despite growth in sales of in-car and industrial-use products such as car relays and motors, and electronic materials, sales declined due mainly to the impact of a withdrawal from the LCD panel business for TVs.

In the Factory Solutions Business, despite expansion in business for integrated line systems for managing not only mounting equipment but the entire process including inspection equipment and other peripheral equipment, sales declined due to the impact of exchange rate movement.

Operating profit increased by 59.1 billion yen to 109.3 billion yen from a year ago due mainly to an increase in profit and sales in products for the automotive and industrial applications, mainly in the Industrial Business, despite the negative impact of exchange rate.

e. Other

Sales increased by 1% to 656.6 billion yen from a year ago.

In fiscal 2017, sales at PanaHome Corporation increased, due mainly to promotion of net zero energy homes and multistory houses in the new-building constructing business and steady orders for rental apartments, as well as a trend of firm detached housing sales and condominium sales.

Operating profit decreased by 6.1 billion yen to 8.0 billion yen from a year ago due mainly to the impact of the increase of fixed costs in PanaHome Corporation.

(3) Risks Materially Affecting Panasonic's Business, Operating Results and Financial Conditions
Refer to 4. Risk Factors.

(4)Financial Conditions and Liquidity

1) Liquidity and Capital Resources

The Panasonic Group's basic policy is to self-generate the funds needed for business activities. Funds generated are efficiently utilized through intra-Group financing. Based on this, when funds are needed for working capital or business investment, external financing is obtained through appropriate means based on financial strength and credit market conditions.

(Cash)

Cash and cash equivalents as of March 31, 2017 were 1,270.8 billion yen, increasing from 1,012.7 billion yen as of the end of the previous fiscal year.

(Interest bearing debt)

Interest-bearing debt increased to 1,124.0 billion yen as of March 31, 2017 from 724.8 billion yen at the end of the previous fiscal year due to the issue of corporate bonds and other factors.

(Ratings)

The Company has obtained credit ratings from Rating and Investment Information, Inc. (R&I), Standard & Poor's Ratings Japan K.K. (S&P), and Moody's Japan K.K. (Moody's). The Company's credit ratings as of March 31, 2017 are as follows.

R&I: A (Long-term, Outlook: Stable), a-1 (Short-term)
S&P: A- (Long-term, Outlook: Stable), A-2 (Short-term)
Moody's: A3 (Long-term, Outlook: Stable)

2) Cash Flows

The Company recognizes the importance of increasing free cash flow by strengthening business profitability and developing businesses over the medium-to-long term. The Company also works simultaneously to create cash flows through continuing reductions to working capital, revisions to asset holdings and other measures.

Net cash provided by operating activities for fiscal 2017 was 385.4 billion yen and net cash used in investing activities was 420.1 billion yen. Free cash flow, the total of the two, was an outflow of 34.7 billion yen, a year-on-year decrease of 160.3 billion yen. The main reasons for the year-on-year difference in free cash flow were a substantial decline in working capital the previous fiscal year and acquiring Hussmann in the fiscal year under review.

A detailed analysis of cash flows is provided in "1. Summary of Business Results"

3) Capital Investment and Depreciations

The Panasonic Group conducts capital investment based on a policy of making steady investments primarily in key businesses for future growth.

Capital investment in fiscal 2017 (tangible assets only) increased by 23% to 311.6 billion yen from 252.9 billion yen a year ago. Major capital investment was made at production facilities (U.S.) for lithium-ion batteries for automobiles.

Depreciation (tangible assets only) decreased by 6% to 224.4 billion yen from 238.2 billion yen a year ago.

4) Assets, Liabilities and Equity

The Company's consolidated total assets as of March 31, 2017 were 5,983.0 billion yen, an increase of 494.9 billion yen from March 31, 2016. This was due mainly to an increase in goodwill associated with the acquisition of Hussmann and other non-liquid assets and an increase in cash and cash equivalents from the issue of corporate bonds.

The Company's consolidated total liabilities were 4,223.0 billion yen, an increase of 382.2 billion yen from March 31, 2016 that was due to the issue of straight bonds and other factors.

Panasonic Corporation stockholders' equity increased by 127.4 billion yen compared to March 31, 2016 to 1,571.9 billion yen due to recording net profit and other factors, despite worsening in other components of equity caused by yen appreciation and other factors. As a result, the ratio of Panasonic Corporation stockholders' equity was 26.3%, equivalent to the level on March 31, 2016. With non-controlling interests added to Panasonic Corporation stockholders' equity, total equity was 1,759.9 billion yen.

Ⅲ Property, Plants and Equipment

1. Summary of Capital Investment

Capital investment by segment for the year ended March 31, 2017 is shown in the tables below.

Segment	Amount (Billions of yen)	Change from last fiscal year (%)	Main purpose of investment
Appliances	49.0	+13.2	Production of new products and an increase in production capacity of electric appliances for home use and video and AV equipment
Eco Solutions	34.1	(24.4)	Production of new products and streamlining of electronic material, building material and solar photovoltaic system, etc.
AVC Networks	22.1	(10.1)	Production of new products and streamlining of visual and imaging, and solution related equipment, etc.
Automotive & Industrial Systems	195.0	+67.6	Increase in production capacity of rechargeable batteries, and production of new products and an increase in production capacity of automotive- and automotive infotainment-related equipment, and electronic components, etc.
Other & Corporate	11.4	(51.4)	Capital investment which is related to PanaHome Corporation and Capital investment by head office and regional headquarter companies, etc.
Total	311.6	+23.2	―――

(Notes)1. Panasonic restructured its Group organization on April 1, 2016. In calculating the percentage of change from last fiscal year, prior year's figure has been revised to conform to the presentation for fiscal 2017.

2. "Other & Corporate" includes capital investments, recorded in the "Other" segment, and investments which are not included in any other segments, as shown above.

2. Major Property, Plants and Equipment

(1) Panasonic Corporation

(As of March 31, 2017)

Facility (Location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)						Number of employees
			Buildings	Machinery and equipment	Land (Area in thousands of ㎡)	Lease assets	Others	Total	
Kusatsu Plant (Kusatsu-shi, Shiga)	Appliances	Manufacturing facilities for air conditioners and refrigerators, etc.	13,399	7,877	5,923 (539)	1,197	895	29,291	4,802
Hikone Plant (Hikone-shi, Shiga)	Appliances	Manufacturing facilities for personal-care equipment and healthcare equipment	4,648	3,998	1,323 (88) [4]	46	19	10,034	912
Kobe Plant (Nishi-ku, Kobe-shi)	Appliances, AVC Networks	Manufacturing facilities for cooking appliances and information equipment	2,655	1,790	4,924 (185)	25	192	9,586	711
Nara Plant (Yamatokoriyama-shi, Nara)	Appliances	Manufacturing facilities for meter devices	2,126	2,266	218 (128)	148	564	5,322	326
Niigata Plant (Tsubame-shi, Niigata)	Eco Solutions	Manufacturing facilities for lighting fixture	2,061	3,037	2,035 (143)	—	225	7,358	419
Tsu Plant (Tsu-shi, Mie)	Eco Solutions, Automotive & Industrial Systems	Manufacturing facilities for wiring devices and security equipment	3,995	3,340	2,120 (92) [9]	—	354	9,809	1,749
Ritto Plant (Ritto-shi, Shiga)	Eco Solutions	Manufacturing facilities for rain gutters	1,192	1,549	1,495 (59)	—	74	4,310	177
Kadoma Plant (Kadoma-shi, Osaka)	Appliances, AVC Networks	Manufacturing facilities for video and audio equipment	1,743	3,884	77 (215) [147]	304	1,617	7,625	6,140
Saedo Plant (Tsuzuki-ku, Yokohama-shi)	AVC Networks, Automotive & Industrial Systems	Manufacturing facilities for car equipment, other facilities	7,336	4,405	2,952 (56)	218	639	15,550	2,342
Matsumoto Plant (Matsumoto-shi, Nagano)	Automotive & Industrial Systems	Manufacturing facilities for car equipment	716	3,000	473 (69)	178	1	4,368	569
Ise Plant (Watarai-gun, Mie)	Automotive & Industrial Systems	Manufacturing facilities for automation controls	3,468	5,347	555 (152)	—	1,118	10,488	1,388
Tsuyama Plant (Tsuyama-shi, Okayama)	Automotive & Industrial Systems	Manufacturing facilities for input devices	1,262	2,787	78 (53) [5]	38	534	4,699	605
Kanazu Plant (Awara-shi, Fukui)	Automotive & Industrial Systems	Manufacturing facilities for sensors	1,704	3,294	576 (51) [6]	168	92	5,834	481
Morita Plant (Fukui-shi, Fukui)	Automotive & Industrial Systems	Manufacturing facilities for resistors	836	3,927	194 (18)	94	315	5,366	538
Uji Plant (Uji-shi, Kyoto)	Automotive & Industrial Systems	Manufacturing facilities for capacitors	2,206	3,070	359 (48)	0	671	6,306	556

Facility (Location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)						Number of employees
			Buildings	Machinery and equipment	Land (Area in thousands of ㎡)	Lease assets	Others	Total	
Hokkaido Plant (Chitose-shi, Hokkaido)	Automotive & Industrial Systems	Manufacturing facilities for thermal management solutions devices	1,390	4,060	117 (100)	―	505	6,072	314
Osaka Plant (Moriguchi-shi, Osaka)	Automotive & Industrial Systems	Manufacturing facilities for batteries	4,042	5,073	93 (65) [3]	1	353	9,562	1,322
Suminoe Plant (Suminoe-ku, Osaka-shi)	Automotive & Industrial Systems	Manufacturing facilities for batteries	17,490	3,482	― (116) [116]	813	138	21,923	676
Advanced Research Division Head Office Area (Moriguchi-shi, Osaka)	Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems, Other	R&D facilities	2,611	1,403	197 (38)	362	4	4,577	591
Advanced Research Division Keihanna Area (Soraku-gun, Kyoto)	Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems, Other	R&D facilities	2,280	441	3,706 (53)	0	―	6,427	71
Production Engineering Laboratory, etc. (Kadoma-shi, Osaka)	Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems	R&D facilities	4,870	2,409	2,021 (127)	23	86	9,409	1,072
Branch Office and Sales Office (Nakamura-ku, Nagoya-shi, etc.)	Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems	Equipment for sales and marketing	7,411	322	4,598 (76) [27]	12	8	12,351	5,914
Management department of Eco Solutions Company (Moriguchi-shi, Osaka, etc.)	Eco Solutions	Other facilities	34,117	3,085	30,380 (529) [65]	―	20	67,602	2,113
Management department of Automotive & Industrial Systems Company, etc. (Kadoma-shi, Osaka, etc.)	Automotive & Industrial Systems	Other facilities	2,047	2,075	907 (78)	543	175	5,747	5,431
Head Office, etc. (Kadoma-shi, Osaka, etc.)	Automotive & Industrial Systems, Other, Corporate, etc.	Head office, employee housing and welfare facilities, etc.	11,504	2,971	8,554 (481) [16]	22	598	23,649	3,621

(2) Domestic subsidiaries

(As of March 31, 2017)

Company	Facility (Location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)					Number of employees
				Buildings	Machinery and equipment	Land (Area in thousands of ㎡)	Others	Total	
SANYO Electric Co., Ltd.	Kasai plant (Kasai-shi, Hyogo)	Automotive & Industrial Systems	Manufacturing facilities for rechargeable batteries	10,556	14,497	2,977 (181)	1,168	29,198	1,071
	Sumoto plant (Sumoto-shi, Hyogo)	Automotive & Industrial Systems	Manufacturing facilities for rechargeable batteries	5,127	10,106	2,979 (96)	1,063	19,275	807
	Tokushima plant (Itano-gun, Tokushima)	Automotive & Industrial Systems	Manufacturing facilities for rechargeable batteries	7,157	7,928	3,739 (177)	338	19,162	675
	Tokyo plant (Ora-gun, Gunma, etc.)	Appliances	Manufacturing facilities for industrial equipment, etc.	10,090	1,879	1,865 (885)	821	14,655	62 <728>
Panasonic Ecology Systems Co., Ltd	(Kasugai-shi, Aichi)	Eco Solutions	Manufacturing facilities for equipment relates to ecology system business	3,858	2,440	3,955 (197)	137	10,390	1,000
Panasonic Liquid Crystal Display Co., Ltd.	(Himeji-shi, Hyogo)	Automotive & Industrial Systems	Manufacturing facilities for LCD panels, etc.	44,739	1,968	— (361) [361]	138	46,845	592
Panasonic System Networks Co., Ltd.	(Hakata-ku, Fukuoka-shi, etc.)	AVC Networks	Manufacturing facilities for information communication equipment, etc.	6,408	3,830	1,970 (299) [50]	114	12,322	7,053 <248>
Panasonic Semiconductor Solutions Co., Ltd.	(Nagaokakyo-shi, Kyoto, etc.)	Automotive & Industrial Systems	Manufacturing facilities for semiconductors, etc.	19,702	2,195	7,248 (725) [14]	678	29,823	1,857
Panasonic Factory Solutions Co., Ltd.	(Kadoma-shi, Osaka, etc.)	Automotive & Industrial Systems	Manufacturing facilities for mounter, etc.	1,579	1,465	433 (68)	47	3,524	1,015
PanaHome Corporation	Head plant (Higashiomi-shi, Shiga)	Other	Manufacturing and logistics facilities for materials and components of housing system	2,068	1,666	5,813 (320)	36	9,583	323
	Tsukuba plant (Tsukubamirai-shi, Ibaraki)	Other	Manufacturing and logistics facilities for materials and components of housing system	980	1,153	2,879 (126)	37	5,049	125

(3) Overseas subsidiaries

(As of March 31, 2017)

Company (Location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)					Number of employees
			Buildings	Machinery and equipment	Land (Area in thousands of ㎡)	Others	Total	
Panasonic Corporation of North America (New Jersey, U.S.A.)	Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems, Other, Corporate	Manufacturing and sales facilities for various electric and electronic products	10,304	21,516	1,847 (287)	78,561	112,228	10,107
Panasonic Avionics Corporation (California, U.S.A.)	AVC Networks	Manufacturing facilities for aircraft -in-flight entertainment systems	4,699	11,318	― (7)	1,020	17,037	4,369
Panasonic do Brasil Limitada (Amazonas, Brazil)	Appliances, AVC Networks, Automotive & Industrial Systems	Manufacturing and sales facilities for various electric and electronic products	2,613	3,958	386 (540)	777	7,734	1,938
Panasonic AVC Networks Czech s.r.o. (Plzen, Czech Republic)	Appliances	Manufacturing facilities for flat-panel TVs	3,808	427	221 (166)	73	4,529	959
Panasonic Asia Pacific Pte. Ltd. (Singapore)	Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems, Corporate	Manufacturing and sales facilities for various electric and electronic products	963	6,527	109 (212) [2]	215	7,814	2,316
Panasonic Taiwan Co., Ltd. (New Taipei, Taiwan)	Appliances, Eco Solutions, Automotive & Industrial Systems, Corporate	Manufacturing and sales facilities for various electric and electronic products	305	2,205	1,006 (112)	―	3,516	1,508
Panasonic Appliances Air-Conditioning (Guangzhou) Co., Ltd. (Guangzhou, China)	Appliances	Manufacturing facilities for air conditioner-related products	1,373	5,118	― (126) [126]	21	6,512	1,705

(Notes) 1. The above amounts do not include the consumption tax, etc.

2. Some plants or offices are rented to affiliated companies. Regarding rented plants and offices to affiliated companies, the number of employees of the company, which rents the related plants or offices, are shown with parenthesis notation of < > in the "Number of employees" column.

3. Parenthesis notation of [ ] in the "Land" column shows the size of land rented from a party other than consolidated companies.

3. Plans for Capital Investment, Disposals of Property, Plants and Equipment, etc.

The planned capital investment for the fiscal year ending March 31, 2018 will be 475.0 billion yen, an increase of 52% compared with the actual capital investment for the previous fiscal year, and a breakdown by segment is as follows.

Segment	Amount (Billions of yen)	Main purpose of investment	Capital resource
Appliances	73.0	Production of new products and an increase in production capacity of electric appliances for home use and video and AV equipment	Own capital, etc.
Eco Solutions	61.0	Production of new products and streamlining of electronic material, building material and solar photovoltaic system, etc.	Own capital, etc.
Connected Solutions	26.0	Production of new products and streamlining of B2B solution business related equipment, etc.	Own capital, etc.
Automotive & Industrial Systems	299.0	Increase in production capacity of rechargeable batteries, and production of new products and an increase in production capacity of automotive- and automotive infotainment-related equipment, electronic components, etc.	Own capital, etc.
Other & Corporate	16.0	Capital investment which is related to PanaHome Corporation and Capital investment by head office and regional headquarter companies, etc.	Own capital, etc.
Total	475.0	―――	―――

(Notes) 1. The above amounts do not include the consumption tax, etc.
2. There is no plan of other material disposals or sales of principal facilities, with the exception of disposing and selling facilities due to routine upgrading.

Ⅳ Information on the Company

1. Information on the Company's Stock, etc.

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued (shares)
Common stock	4,950,000,000
Total	4,950,000,000

2) Issued shares

Class	Number of shares issued as of the end of fiscal year (shares) (March 31, 2017)	Number of shares issued as of the filling date (shares) (June 30, 2017)	Stock exchange on which the Company is listed	Description
Common stock	2,453,053,497	2,453,053,497	Tokyo stock exchange (the first section) Nagoya stock exchange (the first section)	The number of shares per one unit of shares is 100 shares.
Total	2,453,053,497	2,453,053,497	―	―

(2) Information on the stock acquisition rights, etc.

The Company issued stock acquisition rights pursuant to the Companies Act as follows.

(By resolution of the Board of Directors meeting held on July 31, 2014)

	As of the end of fiscal 2017 (March 31, 2017)	As of the end of the month previous to the filing (May 31, 2017)
Number of stock acquisition rights	2,064	2,064
Number of stock acquisition rights held by the Company	—	—
Class of shares to be acquired upon exercise of stock acquisition rights	Common stock of Panasonic	Same as left
Number of shares to be acquired upon the exercise of stock acquisition rights	206,400 shares Note 1	206,400 shares Note 1
Subscription amount to be paid upon exercise of stock acquisition	One (1) yen	Same as left
Exercise period of stock acquisition rights	From August 23, 2014 to August 22, 2044	Same as left
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price : 1,055 yen Note 2 Amount capitalized as common stock Note 3	Same as left
Conditions for exercise of stock acquisition rights	Note 4	Same as left
Matters regarding transfer of stock acquisition rights	The stock acquisition rights cannot be acquired through transfer, unless such acquisition is expressly approved by a resolution of the Board of Directors.	Same as left
Matters regarding substitute payments	—	—
Matters regarding grant of stock acquisition rights accompanying reorganization	Note 5	Same as left

(By resolution of the Board of Directors meeting held on July 29, 2015）

	As of the end of fiscal 2017 (March 31, 2017)	As of the end of the month previous to the filing (May 31, 2017)
Number of stock acquisition rights	1,729	1,729
Number of stock acquisition rights held by the Company	—	—
Class of shares to be acquired upon exercise of stock acquisition rights	Common stock of Panasonic	Same as left
Number of shares to be acquired upon the exercise of stock acquisition rights	172,900 shares Note 1	172,900 shares Note 1
Subscription amount to be paid upon exercise of stock acquisition	One (1) yen	Same as left
Exercise period of stock acquisition rights	From August 21, 2015 to August 20, 2045	Same as left
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price : 1,125 yen Note 2 Amount capitalized as common stock Note 3	Same as left
Conditions for exercise of stock acquisition rights	Note 4	Same as left
Matters regarding transfer of stock acquisition rights	The stock acquisition rights cannot be acquired through transfer, unless such acquisition is expressly approved by a resolution of the Board of Directors.	Same as left
Matters regarding substitute payments	—	—
Matters regarding grant of stock acquisition rights accompanying reorganization	Note 5	Same as left

(Notes)

1. The class of shares to be acquired upon exercise of the stock acquisition rights shall be common stock of Panasonic, and the number of shares to be acquired upon exercise of each stock acquisition right (the “Number of Shares Acquired”) shall be 100 shares (1 unit:100 shares); provided, however, that in the case that Panasonic conducts a share split (including an allotment without consideration (musho-wariate) of shares of common stock of Panasonic; the same shall apply to all references to the share split herein) or share consolidation on and after the date on which the stock acquisition rights shall be allotted, the Number of Shares Acquired shall be adjusted in accordance with the following formula, rounding down any fraction of less than one (1) share resulting from such adjustment.
   Number of Shares Acquired after adjustment = Number of Shares Acquired before adjustment
   x Ratio of share split or share consolidation
   The Number of Shares Acquired after adjustment shall become effective, in the case of a share split, on and after the day immediately following the record date of the relevant share split (if the record date is not set forth, on and after its effective date) or, in the case of a share consolidation, on and after its effective date; provided, however, that, in the event that a share split is conducted on the condition that a proposal to increase the capital or reserves by reducing the amount of surplus is approved at a general meeting of shareholders and that the record date for such share split is prior to the date of closing of such general meeting of shareholders, the Number of Shares Acquired after adjustment shall be applicable retroactively from the day immediately following the relevant record date, on and after the day immediately following the date of closing of the relevant general meeting of shareholders.
   In addition to the above, in any event that makes it necessary to adjust the Number of Shares Acquired, including a merger and company split, Panasonic may make appropriate adjustment to the Number of Shares Acquired within a reasonable range.
   When the Number of Shares Acquired is adjusted, Panasonic shall give notice of necessary matters to each holder of the stock acquisition rights registered in the register of stock acquisition rights (the “Holder”) or give public notice thereof, no later than the day immediately preceding the date on which the Number of Shares Acquired after adjustment shall become effective; provided, however, that, if Panasonic is unable to give such notice or public notice no later than the day immediately preceding such applicable date, Panasonic shall thereafter promptly give such notice or public notice.
2. Issue price is the total of the fair value of the stock acquisition rights in allotment date and the subscription amount to be paid upon exercise of stock acquisition (one (1) yen per share).
3. The amount of capital to be increased due to the issuance of shares upon exercise of the stock acquisition rights shall be a half of the maximum amount of capital Increase, etc. which is calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Company Accounting, and any fraction less than one (1) yen arising therefrom shall be rounded up to the nearest one (1) yen.
4. (i) During the period when the stock acquisition rights may be exercised, the Holder may exercise the stock acquisition rights on and after the day immediately following the date on which such Holder loses the status of Director, Executive Officer, Audit & Supervisory Board Member or any status equivalent thereto, of Panasonic (the “Status Losing Date”).
   (ii) Notwithstanding (i) above, the Holder may exercise the stock acquisition rights within the respective periods prescribed below if either (a) or (b) below occurs (provided that the case mentioned in (b) below excludes where the allotment of stock acquisition rights by the reorganized company to the Holder in accordance with “Matters regarding grant of stock acquisition rights accompanying reorganization” above is stipulated in a merger agreement, a share exchange agreement, or a share transfer plan):
      (a) If the Status Losing Date does not occur on or before the date that is one year prior to the expiration date of "Exercise period of stock acquisition rights":
         From the next day of the date that is one year prior to the expiration date of "Exercise period of stock acquisition rights" to expiration date of "Exercise period of stock acquisition rights"
      (b) If proposal for approval of a merger agreement under which Panasonic shall become a dissolving company or proposal for approval of a share exchange agreement or share transfer plan under which Panasonic shall become a wholly-owned subsidiary is approved at a general

meeting of shareholders (or, if a resolution of a general meeting of shareholders is not required, is approved by a resolution of the Board of Directors):

During a 15 day-period commencing from the day immediately following the date (inclusive) when the proposal is approved.

(iii) (i) and (ii) (a) above shall not be applicable to those who have succeeded to the stock acquisition rights by inheritance.

(iv) If the Holder waives the stock acquisition rights, the relevant stock acquisition rights may not be exercised thereafter.

5. If Panasonic conducts a merger (limited to the case where Panasonic is dissolved due to the merger), an absorption-type or incorporation-type company split (both, limited to the case where Panasonic is split), or a share exchange or transfer (both, limited to the case where Panasonic becomes a wholly-owned subsidiary) (collectively, the "Structural Reorganization"), Panasonic shall, in each of the above cases, allot stock acquisition rights of any of the relevant companies listed in "a" through "e" of Article 236, Paragraph 1, Item 8 of the Companies Act (the "Reorganized Company") to the Holders holding the stock acquisition rights remaining at the time immediately preceding the effective date of the relevant Structural Reorganization (the "Remaining Stock Acquisition Rights") (the effective date of the relevant Structural Reorganization shall mean, in the case of a merger, the date on which the merger becomes effective; in the case of a consolidation, the date of establishment of a newly-incorporated company through consolidation; in the case of an absorption-type company split, the date on which such absorption type company split becomes effective; in the case of an incorporation-type company split, the date of establishment of a newly-incorporated company through such incorporation -type company split; in the case of a share exchange, the date on which the share exchange becomes effective; and in the case of a share transfer, the date of establishment of a wholly-owning parent company through the share transfer; hereinafter the same shall apply). In this case, the Remaining Stock Acquisition Rights shall be extinguished and the Reorganized Company shall issue new stock acquisition rights; provided, however, that the foregoing shall be on the condition that transfer of such stock acquisition rights by the Reorganized Company in accordance with each of the following items is stipulated in a merger agreement, a consolidation agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement or a share transfer plan.

(i) Number of stock acquisition rights of the Reorganized Company to be allotted:

A number equal to the number of the Remaining Stock Acquisition Rights held by the Holder shall be transferred to such Holder.

(ii) Class of shares of the Reorganized Company to be acquired upon exercise of stock acquisition rights:

Common stock of the Reorganized Company.

(iii) Number of shares of the Reorganized Company to be acquired upon exercise of stock acquisition rights:

To be determined in accordance with "Numbers of shares to be acquired upon exercise of stock acquisition rights " above, taking into consideration, among others, the conditions of Structural Reorganization.

(iv) Value of assets to be contributed upon exercise of each stock acquisition right:

The value of assets to be contributed upon exercise of each stock acquisition right to be allotted shall be the amount obtained by multiplying (x) the exercise price after reorganization set forth below by (y) the number of shares of the Reorganized Company to be acquired upon exercise of the relevant stock acquisition rights as determined in accordance with (iii) above. The "exercise price after reorganization" shall be one (1) yen per share of the Reorganized Company to be acquired upon exercise of each of its stock acquisition rights.

(v) Exercise period of stock acquisition rights:

From and including whichever is the later of (x) the commencement date of the period during which the stock acquisition rights may be exercised as provided for in " Exercise period of stock acquisition rights " above or (y) the effective date of the Structural Reorganization, to and including the expiration date of the period during which the stock acquisition rights may be exercised as provided for in " Exercise period of stock acquisition rights " above.

(vi) Matters concerning capital and capital reserve to be increased due to issuance of shares upon exercise of stock acquisition rights:

To be determined in accordance with " Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock " above.

(vii) Restrictions on acquisition of stock acquisition rights by transfer:

The stock acquisition rights cannot be acquired through transfer, unless such acquisition is expressly approved by a resolution of the Board of Directors of the Reorganized Company.

(viii) Provisions concerning acquisition of stock acquisition rights:

If any of the proposals set forth in (a), (b), (c), (d) and (e) below is approved at a general meeting of shareholders of Panasonic (or, if a resolution of a general meeting of shareholders is not required, is approved by a resolution of the Board of Directors of Panasonic), Panasonic may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors:

(a) Proposal for approval of a merger agreement under which Panasonic shall become a dissolving company;

(b) Proposal for approval of split agreement or split plan under which Panasonic shall be split;

(c) Proposal for approval of a share exchange agreement or share transfer plan under which Panasonic shall become a wholly-owned subsidiary;

(d) Proposal for approval of an amendment to the Articles of Incorporation in order to establish the provision that an acquisition by way of transfer of any shares issued or to be issued by Panasonic shall require the approval of Panasonic; and

(e) Proposal for approval of an amendment to the Articles of Incorporation in order to establish the provision that an acquisition by way of transfer of a class of shares to be acquired upon exercise of the stock acquisition rights shall require the approval of Panasonic or that Panasonic may acquire all of such class of shares upon a resolution of a general meeting of shareholders.

(ix) Conditions for exercise of stock acquisition rights:

To be determined in accordance with " Conditions for exercise of stock acquisition rights " above.

(By resolution of the Board of Directors meeting held on July 29, 2016)

	As of the end of fiscal 2017 (March 31, 2017)	As of the end of the month previous to the filing (May 31, 2017)
Number of stock acquisition rights	5,800	5,800
Number of stock acquisition rights held by the Company	—	—
Class of shares to be acquired upon exercise of stock acquisition rights	Common stock of Panasonic	Same as left
Number of shares to be acquired upon the exercise of stock acquisition rights	580,000 shares Note 1	580,000 shares Note 1
Subscription amount to be paid upon exercise of stock acquisition	One (1) yen	Same as left
Exercise period of stock acquisition rights	From August 24, 2016 to August 23, 2046	Same as left
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price : 714 yen Note 2 Amount capitalized as common stock Note 3	Same as left
Conditions for exercise of stock acquisition rights	Note 4	Same as left
Matters regarding transfer of stock acquisition rights	The stock acquisition rights cannot be acquired through transfer, unless such acquisition is expressly approved by a resolution of the Board of Directors.	Same as left
Matters regarding substitute payments	—	—
Matters regarding grant of stock acquisition rights accompanying reorganization	Note 5	Same as left

(Notes)

1-3, 5 Same as respective notes of resolution of the Board of Directors meeting held on July 31, 2014 and resolution of the Board of Directors meeting held on July 29, 2015.

4. (i) During the period when the stock acquisition rights may be exercised, the Holder may exercise the stock acquisition rights on and after the day immediately following the date on which such Holder loses the status of Director, Executive Officer, Audit & Supervisory Board Member or any status equivalent thereto, of Panasonic (the “Status Losing Date”), or the day immediately following the day when three (3) years have transpired since the day immediately following the day the stock acquisition rights were allotted, whichever falls earlier.

   (ii) Notwithstanding (i) above, if proposal for approval of a merger agreement under which Panasonic shall become a dissolving company or proposal for approval of a share exchange agreement or share transfer plan under which Panasonic shall become a wholly-owned subsidiary is approved at a general meeting of shareholders (or, if a resolution of a general meeting of shareholders is not required, is approved by a resolution of the Board of Directors), stock acquisition rights can be exercised only in a 15 day-period commencing from the day immediately following the date (inclusive) when the proposal is approved. Provided it excludes where the allotment of stock acquisition rights by the Reorganized Company to the Holder in accordance with “Matters regarding grant of stock acquisition rights accompanying reorganization” above is stipulated in a merger agreement, a share exchange agreement, or a share transfer plan.

(iii) (i) above shall not be applicable to those who have succeeded to the stock acquisition rights by inheritance.
(iv) If the Holder waives the stock acquisition rights, the relevant stock acquisition rights may not be exercised thereafter.

(3) Information on moving strike convertible bonds, etc.

Not applicable.

(4) Details of rights plans

Not applicable.

(5) Changes in the total number of issued shares and the amount of common stock, etc.

Date	Change in the total number of issued shares (Thousands)	Balance of the total number of issued shares (Thousands)	Change in common stock (millions of yen)	Balance of common stock (millions of yen)	Change in capital reserve (millions of yen)	Balance of capital reserve (millions of yen)
August 31, 2013*	—	2,453,053	—	258,740	(568,212)	—

* The full amount of the capital reserve was reduced and the reduced amount was allocated to other capital surplus, pursuant to Article 448, Paragraph 1 of the Companies Act.

(6) Composition of Issued Shares by Type of Shareholders

As of March 31, 2017

Class	Status of shares (one unit of stock: 100 shares)								Number of shares less than one unit (shares)
	National and local governments	Financial institutions	Financial instruments business operators	Other institutions	Foreign shareholders		Individual and others	Total	
					Non-individuals	Individuals			
Number of shareholders (persons)	1	181	87	3,498	906	358	424,956	429,987	—
Share ownership (units)	1	7,187,599	359,749	1,702,421	7,987,094	18,661	7,189,404	24,444,929	8,560,597
Percentage of shares (%)	0.00	29.40	1.47	6.97	32.67	0.08	29.41	100.00	—

(Notes) 1. Of 120,648,723 shares of treasury stock, 1,206,487 units are included in "Individual and others," and 23 shares are included in "Number of shares less than one unit."
2. Of the shares registered in the name of Japan Securities Depository Center, Inc., 127 units are included in "Other institutions," and 89 shares are included in "Number of shares less than one unit."

(7) Major shareholders

As of March 31, 2017

Name	Address	Share ownership (in thousands of shares)	Percentage of total issued shares (%)
Japan Trustee Services Bank, Ltd. (trust account) Note 2	8-11, Harumi 1-chome, Chuo-ku, Tokyo	153,132	6.24
The Master Trust Bank of Japan, Ltd. (trust account) Note 3	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	124,761	5.08
Nippon Life Insurance Company	5-12, Imabashi 3-chome, Chuo-ku, Osaka-shi, Osaka	69,056	2.81
State Street Bank and Trust Co. （Standing proxy: The Hongkong and Shanghai Banking Corporation, Ltd., Tokyo）	One Lincoln Street, Boston MA USA 02111 （11-1, Nihombashi 3-chome, Chuo-ku, Tokyo）	58,199	2.37
Panasonic Corporation Employee Shareholding Association	1006, Oaza Kadoma, Kadoma-shi, Osaka	43,695	1.78
Japan Trustee Services Bank, Ltd. (trust account 5) Note 2	8-11, Harumi 1-chome, Chuo-ku, Tokyo	42,194	1.72
Sumitomo Life Insurance Co.	4-35, Shiromi 1-chome, Chuo-ku, Osaka -shi, Osaka	37,465	1.52
Moxley & Co. LLC （Standing proxy: Sumitomo Mitsui Banking Corporation)	270 PARK AVENUE, NEW YORK, N.Y. 10017-2070 U.S.A. (1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo)	34,794	1.41
State Street Bank West Client - Treaty 505234 （Standing proxy: Mizuho Bank, Ltd.）	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. （5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo ）	32,792	1.33
The Bank of New York Mellon SA/NV 10 （Standing proxy: The Bank of Tokyo -Mitsubishi UFJ, Ltd.）	Rue Montoyerstraat 46, 1000 Brussels, Belgium （7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo）	32,573	1.32
Total	—	628,665	25.62

(Notes) 1. Holdings of less than 1,000 shares have been omitted.
2. The numbers of shares held by Japan Trustee Services Bank, Ltd. (trust account) and Japan Trustee Services Bank, Ltd. (trust account 5) reflect the shares entrusted by Sumitomo Mitsui Trust Holdings, Inc. and other corporations, which have been originally entrusted in their trust services.
3. The number of shares held by The Master Trust Bank of Japan, Ltd. (trust account) reflects the shares entrusted by Mitsubishi UFJ Trust and Banking Corporation and other corporations, which have been originally entrusted in their trust services.
4. The Company has 120,648 thousands shares of treasury stock, 4.91% of the total number of issued shares.

5. Amendment to Report of Possession of Large Volume was submitted by BlackRock Japan Co., Ltd. and its five joint holders dated March 22, 2017. Panasonic Corporation can not confirm the actual status of shareholdings as of the end of fiscal 2017.
   The shareholding status as of March 15, 2017 according to the report is as follows.

Name of Shareholder	Number of share certificates, etc. held (in thousands of shares)	Percentage of share certificates held (%)
BlackRock Japan Co., Ltd.	42,283	1.72
BlackRock Life Limited	5,403	0.22
BlackRock Asset Management Ireland Limited	8,843	0.36
BlackRock Fund Advisors	28,729	1.17
BlackRock Institutional Trust Company, N.A.	33,041	1.35
BlackRock Investment Management (UK) Limited	4,409	0.18
Total	122,710	5.00

(8) Information on voting rights

1) Total number of shares issued

As of March 31, 2017

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting right	—	—	—
Shares with restricted voting right (treasury stock, etc.)	—	—	—
Shares with restricted voting right (others)	—	—	—
Shares with full voting right (treasury stock, etc.)	(Treasury stock) Common stock 120,648,700	—	Standard common stock of the Company without any restriction
	(Crossholding stock) Common stock 14,838,300	—	Same as above
Shares with full voting right (others)	Common stock 2,309,005,900	23,090,059	Same as above
Shares less than one unit	Common stock 8,560,597	—	Shares less than one unit (100 shares)
Number of issued shares	2,453,053,497	—	—
Total number of voting rights	—	23,090,059	—

(Notes) 1. 12,700 shares (127 voting rights) and 89 shares registered in the name of Japan Securities Depository Center, Inc. are included in "Shares with full voting right (others) " and "Shares less than one unit," respectively.

2. Treasury stock and crossholding stock described below are included in "Shares less than one unit"
Treasury stock : Panasonic Corporation (23 shares)
Crossholding stock : Panasonic Employee Cooperation Society, Inc. (7 shares), Asahi Plating Co., Ltd. (71 shares), AC Techno SANYO Co., Ltd. (75 shares)

2) Treasury stock, etc.

As of March 31, 2017

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the name of others (shares)	Total shares held (Shares)	Percentage of total issued shares (%)
(Treasury stock) Panasonic Corporation	1006, Oaza Kadoma, Kadoma -shi, Osaka	120,648,700	—	120,648,700	4.91
(Crossholding stock) Panasonic Employee Cooperation Society, Inc.	1006, Oaza Kadoma, Kadoma -shi, Osaka	14,798,800	—	14,798,800	0.60
Asahi Plating Co., Ltd.	5-16, Shinmori 4-chome, Asahi-ku, Osaka-shi, Osaka	23,400	—	23,400	0.00
Osaka National Electric Works Co., Ltd.	7-21, Imagawa 8-chome, Higashisumiyoshi -ku, Osaka-shi, Osaka	10,000	—	10,000	0.00
AC Techno SANYO Co., Ltd.	597-1, Nisshincho 3-chome, Kita-ku, Saitama-shi, Saitama	5,100	—	5,100	0.00
Sanin Panasonic Corporation	416, Watarihashicho, Izumo-shi, Shimane	1,000	—	1,000	0.00
Crossholding stock total	—	14,838,300	—	14,838,300	0.60
Total	—	135,487,000	—	135,487,000	5.52

(9) Details of stock option plans

Panasonic Corporation adopts the stock option plan. Under this plan, the Company issues stock acquisition rights in accordance with the Companies Act as follows.

(By resolution of the Ordinary General Meeting of Shareholders held on June 26, 2014 and the Board of Directors meeting held on July 31, 2014)

Pursuant to the provisions of Articles 361 of the Companies Act, the Company approved remuneration of its Directors (excluding Outside Directors) relevant to Stock Acquisition Rights as Stock-Type Compensation Stock Options by a resolution of the Ordinary General Meeting of Shareholders held on June 26, 2014 and the Board of Directors meeting held on July 31, 2014.

Resolution date	June 26, 2014 and July 31, 2014
Category and number of persons granted	Directors of the Company (excluding Outside Directors) : 13 Executive Officers and certain other officers (excluding Directors who concurrently serve as Executive officers) : 14
Class of share to be acquired upon the exercise of stock acquisition rights	As noted in (2) Information on the stock acquisition rights, etc.
Number of shares	Same as above
Subscription amount to be paid upon exercise of stock acquisition	Same as above
Exercise period of stock acquisition rights	Same as above
Conditions for exercise of stock acquisition rights	Same as above
Matters regarding transfer of stock acquisition rights	Same as above
Matters regarding substitute payments	Same as above
Matters regarding grant of stock acquisition rights accompanying reorganization	Same as above

(By resolution of the Board of Directors meeting held on July 29, 2015)

Pursuant to the provisions of Articles 361 of the Companies Act, the Company approved remuneration of its Directors (excluding Outside Directors) relevant to Stock Acquisition Rights as Stock-Type Compensation Stock Options by a resolution of the Board of Directors meeting held on July 29, 2015.

Resolution date	July 29, 2015
Category and number of persons granted	Directors of the Company (excluding Outside Directors) : 13 Executive Officers and certain other officers (excluding Directors who concurrently serve as Executive officers) : 17
Class of share to be acquired upon the exercise of stock acquisition rights	As noted in (2) Information on the stock acquisition rights, etc.
Number of shares	Same as above
Subscription amount to be paid upon exercise of stock acquisition	Same as above
Exercise period of stock acquisition rights	Same as above
Conditions for exercise of stock acquisition rights	Same as above
Matters regarding transfer of stock acquisition rights	Same as above
Matters regarding substitute payments	Same as above
Matters regarding grant of stock acquisition rights accompanying reorganization	Same as above

(By resolution of the Board of Directors meeting held on July 29, 2016)

Pursuant to the provisions of Articles 361 of the Companies Act, the Company approved remuneration of its Directors (excluding Outside Directors) relevant to Stock Acquisition Rights as Stock-Type Compensation Stock Options by a resolution of the Board of Directors meeting held on July 29, 2016.

Resolution date	July 29, 2016
Category and number of persons granted	Directors of the Company (excluding Outside Directors) : 13 Executive Officers and certain other officers (excluding Directors who concurrently serve as Executive officers) : 23 Former Directors of the Company and Former Executive Officers and certain other officers : 2
Class of share to be acquired upon the exercise of stock acquisition rights	As noted in (2) Information on the stock acquisition rights, etc.
Number of shares	Same as above
Subscription amount to be paid upon exercise of stock acquisition	Same as above
Exercise period of stock acquisition rights	Same as above
Conditions for exercise of stock acquisition rights	Same as above
Matters regarding transfer of stock acquisition rights	Same as above
Matters regarding substitute payments	Same as above
Matters regarding grant of stock acquisition rights accompanying reorganization	Same as above

2. Information on Acquisition of Treasury Stock, etc.

Class of shares

Acquisition of common stock under Article 155, Item 7 of the Companies Act and acquisition of common stock under Article 155, Item 9 of the Companies Act.

(1) Acquisition of treasury stock resolved at the general meeting of shareholders

Not applicable.

(2) Acquisition of treasury stock resolved at the Board of Directors meetings

Not applicable.

(3) Details of acquisition of treasury stock not based on the resolutions of the general meeting of shareholders or the Board of Directors meetings

Classification	Number of shares (shares)	Total amount (yen)
Treasury stock acquired during the fiscal year ended March 31, 2017	91,326	106,347,163
Treasury stock acquired during the current period	15,224	19,894,840

(Note) With regard to "Treasury stock acquired during the current period", the number of treasury stock acquired due to requests to purchase stock less than one unit shares from June 1, 2017 to the filing date is not included.

(4) Status of the disposition and holding of acquired treasury stock

Classification	Fiscal year ended March 31, 2017		Current period	
	Number of shares (shares)	Total disposition amount (yen)	Number of shares (shares)	Total disposition amount (yen)
Acquired treasury stock which was offered to subscribers	—	—	—	—
Acquired treasury stock which was canceled	—	—	—	—
Acquired treasury stock which was transferred due to merger, share exchange or company split	11,490,996	20,076,561,562	—	—
Others (Acquired treasury stock which was sold due to requests from shareholders holding shares less than one unit shares to sell additional shares)	8,797	15,370,865	1,588	2,774,405
Total numbers of treasury stock held	120,648,723	—	120,662,359	—

(Notes) With regard to "Number of shares (shares)" and "Total disposition amount (yen)" of the current period, the number of treasury stock which was sold or acquired due to requests from shareholders holding less than one unit shares to purchase or sell additional shares from June 1, 2017 to the filing date are not included.

3. Dividend Policy

Since its establishment, Panasonic has managed its businesses under the concept that returning profits to shareholders is one of its most important policies. From the perspective of return on the capital investment made by shareholders, Panasonic, in principle, distributes profits to shareholders based on its business performance and is aiming for stable and continuous growth in dividends, targeting a dividend payout ratio of between 30% and 40% with respect to consolidated net income attributable to Panasonic Corporation.

Panasonic pays dividends twice a year, an interim and a year-end. Dividends are resolved at the Board of Directors meeting under articles of incorporation.

In view of this basic policy as well as its current financial position, Panasonic expects to pay an annual dividend of 25 yen per share for fiscal 2017, which includes the interim dividend of 10 yen per share and a year-end dividend of 15 yen per share.

The Company will utilize its internal reserve funds for further enhancing the management structure and future business development.

Dividends for the 110th term are as follows.

Resolution date	Total amount of dividends (Millions of yen)	Dividends per share (yen)
The Board of Directors meeting held on October 31, 2016	23,210	10.0
The Board of Directors meeting held on May 11, 2017	34,986	15.0

4. Stock Prices

(1) Highest and lowest stock prices in the recent five fiscal years

Fiscal year	106th business term	107th business term	108th business term	109th business term	110th business term
Year end	March 2013	March 2014	March 2015	March 2016	March 2017
Highest (yen)	781	1,408	1,614.0	1,853.5	1,309.5
Lowest (yen)	376	594	1,030	799.0	831.4

(Note) The stock prices are market prices on the first section of the Tokyo Stock Exchange.

(2) Highest and lowest stock prices in the recent six months

Month	October 2016	November 2016	December 2016	January 2017	February 2017	March 2017
Highest (yen)	1,105.0	1,174.5	1,309.5	1,237.5	1,283.5	1,292.5
Lowest (yen)	1,001.0	931.5	1,180.0	1,165.0	1,137.0	1,188.0

(Note) The stock prices are market prices on the first section of the Tokyo Stock Exchange.

5. Member of the Board of Directors and Audit & Supervisory Board Members

Consisting of 15 men and 2 women (the ratio of women members in the Board of Directors and Audit & Supervisory Board Members is 11.8%.)

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Director, Chairman of the Board		Shusaku Nagae	January 30, 1950	Apr. 1972 Dec. 2004 June 2007 June 2010 Apr. 2011 Jan. 2012 June 2012 June 2013	Joined Matsushita Electric Works, Ltd. (MEW); Managing Executive Officer, MEW; Managing Director, MEW; President, Panasonic Electric Works Co., Ltd. (former MEW); Senior Managing Executive Officer of the Company / In charge of Lighting Company and Panasonic Ecology Systems Co., Ltd.; In charge of Solution Business / President, Eco Solutions Company; Executive Vice President of the Company / In charge of Corporate Division for Promoting Energy Solution Business; Chairman of the Board of Directors (incumbent).	Note 4	363
Director, Vice Chairman of the Board		Masayuki Matsushita	October 16, 1945	Apr. 1968 Oct. 1981 Feb. 1986 June 1990 June 1992 Aug. 1993 July 1995 June 1996 June 2000	Joined the Company; General Manager, Washing Machine Business Unit; Director of the Company; Managing Director of the Company; Senior Managing Director of the Company; Division Director, Corporate Industrial Marketing & Sales Division; In charge of Overseas Operations; Executive Vice President of the Company; Vice Chairman of the Board of Directors (incumbent).	Note 4	127,231

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Representative Director, President	President/ CEO	Kazuhiro Tsuga	November 14, 1956	Apr. 1979 June 2001 June 2004 Apr. 2008 Apr. 2011 June 2011 June 2012 June 2017	Joined the Company; Director, Multimedia Development Center; Executive Officer of the Company / In charge of Digital Network & Software Technology; Managing Executive Officer of the Company / President, Panasonic Automotive Systems Company; Senior Managing Executive Officer of the Company / President, AVC Networks Company; Senior Managing Director of the Company; President of the Company; Representative Director, President of the Company (incumbent) / President of the Company (incumbent) / Chief Executive Officer (CEO) (incumbent).	Note 4	640
Representative Director	Executive Vice President/ CEO, Automotive & Industrial Systems Company	Yoshio Ito	March 18, 1953	Apr. 1973 Apr. 2006 Apr. 2009 Jan. 2013 Apr. 2013 Apr. 2014 June 2014 Apr. 2017 June 2017	Joined the Company; Vice President, Panasonic AVC Networks Company / Director, System Business Group; Executive Officer of the Company / President, Lighting Company; President, Industrial Devices Company / President, Energy Company; Managing Executive Officer of the Company; Senior Managing Executive Officer of the Company / President (now CEO) , Automotive & Industrial Systems Company (incumbent) ; Senior Managing Director of the Company; Executive Vice President of the Company Representative Director of the Company (incumbent) /Executive Vice President of the Company (incumbent).	Note 4	412

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Representative Director	Senior Managing Executive Officer/ CSO/ CHRO	Mototsugu Sato	October 17, 1956	Apr. 1979 Apr. 2008 Apr. 2011 Oct. 2013 June 2014 Apr. 2015 Apr. 2016 Mar. 2017 June 2017	Joined Matsushita Electric Works, Ltd. (MEW); Executive Officer, MEW; Senior Executive Officer, Panasonic Electric Works Co., Ltd. (former MEW); Executive Officer of the Company / In charge of Planning; Director of the Company; Managing Director of the Company; Senior Managing Director of the Company / In charge of Human Resources; CEO, Panasonic Holding (Netherlands) B.V. (incumbent) ; Representative Director of the Company(incumbent) / Senior Managing Executive Officer of the Company (incumbent) / Chief Strategy Officer (CSO) (incumbent) / Chief Human Resources Officer (CHRO) (incumbent).	Note 4	234
Representative Director	Senior Managing Executive Officer/ CEO, Connected Solutions Company	Yasuyuki Higuchi	November 28, 1957	May. 2003 May. 2005 Mar. 2007 Apr. 2008 July 2015 Apr. 2017 June 2017	President and Representative Director, Hewlett-Packard Japan, Ltd.; President and Representative Director, The Daiei, Inc.; Representive Executive Officer and COO , Microsoft KabushikiKaisha (now Microsoft Japan Co.,Ltd.) ; Director, Representative Executive Officer and President, Microsoft KabushikiKaisha (now Microsoft Japan Co., Ltd.) ; Chairman of Microsoft Japan Co., Ltd.; Senior Managing Executive Officer of the Company / President (now CEO) , Connected Solutions Company (incumbent); Representative Director of the Company (incumbent) / Senior Managing Executive Officer of the Company (incumbent).	Note 4	100

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Director		Masayuki Oku	December 2, 1944	June 2005 June 2008	President, Sumitomo Mitsui Banking Corporation / Chairman, Board of Directors of Sumitomo Mitsui Financial Group, Inc.; Director of the Company (incumbent).	Note 4	10
Director		Yoshinobu Tsutsui	January 30, 1954	Apr. 2011 June 2015	President, Nippon Life Insurance Company (incumbent); Director of the Company (incumbent).	Note 4	—
Director		Hiroko Ota	February 2, 1954	Sep. 2006 Aug. 2008 June 2013	Minister of State for Economic and Fiscal Policy; Professor of National Graduate Institute for Policy Studies (incumbent); Director of the Company (incumbent).	Note 4	50
Director		Kazuhiko Toyama	April 15, 1960	Apr. 2003 Apr. 2007 June 2016	Senior Representative Director (COO), Industrial Revitalization Corporation of Japan; Representative Director (CEO), Industrial Growth Platform, Inc (incumbent); Director of the Company (incumbent).	Note 4	140

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Director	Managing Executive Officer/ CRO/ CCO	Jun Ishii	March 24, 1956	Apr. 1979 June 2003 Apr. 2007 Apr. 2012 Apr. 2013 Oct. 2013 Apr. 2014 June 2014 Apr. 2015 June 2017	Joined the Company; General Manager, Corporate Planning Group; Executive Officer of the Company; Managing Executive Officer of the Company; Director, Government and External Relations Division; In charge of Human Resources; In charge of Legal Affairs, / In charge of Risk Management, Information Security and Business Ethics / In charge of Information Systems; Managing Director of the Company; In charge of General Affairs and Social Relations (incumbent) / In charge of Fair Business & Compliance, Corporate Governance and Risk Management / In charge of Facility Management (incumbent); Director of the Company (incumbent) / Managing Executive Officer of the Company (incumbent) / Chief Risk Management Officer (CRO) (incumbent) / Chief Compliance Officer (CCO) (incumbent) / In charge of Corporate Governance (incumbent).	Note 4	345
Director	Executive Officer/ CFO	Hirokazu Umeda	January 13, 1962	Apr. 1984 Oct. 2012 Apr. 2017 June 2017	Joined the Company; General Manager, Corporate Management Support Group, Corporate Strategy Division; Executive Officer of the Company / In charge of Accounting and Finance; Director of the Company (incumbent) / Executive Officer of the Company (incumbent) / Chief Financial Officer (CFO) (incumbent).	Note 4	10

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Senior Audit & Supervisory Board Member		Hirofumi Yasuhara	August 28, 1956	Apr. 1979 June 2008 June 2012 June 2014 June 2015	Joined the Company; Director, PanaHome Corporation; Representative Director, PanaHome Corporation; Senior Audit & Supervisory Officer (non-statutory, full-time), Automotive & Industrial Systems Company of Panasonic Corporation; Senior Audit & Supervisory Board Member of the Company (incumbent).	Note 5	—
Senior Audit & Supervisory Board Member		Mamoru Yoshida	May 21, 1956	Apr. 1979 Apr. 2008 Apr. 2009 Apr. 2012 June 2012 Apr. 2013 Apr. 2015 June 2015 June 2016	Joined the Company; Vice President, Panasonic AVC Networks Company / Director, Network Business Group; Executive Officer of the Company / Senior Vice President, AVC Networks Company; Managing Executive Officer of the Company / President, AVC Networks Company; Managing Director of the Company; In charge of Technology, Intellectual Property and information Systems; Senior Vice President, Appliances Company Managing Executive Officer of the Company; Senior Audit & Supervisory Board Member of the Company (incumbent).	Note 6	341
Audit & Supervisory Board Member		Yoshio Sato	August 25, 1949	July 2007 July 2011 Apr. 2014 June 2014 July 2015	President and Director, Representative Executive Officer (Representative Director) of Sumitomo Life Insurance Company; President and Representative Director, Chief Executive Officer of Sumitomo Life Insurance Company; Chairman and Representative Director of Sumitomo Life Insurance Company; Audit & Supervisory Board Member of the Company (incumbent); Chairman of the Board of Sumitomo Life Insurance Company (incumbent).	Note 7	—

Position	Responsibility	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Audit & Supervisory Board Member		Toshio Kinoshita	April 12, 1949	July 1983 June 1994 July 1998 July 2007 July 2013 June 2014	Registered as Certified Public Accountant (Japan) (incumbent); Senior Partner of Chuo Audit Corporation (now MISUZU Audit Corporation); Managing Partner for Japanese Business Network of PricewaterhouseCoopers LLP National Office; Chief Executive of The Japanese Institute of Certified Public Accountants; Council Member of The Japanese Institute of Certified Public Accountants; Audit & Supervisory Board Member of the Company (incumbent).	Note 7	—
Audit & Supervisory Board Member		Mitsuko Miyagawa	February 13, 1960	Apr. 1986 Apr. 1995 June 2016	Registered as Attorney at Law (Japan) (incumbent); Partner, TMI Associates (incumbent); Audit & Supervisory Board Member of the Company (incumbent).	Note 6	10
Total							129,886

(Notes)

1. "Share ownership" of less than 100 shares has been omitted.
2. Masayuki Oku, Yoshinobu Tsutsui, Hiroko Ota and Kazuhiko Toyama are outside directors.
3. Yoshio Sato, Toshio Kinoshita and Mitsuko Miyagawa are outside Audit & Supervisory Board Members.
4. The term of office of Directors, which commenced from the conclusion of the Ordinary General Meeting of Shareholders for the year ended March 31, 2017, shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the year ending March 31, 2018.
5. The term of office of Hirofumi Yasuhara, Audit & Supervisory Board Member, which commenced from the conclusion of the Ordinary General Meeting of Shareholders for the year ended March 31, 2015 shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the year ending March 31, 2019.
6. The term of office of Mamoru Yoshida and Mitsuko Miyagawa, Audit & Supervisory Board Member, which commenced from the conclusion of the Ordinary General Meeting of Shareholders for the year ended March 31, 2016 shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the year ending March 31, 2020.
7. The term of office of Yoshio Sato and Toshio Kinoshita, Audit & Supervisory Board Members, which commenced from the conclusion of the Ordinary General Meeting of Shareholders for the year ended March 31, 2014, shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the year ending March 31, 2018.
8. Main responsibilities are provided in the Responsibility column.
9. The Company changed the name of the title from previous “Executive Officers (yakuin)” to “Executive Officers (shikko-yakuin)” in June 2017. (Change in Japanese only; English unchanged)

10. Manegement execution of Panasonic group is mainly conducted by Executive Officers.

Position	Name	Responsibility
President	Kazuhiro Tsuga	Chief Executive Officer (CEO)
Executive Vice President	Yoshio Ito	CEO, Automotive & Industrial Systems Company
Senior Managing Executive Officer	Yoshiyuki Miyabe	Chief Technology Officer (CTO) Chief Manufacturing Officer (CMO) Chief Quality Officer (CQO) Chief Procurement Officer (CPO) Chief Information Officer (CIO) Director, Business Innovation Division In charge of FF Customer Support & Management and Motor Business Administration Office
Senior Managing Executive Officer	Mototsugu Sato	Chief Strategy Officer (CSO) Chief Human Resources Officer (CHRO) In charge of Business Development, Business Creation Project, and Panasonic Spin-up Fund CEO, Panasonic Holding (Netherlands) B.V.
Senior Managing Executive Officer	Tetsuro Homma	CEO, Appliances Company In charge of Consumer Business
Senior Managing Executive Officer	Masahisa Shibata	Senior Vice President, Automotive & Industrial Systems Company In charge of Automotive Business
Senior Managing Executive Officer	Makoto Kitano	CEO, Eco Solutions Company In charge of Construction Safety Regulations Administration Department
Senior Managing Executive Officer	Yasuyuki Higuchi	CEO, Connected Solutions Company
Managing Executive Officer	Takashi Toyama	Representative in Tokyo In charge of Government and External Relations Director, Government and External Relations Division In charge of Tokyo Olympic & Paralympic Business Promotion
Managing Executive Officer	Laurent Abadie	COO, Panasonic Holding (Netherlands) B.V. Regional Head for Europe & CIS Chairman & CEO, Panasonic Europe Ltd. Managing Director, Panasonic Marketing Europe GmbH
Managing Executive Officer	Jun Ishii	Chief Risk Management Officer (CRO) Chief Compliance Officer (CCO) In charge of Corporate Governance Director, Risk & Governance Management Division In charge of General Affairs, Social Relations, Facility Management, and Executive Support Office
Managing Executive Officer	Yukio Nakashima	In charge of Customer Satisfaction, Senior Vice President, Appliances Company In charge of Consumer Marketing Director, Consumer Marketing Sector for Japan Region

Position	Name	Responsibility
Managing Executive Officer	Daizo Ito	Regional Head for India, South Asia, Middle East and Africa Chairman, Panasonic India Pvt. Ltd. Senior Vice President, Eco Solutions Company In charge of Overseas Business
Managing Executive Officer	Toshiyuki Takagi	Senior Vice President, Appliances Company President, Air-Conditioner Company
Managing Executive Officer	Shinji Sakamoto	Senior Vice President, Automotive & Industrial Systems Company In charge of Industrial Business
Executive Officer	Masahiro Ido	In charge of Solution Sales Director, Business Solutions Division In charge of MICE Business Promotion Director, MICE Business Promotion Division Director, Tokyo Olympic & Paralympic Enterprise Division
Executive Officer	Satoshi Takeyasu	Chief Brand Communications Officer (CBCO) Director, Groupwide Brand Communications Division In charge of Corporate Sports Promotion
Executive Officer	Junichiro Kitagawa	Vice President, Appliances Company In charge of Overseas Marketing Director, Consumer Marketing Division
Executive Officer	Yuki Kusumi	Vice President, Appliances Company In charge of TV, Imaging Products Business In charge of Major Appliances Business
Executive Officer	Yoshiyuki Iwai	Vice President, Eco Solutions Company In charge of Intelligence & Liaison, Legal Affairs, and Intellectual Property
Executive Officer	Makoto Ishii	In charge of Information Systems and Logistics
Executive Officer	Toru Nishida	Regional Head for Southeast Asia and Oceania Managing Director, Panasonic Asia Pacific Pte. Ltd.
Executive Officer	Kazuhiro Murata	Vice President, Eco Solutions Company Director, Marketing Division
Executive Officer	Hiroyuki Aota	Vice President, Connected Solutions Company Director, Process Automation Business Division President, Panasonic Smart Factory Solutions Co., Ltd.
Executive Officer	Masaki Arizono	Vice President, Connected Solutions Company Director, Media Entertainment Business Division
Executive Officer	Masashi Yamada	Vice President, Eco Solutions Company Director, Housing Systems Business Division
Executive Officer	Michiko Ogawa	In charge of Technics Brand Vice President, Appliances Company In charge of Home Entertainment Business and Communication Business Director, Home Entertainment Business Division General Manager, Technics Business Promotion
Executive Officer	Hirotoshi Uehara	Vice President, Automotive & Industrial Systems Company Director, Automotive Infotainment Systems Business Division
Executive Officer	Eiichi Katayama	In charge of Strategic Business Vice President, Eco Solutions Company In charge of AGE-FREE Business and Life Solution Business President, Panasonic Cycle Technology Co., Ltd.
Executive Officer	Mitsuki Wada	In charge of Procurement President, Global Procurement Company

Position	Name	Responsibility
Executive Officer	Tatsuo Katakura	Vice President, Connected Solutions Company President, Panasonic System Solutions Japan Co., Ltd.
Executive Officer	Kenji Tamura	Vice President, Automotive & Industrial Systems Company In charge of Energy Business Director, Rechargeable Battery Business Division
Executive Officer	Thomas Gebhardt	Regional Head for North America Chairman & CEO, Panasonic Corporation of North America
Executive Officer	Akira Kono	Vice President, Appliances Company Director, Consumer Marketing Division (Japan), Consumer Marketing Sector for Japan Region
Executive Officer	Masashi Nagayasu	Vice President, Automotive & Industrial Systems Company Director, Automotive Marketing & Sales Division
Executive Officer	Manish Sharma	President, Panasonic India Pvt. Ltd. Vice President, Appliances Company
Executive Officer	Eiji Fujii	Vice President, Automotive & Industrial Systems Company In charge of Technology Director, Engineering Division
Executive Officer	Hiroyuki Tagishi	Vice President, Appliances Company Managing Director, Panasonic Appliances Asia Pacific
Executive Officer	Hirokazu Umeda	Chief Financial Officer (CFO) In charge of Groupwide Cost Busters Project and BPR Project
Executive Officer	Kiyoshi Otaki	Vice President, Appliances Company In charge of Small Appliances Business Director, Kitchen Appliances Business Division
Executive Officer	Sadaaki Yokoo	Regional Head for China & Northeast Asia Chairman, Panasonic Corporation of China
Executive Officer	Masahiro Shinada	Vice President, Eco Solutions Company Director, Energy Systems Business Division

6. Corporate Governance, etc.

This section includes the matters of consolidated companies. This section refers to the matters as of June 30, 2017, the date of the filing of this annual securities report, unless otherwise indicated.

(1) Corporate Governance

1) Basic Policy of Corporate Governance

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

The Company recognizes that corporate governance is the important basic structure for the aforementioned purpose, and endeavors to establish and strengthen the effective corporate governance structure based on the Audit & Supervisory Board System composed of the Board of Directors which is responsible for deciding important operational matters for the whole Group and monitoring the execution of business by Directors, and Audit & Supervisory Board Member (A&SB Member) / Audit & Supervisory Board (A&SB) which are independent from the Board of Directors and responsible for auditing the performance of duties by Directors.

The Company conducts the following activities to enhance effectiveness of its corporate governance.

1. Secures the rights and equal treatment of shareholders.
2. Endeavors to appropriately cooperate with stakeholders such as employees, customers, business partners and local societies with the recognition that its sustainable growth is brought about as a result of receiving resources and contributions from such stakeholders.
3. Appropriately discloses corporate information and ensure transparency of the management.
4. Given its fiduciary responsibility and accountability to shareholders, the Board of Directors set the broad direction of corporate strategy, establish an environment where appropriate risk-taking is supported and carry out effective oversight of Directors and management from an independent and objective standpoint.
5. Engages in constructive dialogue with shareholders in order to contribute to the sustainable growth and the increase of corporate value over the mid- to long-term.

2) Structure of Business Execution and Overview of Organization

In the Company, each of thirty-four (34) business divisions as basic management unit, autonomously manages R&D, production and sales as well as its cash and profit on a global basis. In order to support these business divisions, the Company introduced divisional company system. The four (4) Divisional Companies (Appliances, Eco Solutions, Connected Solutions and Automotive & Industrial Systems) support the business division's evolution and change in the area in which they have responsibility and take a leading role to actualize growth strategy. Also the Company established Corporate Strategy Head Office, which is responsible for enhancement of corporate value by formulating mid- and long-term group-wide strategy. In addition, the Company has incorporated Professional Business Support Sector which specializes in group-wide management control functions with high expertise and management perspective, such as legal, internal control and compliance. Also the Company has established Innovation Promotion Sector which assumes the function of creating new business projects and business models focused on AI/IoT technologies, and controlling group-wide cutting-edge technology, manufacturing technology and design in order to increase added value on businesses.

＜The Board of Directors and Executive Officer System＞

The Company's Board of Directors is composed of twelve (12) Directors including four (4) Outside Directors. In accordance with the Companies Act of Japan and related laws and ordinances (collectively, the "Companies Act"), the Board of Directors has ultimate responsibility for administration of the Company's affairs and monitoring of the execution of business by Directors.

Under the four (4) Divisional Company-based management structure, the Company has empowered each of four (4) Divisional Companies and business divisions through delegation of authority. At the same time, the Company employs an Executive Officer system to provide the execution of business at its various domestic and overseas group companies. This system facilitates the development of optimum corporate strategies that integrate the Group's comprehensive strengths. The Company has forty-two (42) Executive Officers (including those who concurrently serve as Directors), which include President, senior managements of each of four (4) Divisional Companies, senior officers responsibly for certain foreign regions and officers responsible for corporate functions.

In addition, in order to ensure swift and strategic decision-making, along with sound and appropriate monitoring at the same time, the Board of Directors, as a decision-making body for Group-wide matters, concentrates on decisions about the corporate strategies and the supervision of the four (4) Divisional Companies. Taking into consideration the diverse scope of its business operations, the Company has opted to maintain a system where Executive Officers, who are most familiar with the specifics of the operations, take an active part in the Board of Directors. Moreover, to clarify the responsibilities of Directors and build a structure of the Board of Directors flexibly, the Company limits the term of each Director to one (1) year.

＜Audit & Supervisory Board Members (A&SB Members) and Audit & Supervisory Board (A&SB)＞

Pursuant to the Companies Act, the Company has elected A&SB Members and established A&SB, made up of A&SB Members. The A&SB Members and A&SB monitor the status of corporate governance and audit the day-to-day activities of management, including the performance of duties by Directors. The Company has five (5) A&SB Members, including three (3) Outside A&SB Members. Additionally, the Company elected A&SB Members who have substantial finance and accounting knowledge. A&SB Members participate in the general meetings of shareholders and the Board of Directors, receive reports from Directors, Executive Officers, employees and Accounting Auditors, and exercise other auditing authority granted to A&SB Members under the law. Full-time Senior A&SB Members also attend important meetings and conduct visiting audits to business offices in order to ensure effective audits. In order to augment the internal auditing functions in the Group, the Company assigns ten (10) full-time Audit & Supervisory Officers (A&SOs), who directly report to the Senior A&SB Members of the Company, to the four (4) Divisional Companies, etc. The Company also inaugurated the Panasonic Group Audit & Supervisory Board Members' Meeting (comprising Senior A&SB Members of the Company, A&SOs. and A&SB Members of the Group Companies), chaired by the Senior A&SB Member of the Company, to enhance coordination between the Company's Senior A&SB Members, and A&SOs and audit & supervisory board members of the Group companies, for effective functioning of the entire group corporate governance. In addition, in the course of the performance of their duties, A&SB Members maintain mutual cooperation with the Internal Audit Department and other departments, which perform business audits and internal control audits, to conduct efficient audits. A&SB Members regularly receive, from the Internal Audit Department and other sections, reports regarding the status involving the internal control system and results of audits. A&SB Members may request the Internal Audit Group or Accounting Auditors to conduct an investigation, if necessary. Also, in order to enhance the effectiveness of the audits conducted by A&SB Members and to ensure the smooth implementation of audits, the Company has established a A&SB Member's Office with eight (8) full-time staff under the direct control of the A&SB.

Mr. Hirofumi Yasuhara, a Senior A&SB Member of the Company, has substantial finance and accounting knowledge, having held the position of Representative Director and Senior Managing Executive Officer, in charge of Control Group, at PanaHome Corporation which is a subsidiary of the Company. Mr. Toshio Kinoshita, Outside A&SB Member of the Company, has substantial finance and accounting knowledge, having held the career experiences with a corporate accounting in global companies in Japan and overseas for long periods as a certified public accountant.

The Company has established the Independence Standards for Outside Directors / Audit & Supervisory Board Members (A&SB Members) based on the independence standard required by financial instruments exchange such as Tokyo Stock Exchange. Accordingly, all of the Outside Directors and Outside A&SB Members are notified to the financial instrument exchanges as “independent directors/audit & supervisory board members” defined in article 436-2 and others of Securities Listing Regulations of the Tokyo Stock Exchange, who shall not to have any conflict of interests with Panasonic's general shareholders.

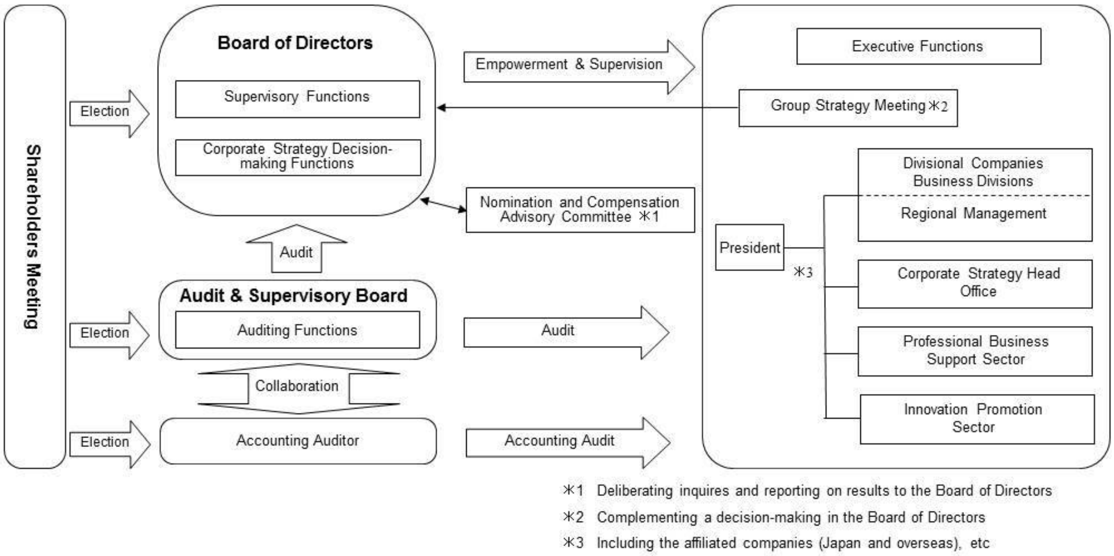
<Optional Nomination and Compensation Advisory Committee>
In November 2015, the Company has established an optional Nomination and Compensation Advisory Committee, chaired by an independent Outside Director. This committee deliberates and reports to the Board, on the results of internal reviews on the nomination of candidates for Director, Executive Officer and A&SB Member, and on the appropriateness of the Company’s Director and Executive Officer Compensation System.

<Analysis and Evaluation of the Board of Directors Effectiveness>
The Board of Directors, to enhance effectiveness of the Board, conducts a survey to all the Board members who attend the meeting, and reports the results and evaluations of the survey at the Board at least annually. Also, the Board of Directors has been sequentially implementing those opinions and proposals that are practicable. The items of the survey in fiscal 2017 are as follows;

- Composition of the Board
- Operation of the Board
- Discussion of business strategy
- Monitoring function concerning compliance, risk management, and crisis management
- Nomination and Compensation Advisory Committee
- Provision of information to Directors and A&SB Members
- Other requests and comments

<Group Strategy Meeting>
From July 2012, the Company holds, twice a month as a general rule, the Group Strategy Meeting to discuss and set the direction of the Company’s mid-term and long-term strategies and certain important issues. Members of “Group management team”, which consist of approximately ten (10) people in managerial position, including the President and presidents of four (4) Divisional Companies, and a non-Japanese Executive Officer, attend the Group Strategy Meeting, and the responsible persons of the related businesses and functions also participate in the meeting, depending on the matter to be discussed.

＜Reference: Diagram of Corporate Governance Structure＞



3) Basic Policy on Internal Control Systems and Status of the Operation of the System

The Company's Board of Directors made the following resolution concerning the Company's basic policy regarding the development of internal control systems. It was decided at the Board of Directors' meeting held on July 29, 2016 that this basic policy should be continued with some amendments made to it to reflect the business environment, status of the Company, etc. The details are as follows:

＜Basic Policy Regarding the Development of Internal Control Systems＞

(a) System for ensuring legal compliance in the performance of Directors' duties
The Company shall ensure legal compliance in the performance of Directors' duties by developing effective corporate governance and monitoring systems, as well as by ensuring total compliance awareness among Directors.

(b) System for retention and management of information pertaining to the performance of Directors' duties
The Company shall properly retain and manage information on the performance of Directors' duties in accordance with all applicable laws and regulations and the internal rules of the Company.

(c) Rules and other measures for financial risk management
The Company shall establish rules for risk management, and identify material risk through assessment of risks affecting management of the business. The Company shall also take countermeasures against each material risk, while monitoring the progress of such countermeasures with the aim of seeking continual improvement.

(d) System for ensuring efficiency of the performance of Directors' duties
The Company shall ensure efficiency in the performance of Directors' duties by clarifying business goals based on its business strategies, and examining progress towards achievement of such goals, while seeking to expedite decision-making.

(e) System for ensuring compliance with applicable laws in the performance of employees' duties
The Company shall seek to increase employees' awareness of compliance issues by clarifying the Company's compliance policy. The Company shall also ensure legal compliance in the performance of employees' duties by developing effective monitoring systems.

(f) System for ensuring the properness of operations across the Panasonic Group
While respecting the autonomy of each Group company's management practices, the Company shall fully ensure that Group companies adhere to the Company's management policy, management philosophy and basic policy regarding the development of internal control systems, and shall develop a system for reporting to the Company to thoroughly ensure proper operations of the Panasonic Group as a whole.

(g) Employees who assist A&SB Members in auditing, and such employees' independence from Directors
The Company shall establish a body independent from Directors, tasked with enhancing the effectiveness of audits by A&SB Members and facilitating the smooth performance of audits.

(h) Ensuring effectiveness of instructions given by A&SB Members to employees who assist A&SB Members
Staff members assisting the A&SB Members, while still subject to the internal rules of the Company, shall be under the instruction and supervision of the respective A&SB Members, and personnel-related matters shall be undertaken upon prior discussion with A&SB Members.

(i) System for Directors, employees and other staffs of the Company and its subsidiaries to report to the Company's A&SB Members
The Company shall ensure opportunities and systems that enable Directors, employees and other staffs of the Company and Group companies to properly report to the respective A&SB Members, and moreover shall ensure opportunities and systems that enable audit & supervisory officers, who are non-statutory full-time auditors, of Divisional Companies and other such bodies, and A&SB Members of Group companies to report to the Company's A&SB Members.

(j) System for ensuring that parties who have reported to A&SB Members do not incur unfavorable treatment as a consequence of such reporting
In ensuring opportunities and systems for Company and Group company employees and other staffs to report to A&SB Members, the Company shall make sure that employees and other staffs who have duly reported do not incur unfavorable treatment as a consequence of such reporting.

(k) Policy on management of expenses and debt incurred in execution of A&SB Member duties
The Company shall calculate budgets on an annual basis for expenses arising with respect to the execution of duties of A&SB Members to ensure effectiveness of audits, and moreover shall provide pre-payment or reimbursement in accordance with laws and regulations with respect to expenses incurred beyond amounts budgeted.

(l) Other systems for ensuring effective performance of audits by the A&SB Members
The Company shall have audit & supervisory officers assigned to Divisional Companies and other such entities to assist with audits by A&SB Members. Moreover, the Company shall develop a system enabling effective performance of audits, including mutual cooperation with the accounting auditors and the internal auditing group, in accordance with the Audit Plan established by the A&SB Members each year.

＜Status of Basic Policy Implementation in the Company＞

(a) System for ensuring legal compliance in the performance of Directors' duties

- The Company has established internal rules such as the Panasonic Code of Conduct and the Code of Ethics for Directors and Executive Officers, and endeavors to ensure that its Directors act in accordance with laws, regulations and the Company's Articles of Incorporation. Additionally, when Directors assume their positions, the Company provides them with opportunities to acquire the knowledge necessary to fulfill their roles and obligations, and during their terms of office it continues to provide Directors with opportunities to acquire the knowledge they need, including presentations on management and compliance by external experts as required.
- The Company strengthens its supervisory functions by appointing multiple Outside Directors and by providing opportunities for the Outside Directors to actively communicate through Board of Directors' meetings and other such occasions. The Company has also established a Nomination and Compensation Advisory Committee chaired by an Outside Director to ensure objectivity and transparency in the process of determining the nomination and remuneration of Directors.
- Audits are conducted by A&SB Members and the Audit & Supervisory Board. In addition, at the Divisional Companies, management committees have been established and audit & supervisory officers have been appointed, which correspond in function to the Board of Directors and the A&SB Members, respectively.

(b) System for retention and management of information pertaining to the performance of Directors' duties
The minutes of meetings of the Board of Directors are prepared after each meeting of the Board of Directors and retained permanently by the section responsible for administration relating to the Board of Directors. Records of approval by the President are also retained permanently by the responsible department.

(c) Rules and other measures for financial risk management
Based on Basic Risk Management Regulations, the Company identifies material risks by collecting and assessing information on risks in an integrated and comprehensive fashion through the Global and Group (G&G) Risk Management Committee, and takes countermeasures proportionate to the materiality of each risk.

(d) System for ensuring efficiency of the performance of Directors' duties

- The Company expedites decision-making through Rules of Approval for Decision-making in Important Matters, a clear separation of roles between Directors and Executive Officers, the delegation of authority to entities such as Divisional Companies and business divisions, the holding of Group Strategy Meetings, and the implementation of an IT system that ensures the rapid and accurate collection and transmission of important management information.
- The Company plans and implements measures to achieve the business goals it sets based on its business strategies by confirming and examining the status of progress towards the goals at the time of monthly settlement of accounts.

(e) System for ensuring compliance with applicable laws in the performance of employees' duties

- The Company has established internal rules such as the Panasonic Code of Conduct and implements various awareness-building activities such as its Compliance Awareness Month on a Company-wide basis as well as training tailored to specific employee levels and e-learning.
- The Company seeks to detect improper acts at an early stage through operational audits and internal control audits, operating various types of hotlines in addition to other measures.
- The Company is stepping up its efforts to implement fair business practices emphasizing compliance and taking measures to change of its business environments accordingly by establishing organizations that perform the functions of promotion of fair business, business legal affairs, risk management, and administration of corporate governance.
- The Company aims to resolutely prevent any association with anti-social forces (such as organized criminal networks) by assigning an employee in the division overseeing such preventative measures specifically to the task of blocking any relations with such forces.

(f) System for Ensuring the Properness of Operations across the Panasonic Group

- The Company ensures that basic policy for internal control systems is fully implemented by Group companies, and disseminates relevant information among Group companies. Initiatives to that end include: implementing the Panasonic Code of Conduct and the Rules of Approval for Decision-Making in Important Matters; implementing group-wide regulations respecting individual professional functions; dispatching Directors and A&SB Members to Group companies and exercising the Company's shareholder rights thereof; conducting regular operational audits and internal control audits of Group companies through the internal auditing group, and; sharing and disseminating information on business objectives through business policy announcements.
- For publicly listed subsidiaries, the Company puts into effect those measures described above while taking into consideration the nature of such entities as publicly listed companies.
- The framework described above ensures the properness of operations, thereby enabling the Panasonic Group to establish the internal controls necessary for financial reporting based on the Financial Instruments and Exchange Act.

(g) Employees who assist A&SB Members in auditing, and such employees' independence from Directors
The Company has established the Audit & Supervisory Board Member's Office, whose dedicated staff is under the direct control of the Audit & Supervisory Board and separate from any operating function of the Company's business. The Company assigns A&SB Member assistant staff members who possess appropriate capabilities and knowledge as required by the A&SB Members.

(h) Ensuring effectiveness of instructions given by A&SB Members to employees who assist A&SB Members

- Respective A&SB Members issue instructions to their staff members, and those staff members accordingly assist the A&SB Members in performing their duties.
- The Company consults with A&SB Members in advance of undertaking personnel-related matters including employee transfers and other affairs involving staff members who assist the A&SB Members.

(i) System for Directors, employees and other staffs of the Company and its subsidiaries to report to the Company's A&SB Members

- Directors, employees and other staffs of the Company and Group companies report on business operations and other issues at respective regular meetings held by A&SB Members and other such occasions, and also report as necessary at other important meetings with A&SB Members, where their attendance has been requested. Moreover, A&SB Members of Group companies report as necessary to the Company's A&SB Members regarding content of reports at respective Group companies. Audit & supervisory officers conduct inquiries at respective Divisional Companies regarding business operations and issues at such Divisional Companies, and report such matters as necessary to the Company's A&SB Members.
- The Company has established an Audit Report System by which employees of the Company and Group companies directly report to the Company's Audit & Supervisory Board about irregularities or concerns in regards to accounting or auditing.

(j) System for ensuring that parties who have reported to A&SB Members do not incur unfavorable treatment as a consequence of such reporting

The Company calls on departments associated with reported matters not to act unfavorably toward parties who have reported as a consequence of such reporting. Moreover, the Company enables parties to report matters anonymously under the Audit Report System, and prohibits unfavorable treatment to such parties as a consequence of such reporting in accordance with its Internal Reporting Rules.

(k) Policy on management of expenses and debt incurred in execution of A&SB Member duties

- To ensure effectiveness of audits, the Company calculates preliminary budgets with respect to anticipated expenses required by A&SB Members in executing their duties, in accordance with Audit & Supervisory Standards.
- The Company also provides pre-payment or reimbursement for expenses paid under urgent or extraordinary circumstances in accordance with laws and regulations.
- In making payment of audit expenses, A&SB Members are required to remain mindful of efficiency and appropriateness in that regard.

(l) Other systems for ensuring effective performance of audits by the A&SB Members

- Audit & supervisory officers tasked with monthly reporting and implementing liaison meetings are assigned to Divisional Companies and other such entities. Any decisions on personnel-related matters involving the audit & supervisory officers require the agreement of A&SB Members.
- The Company has established and operates the Panasonic Group Audit & Supervisory Board Members' Meeting chaired by the Company's Senior A&SB Member, in order to facilitate cooperation among the A&SB Members of the Company, the audit & supervisory officers of Divisional Companies and other such entities, and the A&SB Members of Group companies.
- Representative Directors and A&SB Members exchange opinions regularly and whenever necessary. Moreover, respective departments cooperate in implementing visiting audits of business offices inside and outside Japan conducted by A&SB Members. Internal auditing groups also cooperate to enhance the effectiveness of audits carried out by A&SB Members through collaboration with A&SB Members, including reporting as appropriate to the A&SB Members.
- When the accounting auditors formulate their audit plans, perform quarterly reviews, and conduct final audits, the A&SB Members hold regular meetings with the accounting auditors at which they receive explanations and reports, and exchange opinions with the accounting auditors as necessary.

Note: "Group companies" means subsidiaries as stipulated in the Companies Act.

4) The status of the Company's internal system concerning disclosure of corporate information
Under its basic philosophy, "A company is a public entity of society," the Company has committed to highly transparent business activities and endeavored to be accountable its accountability to its stakeholders. The Company's basic policy concerning information disclosure is set forth in the "Panasonic Code of Conduct," which prescribes specific items to be complied with in order to put the Group's business policy into practice, and is published on the Company's website and elsewhere. The Company's basic policy concerning information disclosure is to provide the Company's fair and accurate financial information and corporate information, including management policies, business activities and corporate social responsibility (CSR) activities, in a timely, appropriate and easily understandable manner.

In accordance with this basic policy, important matters concerning the management of the Group are resolved or reported at the Board of Directors pursuant to the Regulations of the Board of Directors. These important matters and other matters, which are required to be disclosed under relevant laws and ordinances in Japan and overseas or any other regulations, are timely and accurately reported from each relevant department, that has the important internal information, to the department that handles relevant information under the monitoring of the Chief Financial Officer (CFO), so that important information is gathered. Further, matters required to be disclosed under the rules of financial instruments exchanges are under the monitoring of the Chief Strategy Officer (CSO).

Also, if any of the matters which is required to be disclosed under relevant laws and ordinances in Japan and overseas, and the rules of financial instruments exchanges or any other regulations, occurs at the Company's business divisions including subsidiaries, such matter shall be immediately reported to the "Financial & Accounting Department" or the " Investor Relations, Corporate Planning Department", depending upon the nature thereof; Thus, the Company has established a structure whereby these matters can be collected.

With respect to the information gathered or identified, the Company determines the necessity of disclosure thereof in accordance with relevant laws and ordinances in Japan and overseas, and the rules of financial instruments exchanges or any other regulations, and makes effort to disclose it at the time that the organization, which effectively decides execution of the business of the Company, makes a resolution or determination, or becomes aware of its occurrence.

In addition, the Company endeavors to confirm the contents and expressions of the disclosure with the relevant departments within the Company and outside legal counsel to ensure the accuracy, fairness and adequacy of the disclosure.

Moreover, the Company has established disclosure control procedures in order to comply with relevant laws and ordinances in Japan and overseas, the rules of financial instruments exchanges and any other regulations, and to implement the fair, accurate and timely disclosure of information about its Group, etc. In the process of preparation and confirmation of documents such as annual securities reports and quarterly reports, the Disclosure Committee, which is comprised of managers from principal departments that handle relevant information, confirms the validity of the content of the descriptions and the appropriateness of the procedures concerning the disclosure under the supervision of the President and the CFO, who are responsible for establishing, maintaining and ensuring the effectiveness of the internal control and disclosure control of the Company. The chairman of the Disclosure Committee is appointed by the President and the CFO, and the members of the Disclosure Committee are appointed by the chairman of the Disclosure Committee. The Disclosure Committee also develops, maintains, improves and evaluates the internal control procedures concerning disclosure matters.

5) Internal Control Over Financial Reporting

The Company has documented the actual status of its internal control system, with integrated control provided by the Internal Control Promotion Office, in order to ensure reliability in the financial reporting of the Panasonic Group including its subsidiaries, ranging from the control infrastructure to actual internal control activities. Specifically, the Company has reinforced its internal controls by implementing self-checks and self-assessment programs at each of the Divisional Companies and business divisions, etc. Then, Internal Auditing Managers of the Divisional Companies appointed by the Company at each of the Divisional Companies, etc. conduct audits. Based on the audits, the Internal Control Promotion Office supervises the group-wide internal control audits in order to confirm the effectiveness of each company's financial reporting. With the aim of further enhancing the Group's internal control system, in fiscal 2017 Panasonic had approximately 400 personnel assigned to conduct internal audits in the Internal Auditing Group.

6) Amount of compensation for Directors and Audit & Supervisory Board Members (A&SB Members)

Remuneration for Directors and A&SB Members of Panasonic are determined within the framework of the maximum total amounts of remuneration for Directors and A&SB Members which has been determined respectively by resolution of a general meeting of shareholders. With regards to the determination of the Remuneration for Directors, the optional Nomination and Compensation Advisory Committee, chaired by an independent Outside Directors, deliberates and reports to the Board, the appropriateness of the remuneration System. The remuneration system comprises the "basic remuneration," which is a fixed remuneration, "performance based remuneration," which is a short-term incentive, and "stock-type compensation stock options," which is a long-term incentive.

The objective of "performance based remuneration" is to provide incentive to boost business performance, and it shall be determined in conjunction with performance evaluation for Panasonic as a whole and the specific businesses a Director is in charge of, using performance indicators, such as net sales, operating income, free cash flow, and CCM (Capital Cost Management)*.

The objective for the allotment of "stock-type compensation stock options" is for Directors to share the benefits and risks of shareholdings with Panasonic's shareholders, and to engage in efforts to boost corporate value from a long-term perspective.

Only the "basic remuneration," which is the fixed remuneration, is paid to Outside Directors and A&SB Members.

(Note) CCM (Capital Cost Management) is a management control index developed by the Company to evaluate return on capital.

Amount of Remuneration for Directors and A&SB Members

Classification	Number of persons	Amounts (million yen)			
			Basic remuneration	Performance based remuneration	Stock-type compensation stock option
Directors (other than Outside Directors)	14	1,481	878	308	295
A&SB Members (other than Outside A&SB Members)	3	61	61	-	-
Outside Directors	4	59	59	-	-
Outside A&SB Members	4	40	40	-	-

(Note) One Director and two A&SB Members who retired at the conclusion of the 109th Ordinary General Meeting of Shareholders held on June 24, 2016 are included in the above.

Directors which Received Remuneration over 100 million yen

Name	Classification	Amounts (million yen)			
			Basic remuneration	Performance based remuneration	Stock-type compensation stock option
Shusaku Nagae	Director	114	93	-	21
Kazuhiro Tsuga	Director	176	94	40	42
Kazunori Takami	Director	128	72	28	28
Hideaki Kawai	Director	109	62	26	21
Yoshiyuki Miyabe	Director	114	62	31	21
Yoshio Ito	Director	108	67	19	22
Tamio Yoshioka	Director	119	67	30	22
Yasuji Enokido	Director	120	67	31	22
Mototsugu Sato	Director	103	62	20	21
Tetsuro Homma	Director	118	67	29	22

7) Status of accounting audit

Panasonic Corporation has an auditing agreement with KPMG AZSA LLC for this company to conduct the accounting audit of Panasonic Corporation. The following is accountants who conducted the accounting audit Panasonic Corporation. The number of years each accountant had continued to audit the Company is seven years or less.

CPA having executed accounting audit works	Audit corporation to which CPA belongs
Masahiro Mekada	KPMG AZSA LLC
Kengo Chida	KPMG AZSA LLC
Masateru Matsui	KPMG AZSA LLC

Working with to assist the above accountants in conducting audit of Panasonic Corporation were 138 certified public accountants and 119 other people.

8) Outside Directors and Outside Audit & Supervisory Board Members (A&SB Members)

The Company elects four (4) Outside Directors and three (3) Outside A&SB Members.

Mr. Masayuki Oku, an Outside Director of the Company, was formerly Chairman, Board of Directors of Sumitomo Mitsui Financial Group, Inc. Sumitomo Mitsui Banking Corporation which is a subsidiary of Sumitomo Mitsui Financial Group, Inc. is one of the shareholders of Panasonic. As is described in "5. Member of the Board of Directors and Audit & Supervisory Board Members", Mr. Oku holds Panasonic shares, but does not have any other noteworthy relationships with the Company.

Mr. Yoshinobu Tsutsui, an Outside Director of the Company, is a president of Nippon Life Insurance Company. Although Nippon Life Insurance Company is one of the Major Shareholders of Panasonic. Mr. Tsutsui does not have any other noteworthy relationships with the Company.

Ms. Hiroko Ota, an Outside Director of the Company, as is described in “5. Member of the Board of Directors and Audit & Supervisory Board Members”, holds Panasonic shares, but does not have any other noteworthy relationships with the Company.

Mr. Kazuhiko Toyama, an Outside Director of the Company, as is described in “5. Member of the Board of Directors and Audit & Supervisory Board Members”, holds Panasonic shares, but does not have any other noteworthy relationships with the Company.

Mr. Yoshio Sato, an Outside A&SB Member of the Company, is Chairman of Sumitomo Life Insurance Company. Although Sumitomo Life Insurance Company is one of the Major Shareholders of Panasonic, Mr. Sato does not have any other noteworthy relationships with the Company.

Ms. Mitsuko Miyagawa, an Outside A&SB Member of the Company, as is described in “5. Member of the Board of Directors and Audit & Supervisory Board Members”, holds Panasonic shares, but does not have any other noteworthy relationships with the Company.

As for the four (4) Outside Directors, the Company elects them based on the independency stated in the Independence Standards for Outside Directors / Audit & Supervisory Board Members (A&SB Members) that the Company established, and the policy that the election will enhance and strengthen the effectiveness of the monitoring performed by the Board of Directors regarding the execution of business by Directors, from an objective and neutral standpoint. As for the three (3) Outside A&SB Members, the Company appoints them based on the independency stated in the Independence Standards for Outside Directors / Audit & Supervisory Board Members (A&SB Members) that the Company established, and the policy that the election will enhance and strengthen the effectiveness of the audits performed by A&SB Members regarding the execution of business by Directors, from an objective and neutral standpoint.

<Overview of the Independence Standards for Outside Directors / Audit & Supervisory Board Members (A&SB Members)>

The following persons are not considered independent.

(1) A person executing the operations of a parent company or a subsidiary of the parent company of the Company. (Including those who corresponds to the person recently or previously, hereinafter, “executing person”)
(2) A person or an executing person of such person who has a major business relationship with the Company, or a person or an executing person of such person with whom the Company has a major business relationship.
(3) A consultant, accounting expert, or legal expert who receives a significant amount of money or other property from the Company other than compensation as a Director / A&SB Member. If the person who receives such property is an organization such as a legal entity or association, those who belongs or belonged to the organization corresponds to the relevant person.
(4) A principal shareholder of the Company (If a principal shareholder is a legal entity, An executing person of such legal entity)
(5) A close relative listed in items numbered (1) to (4) above (A second-degree or closer relative applies. The same applies, hereinafter) or a close relative of an executing person of the Company or subsidiary of the Company (If an Outside A&SB Member is appointed to as an independent Director / A&SB Member, the person who is or who was an non-executing director / accounting advisor is included in the executing person).

Notes)
i) In the items numbered (1), (2), (4) and (5) above, an “executing person” corresponds to any of the following.
- A Director who is an executive director, an executive officer (shikkouyaku) or a director / A&SB Member who executes business of a legal entity, etc.
- An employee who executes business, a person responsible of serving duties of an employee who executes business of a legal entity in the case that the legal entity is an employee executing business, or other such equivalent person.
- An employee

Also, the wording “recently” shall be assumed to be the point of time when the item of the agenda of the shareholders’ meeting appointing the person as a Director or an A&SB Member are decided, and the wording “previously” shall be assumed to be “within the last three years”

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ii) In the item (2) above, “major” shall be applied to the case in which the amount of the transaction between the Company and a person whom the Company has a business relationship, exceeds 2% of either of their annual consolidated sales.

iii) In the item (3) above, “significant” shall be applied to the case in which the person (individual) or the organization such as a legal entity or association to which a service provider belongs, in providing a service to the Company, corresponds to any of the followings. A person “belongs or belonged” includes not only a partner, but also an associate as it is so called.

- A person oneself who provides a service: Receives compensation of more than or equal to 12 million yen per year from the Company.
- An organization to which a service provider belongs: The amount of the transaction between the Company and the organization exceeds 2% of either of their annual consolidated sales. “A person who belonged to an organization” shall be assumed to be identified based on whether the person belonged to the organization within the last three years.

iv) In the item (4) above, “a principal shareholder” shall mean a shareholder holding 10% or more of the voting rights of the Company.

v) In the item (5) above, “A person who was a non-executive director / an accounting advisor” shall be assumed to be identified based on whether the person was in the position in the last three years.

Outside Directors directly or indirectly cooperate with the internal audit, audit by A&SB Members and accounting audit, receive reports from the Internal Control Department and conduct an effective monitoring through reports on financial results at the Board of Directors and through reviews of the basic policy regarding the development of the internal control systems and other methods.

Outside A&SB Members directly or indirectly cooperate with the internal audit, audit by A&SB Members and accounting audit, receive reports from the Internal Control Department and conduct an effective monitoring through reports on financial results at the Board of Directors, through reviews of the basic policy regarding the development of internal control systems, exchanges of opinions and information at A&SB and other methods.

Note: Major Shareholders: Shareholders listed in (7) Major Shareholders of 1. Information on the Company's Stock, etc.

9) Contract between the Company and Outside Directors / Outside A&SB Members (A&SB Members) under Article 427, Paragraph 1 of the Companies Act

The Company has entered into liability limitation agreements with all Outside Directors and Outside A&SB Members, respectively, which limit the amount of their liability under Article 423, Paragraph 1 of the Companies Act to the aggregate of the amounts specified in Article 425, Paragraph 1 of the Companies Act, if they perform their duties in good faith and without significant negligence.

10) Matters to be resolved at general meetings of shareholders that can also be resolved by the Board of Directors

The Company stipulates in its Articles of Incorporation that unless otherwise provided by law, the Company may determine, by a resolution of the Board of Directors, a distribution of surplus or any other matters set forth in each item of Article 459, Paragraph 1 of the Companies Act. This is to enable the Company to more flexibly distribute profits to shareholders based on its consolidated business performance and to repurchase and cancel its own stock under its basic policy of providing returns to shareholders.

The Company, pursuant to Article 426, Paragraph 1 of the Companies Act, stipulates in its Articles of Incorporation that it may, by a resolution of the Board of Directors, exempt a Director (including a former Director) and a A&SB Member (including a former A&SB Member) from being held liable for his/her actions as set forth in Article 423, Paragraph 1 of the Companies Act to the extent permitted by applicable laws and ordinances, to enable the Directors and A&SB Members to perform their duties in a satisfactory manner.

11) Requirements for the adoption of resolutions for the election of Directors

The Company stipulates in its Articles of Incorporation that the presence of shareholders representing one-third or more of the voting rights held by the total shareholders entitled to exercise their voting rights and a majority of the votes held by those shareholders are required for the adoption of resolutions necessary to approve the election of Directors.

12) Requirements for the adoption of special resolutions of general meetings of shareholders

The Company stipulates in its Articles of Incorporation that the presence of shareholders representing one-third or more of the voting rights held by the total shareholders entitled to exercise their voting rights and two-thirds or more the votes held by those shareholders are required for the adoption of special resolutions of general meetings of shareholders which are stipulated in Article 309, Paragraph 2 of the Companies Act. By relaxing the requirements for a quorum for special resolutions of general meetings of shareholders, resolutions for those resolutions can be made with certainty.

13) Information on shareholdings

(a) Investment securities held for purposes other than pure investment

Number of stock names: 150

Total amount recorded in the balance sheet of the Company: 56,259 million yen

(b) Categories of holding, stock name, number of shares, amount recorded in the balance sheet, and purpose of holding regarding investment securities held for purposes other than pure investment

(As of March 31, 2016)

Specified investment securities

Stock name	Number of shares (shares)	Balance sheet amount (Millions of yen)	Purpose of holding
Tesla Motors, Inc.	1,418,573	36,728	Maintaining and expanding of rechargeable batteries related businesses
Tokyo Broadcasting System Holdings, Inc.	5,643,180	9,842	Maintaining and expanding of broadcasting equipment related businesses
Daiwa House Industry Co., Ltd.	1,530,000	4,844	Maintaining and expanding of housing / equipment related businesses
Toray Industries, Inc.	4,214,000	4,042	Stable procurement of raw materials
Renesas Electronics Corporation	4,166,600	3,017	Stable procurement of raw materials
Sekisui House, Ltd.	1,112,071	2,112	Maintaining and expanding of housing / equipment businesses
Gorenje gospodinjski aparati, d.d.	2,623,664	1,484	Maintaining and expanding of appliance related businesses
Mazda Motor Corporation	699,006	1,221	Maintaining and expanding of automotive related businesses
KINDEN CORPORATION	740,257	1,022	Maintaining and expanding of housing / equipment related businesses
Joshin Denki Co., Ltd.	1,085,004	939	Maintaining and expanding of appliance related businesses

Regarded as holding securities

Stock name	Number of shares (shares)	Balance sheet amount (Millions of yen)	Purpose of holding
Toyota Motor Corporation	3,000,000	17,856	Have a right to exercise voting rights
Honda Motor Co., Ltd.	1,000,000	3,086	Have a right to exercise voting rights

(As of March 31, 2017)

Specified investment securities

Stock name	Number of shares (shares)	Balance sheet amount (Millions of yen)	Purpose of holding
Tokyo Broadcasting System Holdings, Inc.	5,643,180	11,219	Maintaining and expanding of broadcasting equipment related businesses
Daiwa House Industry Co., Ltd.	1,530,000	4,890	Maintaining and expanding of housing / equipment related businesses
Renesas Electronics Corporation	4,166,600	4,862	Stable procurement of raw materials
Toray Industries, Inc.	4,214,000	4,159	Stable procurement of raw materials
Gorenje gospodinjski aparati, d.d.	2,623,664	2,200	Maintaining and expanding of appliance businesses
Sekisui House, Ltd.	1,112,071	2,036	Maintaining and expanding of housing / equipment related businesses
Joshin Denki Co., Ltd.	1,085,004	1,233	Maintaining and expanding of appliance businesses
KINDEN CORPORATION	740,257	1,150	Maintaining and expanding of housing / equipment related businesses
EPCO Co., Ltd.	694,000	1,138	Maintaining and expanding of housing / equipment related businesses
Mazda Motor Corporation	699,006	1,121	Maintaining and expanding of automotive related businesses

Regarded as holding securities

Stock name	Number of shares (shares)	Balance sheet amount (Millions of yen)	Purpose of holding
Toyota Motor Corporation	3,000,000	18,126	Have a right to exercise voting rights
Honda Motor Co., Ltd.	1,000,000	3,351	Have a right to exercise voting rights

(c) Equity securities for pure investment

Not applicable.

(2) Audit Fees

1) Fees to Certified Public Accountants

Category	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017	
	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)
Panasonic Corporation	680	289	740	95
Consolidated subsidiaries	441	33	416	93
Total	1,121	322	1,156	188

2) Other fees

Audit fees paid by Panasonic Corporation and its consolidated subsidiaries to the Company's accounting auditors, KPMG AZSA LLC Group (including KPMG and its group firms which belong to the same network as KPMG AZSA LLC), other than above were 2,490 million yen for the fiscal year ended March 31, 2016, and 2,788 million yen for the fiscal year ended March 31, 2017, respectively. These fees are mainly paid for audit services. Some consolidated subsidiaries paid audit fees to other accounting auditors which do not belong to the same network as KPMG AZSA LLC Group. These fees are mainly paid for audit services.

3) Descriptions of non-audit services to the Company

Non-audit services to the Company in the fiscal year ended March 31, 2016 and 2017 include advisory services relating to the introduction of International Financial Reporting Standards (IFRS), etc., and advisory services relating to accounting and tax matters, etc., respectively, to which the fee is charged.

4) Policy on determination of audit fees

In determining the amount of audit fees, the Company considers matters that include the number of days of audit, taking into consideration of the size of the Company, the scope and characteristics of the audit, etc.

Ⅴ Consolidated Financial Statements

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Financial Position
March 31, 2017 and 2016, and April 1, 2015

	Yen (millions)		
	March 31	March 31	April 1
	2017	2016	2015
Assets			
Current assets:			
Cash and cash equivalents (Note 5)	1,270,787	1,012,666	1,279,943
Trade receivables (Note 6)	847,003	835,456	1,006,002
Other financial assets (Note 12)	143,519	165,496	165,648
Inventories (Note 7)	806,309	769,650	776,965
Other current assets (Note 14)	137,201	110,494	121,107
Total current assets	3,204,819	2,893,762	3,349,665
Non-current assets:			
Investments accounted for using the equity method (Note 11)	155,987	160,667	138,266
Other financial assets (Note 12)	161,986	149,422	137,552
Property, plant and equipment (Notes 8)	1,323,282	1,288,234	1,361,738
Goodwill and intangible assets (Notes 9 and 26)	665,132	474,149	469,378
Deferred tax assets (Note 13)	407,720	454,204	274,710
Other non-current assets (Note 14)	64,035	67,586	89,480
Total non-current assets	2,778,142	2,594,262	2,471,124
Total assets	5,982,961	5,488,024	5,820,789

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Financial Position (Continued)
March 31, 2017 and 2016, and April 1, 2015

	Yen (millions)		
	March 31	March 31	April 1
	2017	2016	2015
Liabilities and Equity			
Current liabilities:			
Short-term debt, including current portion of long-term debt (Note 15)	177,038	21,728	260,435
Trade payables (Note 16)	955,965	894,927	943,836
Other financial liabilities (Note 19)	329,625	276,810	273,663
Income taxes payable	66,785	70,779	60,990
Provisions (Note 18)	317,261	386,260	396,636
Other current liabilities (Note 20)	865,389	832,836	898,953
Total current liabilities	2,712,063	2,483,340	2,834,513
Non-current liabilities:			
Long-term debt (Note 15)	946,966	703,113	711,043
Retirement benefit liabilities (Note 17)	467,749	580,712	436,281
Provisions (Note 18)	17,679	12,958	11,539
Deferred tax liabilities (Note 13)	62,531	44,502	52,476
Other non-current liabilities (Note 20)	16,038	16,166	15,491
Total non-current liabilities	1,510,963	1,357,451	1,226,830
Total liabilities	4,223,026	3,840,791	4,061,343
Equity: (Note 21)			
Panasonic Corporation stockholders' equity			
Common stock	258,740	258,740	258,740
Capital surplus	636,905	645,949	653,101
Retained earnings	1,051,445	878,208	833,991
Other components of equity	(164,632)	(107,922)	37,234
Treasury stock (Note 32)	(210,569)	(230,533)	(247,548)
Total Panasonic Corporation stockholders' equity (Note 28)	1,571,889	1,444,442	1,535,518
Non-controlling interests (Note 30)	188,046	202,791	223,928
Total equity	1,759,935	1,647,233	1,759,446
Total liabilities and equity	5,982,961	5,488,024	5,820,789

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Profit or Loss
Years ended March 31, 2017 and 2016

	Yen (millions)	
	Year ended March 31	
	2017	2016
Net sales	7,343,707	7,626,306
Cost of sales	(5,157,163)	(5,367,667)
Gross profit	2,186,544	2,258,639
Selling, general and administrative expenses (Note 23)	(1,842,928)	(1,845,393)
Share of profit of investments accounted for using the equity method (Note 11)	8,378	8,445
Other income (expenses), net (Notes 25 and 26)	(75,210)	(191,392)
Operating profit	276,784	230,299
Finance income (Note 27)	21,832	23,618
Finance expenses (Note 27)	(23,550)	(26,388)
Profit before income taxes	275,066	227,529
Income taxes (Note 13)	(102,624)	(36,296)
Net profit	172,442	191,233
Net profit attributable to:		
Panasonic Corporation stockholders	149,360	165,212
Non-controlling interests	23,082	26,021
	Yen	
Earnings per share attributable to Panasonic Corporation stockholders (Note 28)		
Basic	64.33	71.30
Diluted	64.31	71.29

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Loss)
Years ended March 31, 2017 and 2016

	Yen (millions)	
	Year ended March 31	
	2017	2016
Net Profit	172,442	191,233
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans (Note 21)...................................	73,513	(79,205)
Financial assets measured at fair value through other comprehensive income..	4,260	-
Subtotal..	77,773	(79,205)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations..........................	(61,304)	(164,668)
Net changes in fair value of cash flow hedges	964	(2,588)
Unrealized holding gains of available-for-sale securities..	-	7,069
Subtotal..	(60,340)	(160,187)
Total other comprehensive income (loss)..	17,433	(239,392)
Comprehensive income (loss)...	189,875	(48,159)
Comprehensive income (loss) attributable to:		
Panasonic Corporation stockholders..	174,892	(54,617)
Non-controlling interests...	14,983	6,458

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
Years ended March 31, 2017 and 2016

Yen (millions)

	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Panasonic Corporation stockholders' equity	Non-controlling interests	Total equity
Balances as of April 1, 2015...	258,740	653,101	833,991	37,234	(247,548)	1,535,518	223,928	1,759,446
Comprehensive income :								
Net profit............................	-	-	165,212	-	-	165,212	26,021	191,233
Other comprehensive income (loss) -net of tax (Note 21)...........................	-	-	-	(219,829)	-	(219,829)	(19,563)	(239,392)
Total comprehensive income (loss)...............	-	-	165,212	(219,829)	-	(54,617)	6,458	(48,159)
Transfer from other components of equity to retained earnings....................	-	-	(74,673)	74,673	-	-	-	-
Cash dividends (Note 21).....	-	-	(46,322)	-	-	(46,322)	(19,611)	(65,933)
Purchase of treasury stock........	-	-	-	-	(115)	(115)	-	(115)
Disposal of treasury stock........	-	(2,893)	-	-	17,130	14,237	-	14,237
Transactions with non-controlling interests and other......................................	-	(4,259)	-	-	-	(4,259)	(7,984)	(12,243)
Balances as of March 31, 2016	258,740	645,949	878,208	(107,922)	(230,533)	1,444,442	202,791	1,647,233
Comprehensive income :								
Net profit.............................	-	-	149,360	-	-	149,360	23,082	172,442
Other comprehensive income (loss) -net of tax (Note 21)...........................	-	-	-	25,532	-	25,532	(8,099)	17,433
Total comprehensive income (loss)...............	-	-	149,360	25,532	-	174,892	14,983	189,875
Transfer to hedged non-financial assets......................	-	-	-	0	-	0	-	0
Transfer from other components of equity to retained earnings....................	-	-	72,870	(72,870)	-	-	-	-
Cash dividends (Note 21).....	-	-	(58,025)	-	-	(58,025)	(17,648)	(75,673)
Purchase of treasury stock.......	-	-	-	-	(106)	(106)	-	(106)
Disposal of treasury stock........	-	(6,324)	-	-	20,070	13,746	-	13,746
Transactions with non-controlling interests and other.......................................	-	(2,720)	-	-	-	(2,720)	(12,080)	(14,800)
Cumulative effects of new accounting standards applied (Note 3)................................	-	-	9,032	(9,372)	-	(340)	-	(340)
Balances as of March 31, 2017	258,740	636,905	1,051,445	(164,632)	(210,569)	1,571,889	188,046	1,759,935

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years ended March 31, 2017 and 2016

	Yen (millions)	
	Year ended March 31	
	2017	2016
Cash flows from operating activities:		
Net profit	172,442	191,233
Depreciation and amortization	270,767	278,391
Impairment losses on property, plant and equipment, goodwill and Intangible assets (Note 26)	45,868	47,638
Income tax expenses	102,624	36,296
(Increase) decrease in trade receivables	(7,983)	125,036
(Increase) decrease in inventories	(36,612)	(29,644)
Increase (decrease) in trade payables	64,044	(18,900)
Other - net	(116,107)	(92,845)
Subtotal	495,043	537,205
Interest received	16,956	20,409
Dividends income received	1,857	1,581
Interests expenses paid	(23,816)	(26,261)
Income taxes paid	(104,630)	(113,579)
Net cash provided by operating activities	385,410	419,355
Cash flows from investing activities (Note 32):		
Purchase of property, plant and equipment	(278,594)	(245,269)
Proceeds from sale of property, plant and equipment	51,155	27,560
Purchase of intangible assets	(63,220)	(45,095)
Purchase of investments accounted for using the equity method and other financial assets	(29,119)	(58,369)
Proceeds from sale and redemption of investments accounted for using the equity method and other financial assets	31,163	53,950
Proceeds from sales of subsidiaries	11,622	1,997
Purchase of subsidiaries, net of cash acquired (Note 34)	(142,844)	(31,356)
Other - net	(319)	2,778
Net cash used in investing activities	(420,156)	(293,804)

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
Years ended March 31, 2017 and 2016

	Yen (millions)	
	Year ended March 31	
	2017	2016
Cash flows from financing activities (Note 32):		
Increase (decrease) in short-term debt	6,261	3,391
Proceeds from long-term debt	400,549	157
Repayments of long-term debt	(50,900)	(251,729)
Dividends paid to Panasonic Corporation stockholders (Note 21)	(58,025)	(46,322)
Dividends paid to non-controlling interests	(17,648)	(19,611)
Purchase of treasury stock	(106)	(115)
Proceeds from sale of treasury stock	9	8
Transactions with non-controlling interests	(2,946)	(405)
Other - net	17,404	5,061
Net cash provided by (used in) financing activities	294,598	(309,565)
Effect of exchange rate changes on cash and cash equivalents	(1,731)	(83,263)
Net increase (decrease) in cash and cash equivalents	258,121	(267,277)
Cash and cash equivalents at the beginning of the year (Note 5)	1,012,666	1,279,943
Cash and cash equivalents at the end of the year (Note 5)	1,270,787	1,012,666

PANASONIC CORPORATION
AND SUBSIDIARIES
Notes to Consolidated Financial Statements

1. Reporting Entity

Panasonic Corporation is a company incorporated in Japan. As a comprehensive electronics manufacturer, Panasonic Corporation and its subsidiaries (together referred to as the "Company") are engaged in production, sales and service activities in relevant business areas in close cooperation with domestic and overseas group companies.

The details of principal businesses and activities of the Company are stated in "4. Segment information".

2. Basis of Preparation

(1) Compliance of consolidated financial statements with "International Financial Reporting Standards" (hereinafter, "IFRS").

Pursuant to the provision of Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, the consolidated financial statements of the Company have been prepared in compliance with IFRS since the Company qualifies as a "Specified Company under Designated International Accounting Standards" prescribed in Article 1-2 of the Ordinance.

The Company first adopted IFRS in the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017) and the date of transition to IFRS is April 1, 2015. In transitioning to IFRS, the Company applied IFRS 1, "First-time Adoption of International Financial Reporting Standards" (hereinafter, "IFRS 1"). The impact of the transition to IFRS on the Company’s financial position, operating results and cash flows is provided in "37. Disclosure on transition to IFRS."

The consolidated financial statements were approved on June 30, 2017 by Representative Director, President, Kazuhiro Tsuga and Director (CFO) Hirokazu Umeda.

(2) Basis of measurement

The Company's consolidated financial statements have been prepared on a historical cost basis except for the financial instruments, the net amount of liabilities/assets for retirement benefit plans, etc. stated in "3. Significant Accounting Policies."

(3) Functional currency and presentation currency

The Company's consolidated financial statements are presented in Japanese yen, which is the Company's functional currency, and figures are rounded to the nearest million (Japanese yen).

3. Significant Accounting Policies

(1) Basis of Consolidation

1) Subsidiaries

Subsidiaries are entities that are controlled by the Company. The Company is deemed to control an entity when the Company has exposures or rights to variable returns arising from the Company's involvement in the entity and has an ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the Company's consolidated financial statements from the date on which control commences until the date on which control is lost.

If any accounting policies applied by a subsidiary differ from those applied by the Company, adjustments are made to the consolidated subsidiary's financial statements where necessary.

Balances of receivables and payables and volume of transactions between group companies and unrealized gains or losses arising from transactions between group companies are eliminated in the preparation of consolidated financial statements.

Any change in ownership interests in subsidiaries that does not result in a loss of control is accounted for as equity transaction. When control is lost, gains and losses arising from the loss of control are recognized in profit or loss.

2) Associates and joint ventures

Associates are entities over which the Company has significant influence, but not control or joint control, in terms of financial and operating policies.

A joint venture is a specific type of joint arrangement under which operations are independent from each of the investing companies and the investing companies have rights only to the net assets of the arrangement. A joint arrangement is a contractual arrangement in which multiple ventures or parties undertake economic activities under joint control and significant decisions require unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method from the date on which significant influence commences or the Company obtains joint control until the date on which significant influence or joint control ceases.

In the application of the equity method, when accounting policies applied by an associate or joint venture that is accounted for using the equity method differ from those applied by the Company, adjustments are made to financial statements of the associate or joint venture where necessary.

When an entity no longer meets the criteria for an associate or joint venture and the application of the equity method is discontinued, gains or losses arising from the discontinuation of application of the equity method are recognized in profit or loss, unless the entity meets the criteria for a consolidated subsidiary.

(2) Business Combinations

The identifiable assets acquired and the liabilities assumed of the acquiree are recognized at the fair values on the acquisition date.

When the total of consideration transferred in business combinations, amount of non-controlling interests in the acquiree and fair value of the equity interest in the acquiree previously held by the acquirer exceeds the net value of identifiable assets and liabilities on the acquisition date, the excess amount is recognized as goodwill. When the total is lower than the net value of identifiable assets and liabilities, the difference is recognized as profit. Consideration transferred is calculated as the total of the fair value of the assets transferred, liabilities assumed and equity interests issued, and includes fair value of assets or liabilities arising from the contingent consideration arrangement. Acquisition costs are recognized as expenses in the period they are incurred.

Non-controlling interests are measured at fair value or as non-controlling interests' proportionate share of the acquiree's net identifiable assets, for each individual business combination transaction.

(3) Foreign Currency Translation

1) Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Company and each of its subsidiaries using the exchange rates at the date of the transactions.

Foreign currency monetary items at the end of each reporting period are translated into the functional currency using the closing rate, and non-monetary items measured at fair value in foreign currencies are translated into the functional currency using the exchange rates at the date when the fair value was measured.

Exchange differences arising from the translation or settlement are generally recognized in profit or loss.

2) Translation of foreign operations

Assets and liabilities of foreign operations are translated at the closing rate, while their income and expenses are translated at the average rate during the period unless exchange rates fluctuate significantly. Exchange differences arising from translation are recognized in other comprehensive income.

When a foreign operation is disposed of, cumulative translation differences associated with the foreign operation are transferred to profit or loss at the time of disposal.

(4) Financial instruments

With regard to accounting for financial instruments, under the exemptions from the retrospective application of IFRS 9, "Financial Instruments" (2014) (hereinafter, "IFRS 9") in accordance with IFRS 1, the Company has applied U.S. GAAP for the date of transition to IFRS and the year ended March 31, 2016, and early applied IFRS 9 in advance for the year ended March 31, 2017.

Accounting policies under U.S. GAAP for the date of transition to IFRS and the year ended March 31, 2016 are as follows:

Marketable equity securities and all debt securities are classified as available-for-sale. Available-for-sale securities are recorded at fair value, and unrealized gains (losses) net of tax are presented as other comprehensive income.

Realized gains or losses on sale are determined at cost using the moving average method.

In addition, carrying amounts of investments at cost and available-for-sale securities are respecting reviewed for other-than-temporary impairment on an ongoing basis and at least quarterly. In reviewing an indication of other-than-temporary decline in fair value, the Company takes into account the period during which the fair value is lower than the carrying amount or the investment cost, financial conditions and future prospects of each investee, and other related factors.

When a decline in the fair value is other than temporary, investments at cost and available-for-sale securities are written down to the fair value, and the amount of write-down is recognized as loss. The amount of write-down is measured based on the carrying amount or the investment cost in excess of the fair value. Fair value is determined based on the market price, discounted cash flows or other appropriate valuation methods.

To cover possible losses from bad debts among trade accounts receivable, advances, etc., the estimated uncollectible amounts are recorded as allowance for credit losses based on the historical rate for general receivables, and based on individual consideration of collectability in the case of specific receivables such as highly doubtful receivables.

On the date the derivative contract is entered into, the Company ordinarily designates the derivative as either a hedge of fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value hedge"), a hedge of the variability of cash flows to be received or paid related to a forecasted transaction or a recognized asset or liability ("cash flow hedge"), or a hedge of fair value or cash flow in foreign currencies ("net investment hedge"). The Company formally documents relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Changes in the fair value of a derivative that is highly effective and that is designated and qualified as a fair value hedge, along with the loss or gain on the hedged asset or liability or unrecognized firm commitment of the hedged item that is attributable to the hedged risk, are recorded in earnings. Changes in the fair value of a derivative that is highly effective and that is designated and qualified as a cash flow hedge are recorded in other components of equity through other comprehensive income, until earnings are affected by the variability in cash flows of the designated hedged item. Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a net investment hedge are recorded in either earnings or other comprehensive income, depending on whether the hedge transaction is a fair value hedge or a cash flow hedge. The ineffective portion of the change in the fair value of a derivative that is designated as a fair value hedge or cash flow hedge is reported in earnings.

Accounting policies under IFRS 9 in the year ended March 31, 2017 are as follows:

1) Non-derivative financial assets

(i) Initial recognition and measurement

Financial assets that are stocks and bonds are initially recognized on the contract date. All other financial assets are initially recognized on the transaction date.

Financial assets are classified into financial assets measured at amortized cost or financial assets measured at fair value at initial recognition. This classification is made as follows, depending on whether the financial asset is a debt instrument or equity instrument.

Financial assets that are debt instruments are classified as financial assets measured at amortized cost when the following conditions are both satisfied, and as financial assets measured at fair value through profit or loss (hereinafter, "FVTPL") in other cases.

(a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Except for equity instruments held for trading, financial assets that are equity instruments are, in principle, classified as financial assets measured at fair value through other comprehensive income (hereinafter, "FVTOCI").

For financial assets measured at FVTPL, the transaction costs are recognized in profit or loss when they are incurred. Financial assets measured at FVTOCI are measured at the fair value plus transaction costs directly attributable to the asset.

(ii) Subsequent measurement

(a) Financial assets measured at amortized cost

These financial assets are measured at amortized cost using the effective interest method, and interests are recognized as "finance income" in profit or loss.

(b) Financial assets measured at fair value

These financial assets are measured at fair value.

For equity instruments that the Company has chosen to classify as financial assets measured at FVTOCI, changes in fair value are recognized in other comprehensive income. Cumulative gains or losses are transferred to retained earnings when the instrument is derecognized. However, dividends are recognized as "finance income" in profit or loss.

For financial assets measured at FVTPL, changes in fair value are recognized in profit or loss.

(iii) Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or when the contractual rights to receive the cash flows of the financial assets are transferred and substantially all the risks and rewards of ownership of such financial assets are transferred.

(iv) Impairment

For financial assets measured at amortized cost, an assessment is made at the end of each reporting period as to whether or not the credit risk associated with such assets has increased significantly since the initial recognition, and the following amounts are recognized as allowance for expected credit losses depending on whether or not a significant increase in credit risk has occurred since the initial recognition.

(a) If credit risk has not increased significantly since initial recognition

Amount equivalent to 12-month expected credit losses

(b) If credit risk has increased significantly since initial recognition

Amount equivalent to lifetime expected credit losses

(c) If financial assets, whose credit risk has increased significantly since initial recognition, are credit-impaired

Amount equivalent to lifetime expected credit losses

Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower
- a breach of contract, such as a default or past due event
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- the disappearance of an active market for that financial asset because of financial difficulties

However, for trade receivables, allowance for expected credit losses in the amount equivalent to lifetime expected credit losses is recognized, regardless of whether a significant increase in credit risk has occurred since initial recognition.

Allowance for expected credit losses is recognized in profit or loss. When an event that results in a reduction in allowance for expected credit losses occurs, the reversal is recognized in profit or loss.

2) Non-derivative financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified into financial liabilities measured at amortized cost and financial liabilities measured at FVTPL at initial recognition. While all financial liabilities are initially measured at fair value, financial liabilities measured at amortized cost are measured at fair value net of directly attributable issuance costs.

(ii) Subsequent measurement

After initial recognition, financial liabilities are measured based on the classification as follows.

(a) Financial liabilities measured at amortized cost

These financial liabilities are measured at amortized cost using the effective interest method. Amortization using the effective interest method and gains or losses arising in the case of derecognition are recognized as "finance costs" in profit or loss.

(b) Financial liabilities measured at FVTPL

These financial liabilities are measured at fair value.

(iii) Derecognition

Financial liabilities are derecognized when the obligation specified in a contract is discharged or cancelled or expired.

3) Derivatives and hedge accounting

The Company utilizes derivatives such as foreign exchange contracts, cross currency swaps and commodity futures to hedge currency risk and risk of changes in commodity prices. These derivatives are initially recognized at fair value when the contract is entered into, and are subsequently measured at fair value.

Changes in fair value of derivatives are recognized as profit or loss. However, the effective portion of cash flow hedges is recognized as other comprehensive income.

The Company formally documents relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also assesses, both at the hedge's inception and an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Hedges that meet the requirements for hedge accounting are classified and accounted for as follows:

(i) Fair value hedges

Changes in fair value of hedging instruments are recognized as profit or loss. Changes in fair value of hedged items resulting from the hedged risk are recognized as profit or loss, while the carrying amount of the hedged item is adjusted for the changes.

(ii) Cash flow hedges

Of changes in fair value of hedging instruments, the effective portion is recognized in other comprehensive income, while the ineffective portion is recognized in profit or loss.

The amounts of hedging instruments recorded in other comprehensive income are reclassified to profit or loss when the hedged transactions affect profit or loss. In cases where hedged items result in the recognition of non-financial assets or liabilities, the amounts recognized as other comprehensive income are reclassified as adjustments to the initial carrying amount of non-financial assets or liabilities.

4) Offsetting of financial assets and financial liabilities

The Company offsets financial assets and financial liabilities and presents them as a net amount only when it holds a legally enforceable right to set off the amounts recognized as assets and liabilities and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(5) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits withdrawable at any time, and short-term investments with a maturity of three months or less from the acquisition date that are readily convertible to cash and are subject to insignificant risk of changes in value.

(6) Inventories

Inventories are recognized at the lower of cost or net realizable value. Cost is principally calculated on an average basis. Cost includes purchase costs, processing costs and all expenses required to bring the inventories to the present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs.

(7) Property, Plant and Equipment

1) Recognition and measurement

Property, plant and equipment are measured using the cost model. Property, plant and equipment are presented at the amount of cost less accumulated depreciation and any accumulated impairment losses.

Cost includes cost directly attributable to the acquisition of assets, and the initial estimate of dismantling and removing costs and restoration costs.

2) Depreciation

Depreciation is calculated to write off cost of Property, plant and equipment (except for assets that are not subject to depreciation such as land) less their estimated residual values using the straight-line method over their estimated useful lives.

The estimated useful lives of major asset items are as follows:

・ Buildings and structures: 5 to 50 years
・ Machinery and vehicles: 2 to 10 years
・ Tools, furniture and fixtures: 1 to 10 years

Leased assets are depreciated over the shorter of the lease term and their estimated useful lives unless it is reasonably certain that the Company will obtain ownership by the end of lease terms.

The depreciation methods, estimated useful lives and residual values are reviewed at the end of each fiscal year, and changed if necessary.

(8) Goodwill and Intangible Assets

1) Goodwill

Goodwill acquired in the business combination is stated at the amount of cost less accumulated impairment losses. Goodwill is not amortized and tested for impairment annually.

2) Intangible assets

Intangible assets are measured using the cost model. Intangible assets with finite useful lives are presented at the amount of cost less accumulated amortization and any accumulated impairment losses, while intangible assets with indefinite useful lives are presented at the amount of cost less accumulated impairment losses.

Expenditures in development activities are recognized as assets only if all of the following requirements can be demonstrated. Otherwise, it is recognized in profit or loss as incurred.

(i) Technical feasibility of completing the intangible asset so that it will be available for use or sale
(ii) Intention to complete the intangible asset and use or sell it
(iii) Ability to use or sell the intangible asset
(iv) How the intangible asset will generate probable future economic benefits
(v) Availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
(vi) Ability to measure reliably the expenditure attributable to the intangible asset during its development

Amortization is calculated to write off the cost of intangible assets with finite useful lives less their estimated residual values using the straight-line method over their estimated useful lives from the date when the asset becomes available for use.

The estimated useful lives of major asset items are as follows:

- Software: 2 to 5 years
- Technology: 3 to 34 years
- Customer: 2 to 21 years

The amortization methods, estimated useful lives and residual values are reviewed at the end of each fiscal year, and changed if necessary.

(9) Leases

Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the arrangement.

Leases are classified as finance leases when substantially all the risks and rewards incidental to ownership of an asset are transferred to the lessee, while all other leases are classified as operating leases.

(10) Impairment of Non-Financial Assets

In terms of non-financial assets (excluding inventories and deferred tax assets, etc.), an assessment is made for any indications of impairment in each asset or cash-generating unit. If any such indication exists, then the recoverable amount of the asset or the cash-generating unit is estimated and impairment tests are conducted.
Regardless of whether or not there are indications of impairment, impairment tests of goodwill and intangible assets with indefinite useful lives are conducted annually. The Company designated January 1 as the impairment date and conducts impairment tests of goodwill and intangible assets with indefinite useful lives at least once a year. In addition, impairment tests are performed whenever an indication of impairment becomes apparent.

As corporate assets do not independently generate cash inflows, when indications of impairment become apparent in corporate assets, impairment tests are conducted based on the recoverable amount of the cash-generating unit to which such assets belong.

The recoverable amount is calculated at the higher of the fair value less costs to sell or the value in use. Value in use is calculated by discounting the future cash flows expected to be derived from the asset or cash-generating unit to their present value.

If the recoverable amount of the asset or cash-generating unit is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the amount of difference is recognized as an impairment loss in profit or loss.

Impairment losses recognized for goodwill are not reversed. Other assets or cash-generating units for which impairment losses were recognized in past years are evaluated to determine whether there is any indication of reversal of the impairment loss. If any such indication exists, recoverable amount of the asset or cash-generating unit is estimated, and if the recoverable amount exceeds the carrying amount, impairment loss is reversed. The amount of reversal is recognized in profit or loss up to the carrying amount, net of depreciation or amortization, that would have been determined if no impairment loss had been recognized in past years.

Goodwill on an investment in associates and joint ventures that forms part of the carrying amount of the investment is not separated from the other part and subject to impairment as a single asset.

(11) Income Taxes

Income taxes, which comprise current taxes and deferred taxes, are recognized in profit or loss, except to the extent that they relate to business combinations or item recognized in other comprehensive income or directly in equity.

Current taxes are measured at the expected amount of taxes payable to or recoverable from tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are recognized based on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for taxation purpose. Deferred tax assets and liabilities are not recognized for temporary differences related to initial recognition of assets or liabilities in transactions that are not business combinations and affect neither of accounting nor taxable profit. Deferred tax liabilities are also not recognized for taxable temporary differences arising from the initial recognition of goodwill.

In principle, deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures. However, if the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future, deferred tax liabilities are not recognized. Deductible temporary differences associated with investments in subsidiaries, associates and joint ventures are recognized only to the extent that it is probable that there will be sufficient taxable profit against which the benefit from temporary differences can be utilized and the temporary differences will reverse in the foreseeable future.

Deferred taxes are measured using the tax rates that are expected to be applied when they reverse, using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if the Company has a legally enforceable right to offset current tax assets against current tax liabilities, and if the same taxation authority levies income taxes on the same taxable entity.

Deferred tax assets are recognized for deductible temporary differences, unused tax losses and tax credits carryforward only to the extent that it is probable that they can be utilized against future taxable profit. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(12) Employee Benefits

1) Post-employment benefits

The Company adopts defined benefit plans and defined contribution plans.

(i) Defined benefit plans

Net defined benefit liability or asset is calculated by deducting the fair value of plan assets from the present value of defined benefit obligation. The ceiling of the amount recorded as assets based on this calculation is the present value of any future economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Defined benefit obligation is determined using the projected unit credit method, and its present value is calculated by discounting future estimated benefits. The discount rate is determined by reference to market yields on high-quality corporate bonds as of the end of the fiscal year, reflecting the estimated timing and amount of benefit payment.

Service cost and net interest on the net defined benefit liability or asset are recognized as profit or loss. Past service cost is immediately recognized in profit or loss.

Remeasurements of net defined benefit liability or asset including actuarial gains and losses are recognized in other comprehensive income when they are incurred, and immediately transferred to retained earnings.

(ii) Defined contribution plans

Contributions to defined contribution pension plans are recognized as employee benefits expenses in profit or loss in the period during which employees render services.

2) Short-term employee benefits
Short-term employee benefits are measured on an undiscounted basis and are recognized as employee benefits expenses in profit or loss when employees render the related services.

For bonuses and paid absences, estimated amounts are recognized as liabilities when the Company has legal and constructive obligations to make such payments and a reliable estimate of the amounts can be made.

(13) Provisions

Provisions are recognized when the Company has present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of obligations.

When the effect of the time value of money is material, the amount of provision is measured at the present value of the expected future cash flows required to settle the obligation.

(14) Equity

1) Ordinary shares
With regard to ordinary shares issued by the Company, the issuance value is recorded in common stock and capital surplus, and costs directly attributable to the issue of ordinary shares (net of tax) are recognized as a deduction from equity.

2) Treasury shares
When treasury shares are acquired, the amount of the consideration paid, which includes directly attributable cost (net of tax) is recognized as a deduction from equity.
When treasury shares are sold, the amount of the consideration received is recognized as an increase in equity.

(15) Share-Based Payments

The Company has the share option plan as an incentive plan for its Directors (excluding Outside Directors), Executive Officers under the Company-wide Executive Officer System, and others. Share options are estimated at fair value on the grant date and recognized as expenses over the period from the grant date to the vesting of rights, with a corresponding increase in equity. The fair value of options granted is calculated using the Black-Scholes model, taking into account terms and conditions of options.

(16) Revenue Recognition

1) Sales of products

The Company principally has sales transactions of products such as consumer and industrial products, equipment, and supplies.

Sales of products are recognized when all of the following requirements are satisfied.

- The significant risks and rewards of ownership of the goods are transferred to the buyer.
- Neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold is retained.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Company.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Net sales are measured at fair value of the consideration received or receivable.
The Company deducts certain price adjustment expenses that are appropriated to payments to compensate for the decline in product prices in association with sales to its consumer business distributors and sales rebates under incentive programs offered to distributors, from net sales.

2) Rendering of services

The Company has transactions of services such as repair request and maintenance incidental to sales of products, and investigation, analysis, supervision, maintenance, etc. of electric and building equipment, environment-related equipment and disaster prevention/security-related equipment.

Net sales from these transactions are principally recognized according to the stage of completion of the transaction at the end of the fiscal year.

3) Construction contracts

The Company has transactions of design, construction, etc. for housing, electric and building equipment, environment-related equipment and disaster prevention/security-related equipment.

For these transactions, when the amount of order received and total cost required to complete the transaction can be estimated reliably, net sales are recorded in accordance with the percentage of actual costs incurred to date to estimated total costs at the end of each reporting period (percentage-of-completion method). When the initial estimate of net sales or progress up to the completion may be changed, the Company reviews the estimate.

When the amount of order received or total cost required to complete the transaction cannot be estimated reliably, the amount equivalent to the extent of costs incurred that is considered highly recoverable is recorded as net sales (cost recovery method). Costs are recognized as cost of sales in profit or loss in the fiscal period during which they are incurred.

4) Multiple-element transactions

The Company has entered into a variety of transaction arrangements with customers through a combination of products, equipment, installation, maintenance, etc. Revenue from such arrangements is recognized individually for each element when the following requirements are satisfied.

- The element has standalone value to the customer.
- The fair value of the element can be measured reliably.

For multiple-element transactions, when consideration of the arrangement needs to be allocated, the allocation is made based on estimated fair values of each element.

5) Gross and net presentation of net sales

The Company judges whether the Company is a principal or agent to the transaction for each arrangement taking into account the following indicators.

- Have the primary responsibility for providing the goods or services to the customer or for fulfilling the order
- Have inventory risk before or after the customer order, during shipping or on return
- Have discretion in establishing prices, either directly or indirectly
- Bear the customer's credit risk for the amount receivable from the customer

When the Company judges that the Company is a principal to the transaction, net sales for the transaction are presented on a gross basis. When the Company judges that the Company is an agent, net sales for the transaction are presented on a net basis.

(17) Government Grants

Government grants for acquisition of an asset are measured at fair value, and directly deducted from acquisition cost of the asset, when it is reasonably certain that the Company receives the grants and complies with the terms and conditions attached to the grants.

(18) Earnings Per Share

Basic earnings per share are calculated by dividing net profit attributable to owners of parent by the weighted average number of issued ordinary shares less the number of treasury shares during the fiscal year. Diluted earnings per share are calculated, adjusted for the effects of all dilutive potential ordinary shares.

(19) Significant Accounting Estimates and Judgments Involving Estimations

The Company makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses for the preparation of consolidated financial statements. Actual results may differ from the accounting estimates and their underlying assumptions.

Estimates and their underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the reporting period in which the estimates are revised and in future reporting periods.

Items related to assumptions and estimates that have a risk to cause significant adjustment in the next fiscal year are as follows:

- Revenue recognition
- Net realizable value of inventories ("7. Inventories")
- Recoverability of deferred tax assets ("13. Income Taxes")
- Defined benefit obligations ("17. Employee Benefits")
- Impairment of non-financial assets (including goodwill) ("26. Impairment of Non-Financial Assets")
- Fair value of assets acquired and liabilities assumed in business combinations ("34. Business Combinations")

Items for which judgments are made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements are as follows:

- Scope of subsidiaries, associates and joint ventures ("11. Investments Accounted for Using the Equity Method" and "30. Major Subsidiaries")
- Classification of leases ("10. Leases")
- Classification of financial assets ("12. Other Financial Assets")
- Recognition of provisions ("18. Provisions")
- Determination of cash-generating units in conducting impairment test of non-financial assets ("26. Impairment of Non-financial Assets")
- Assessment on whether or not there is any indication of impairment of non-financial assets ("26. Impairment of Non-Financial Assets")
- Presence of a significant increase in credit risk of financial assets measured at amortized cost ("29. Financial Instruments")

(20) Standards and interpretations that have been issued but not yet applied

The following shows major published IFRS standards and interpretations that were newly issued or amended by the date of approval of the consolidated financial statements but have not been applied as of March 31, 2017 because the application is not yet mandatory.

The impact of application of these standards to the consolidated financial statements of the Company is under consideration and cannot be estimated at this point.

	Name of the standards	Mandatory application (from the fiscal year beginning on or after)	To be applied by the Company	Description of new standards, interpretations and amendments
IFRS 15	Revenue from Contracts with Customers	January 1, 2018	Fiscal year ending March 31, 2019	Establishment of standards for revenue from contracts with customers
IFRS 16	Leases	January 1, 2019	Fiscal year ending March 31, 2020	Establishment of standards for leases

(21) Changes in accounting policies

In accordance with exemptions from the retrospective application of IFRS 7 "Financial Instruments: Disclosures" and IFRS 9 under IFRS 1, the Company applied U.S. GAAP, the previous accounting standards, at the date of transition to IFRS and the year ended March 31, 2016, and early applied IFRS 9 from April 1, 2016.

Significant accounting policies related to financial instruments at the date of transition to IFRS and the year ended March 31, 2016 in accordance with U.S. GAAP, and those for the year ended March 31, 2017, are provided in "(4)Financial instruments" above.

In accordance with the transitional provision for the application of IFRS 9, the Company determined the classification of financial instruments held as of April 1, 2016 based on the conditions at that time. Differences between carrying amounts under U.S. GAAP and carrying amounts under IFRS 9 as of April 1, 2016 were accounted for as adjustment of retained earnings and other components of equity.

As of April 1, 2016, the classification of financial instruments whose method of measurement is changed under U.S. GAAP and IFRS 9 is as follows:

Yen (millions)

Recognized in consolidated statements of financial position	Classification based on U.S.GAAP		Classification based on IFRS 9	
Other financial assets	Cost method investments	27,691	Financial assets measured at fair value through other comprehensive income	114,692
	Available-for-sale securities	86,774		

Cumulative effects of the application of IFRS 9 on "retained earnings" and "other components of equity" as of April 1, 2016 are an increase by 9,032 million yen and a decrease by 9,372 million yen, respectively. Effects on "net profit", "basic earnings per share" and "diluted earnings per share" for the year ended March 31, 2017 are insignificant.

4. Segment Information

(1) The reportable segments outline

The reportable segments are the components of the Company for which separate financial information is available that is evaluated regularly by the chief operating decision maker of the Company in deciding how to allocate resources and in assessing performance.

"Appliances" is comprised of developing, manufacturing, selling and providing services of products such as room air-conditioners, TVs, refrigerators, washing machines, personal-care products, microwave ovens, video equipment, home audio equipment, vacuum cleaners, rice cookers, bicycles, showcases, large-sized air -conditioners, compressors and fuel cells. "Eco Solutions" is comprised of developing, manufacturing, selling and providing services of products such as lighting fixtures, lamps, wiring devices, solar photovoltaic systems, water-related products, interior furnishing materials, exterior finishing materials, ventilation and air -conditioning equipment, air purifiers, and nursing-care-related products. "AVC Networks" is comprised of developing, manufacturing, selling and providing services of products such as aircraft in-flight entertainment systems and in-flight communications services, PCs and tablets, projectors, broadcast and professional AV systems, surveillance cameras, digital cameras and fixed-phones. "Automotive & Industrial Systems" is comprised of developing, manufacturing, selling and providing services of products such as automotive-use infotainment systems, electrical components, lithium-ion batteries, automotive-use batteries, dry batteries, automation controls, electric motors, electronic components, electronic materials, semiconductors, LCD panels, electronic-components-mounting machines and welding equipment. "Other" consists of PanaHome Corporation and others.

Starting from April 1, 2016, there were some changes in the structure of its internal organization of the reportable segments. Accordingly, segment information for the year ended March 31, 2016 has been reclassified to conform to the presentation for the year ended March 31, 2017.

(2) By Segment

Information by segment for the years ended March 31, 2017 and 2016 is shown in the tables below.

(i) For the year ended March 31, 2017

	Yen (millions)						
	Appliances	Eco Solutions	AVC Networks	Automotive & Industrial Systems	Other	Eliminations and adjustments	Consolidated Total
Sales:							
Customers..................	2,100,071	1,324,193	926,748	2,417,907	609,813	(35,025)	7,343,707
Intersegment..............	224,476	221,546	113,919	143,338	46,737	(750,016)	-
Total.........................	2,324,547	1,545,739	1,040,667	2,561,245	656,550	(785,041)	7,343,707
Segment profit.............	104,257	62,487	29,638	109,296	8,011	(36,905)	276,784
Depreciation and amortization (* 1).....	45,186	46,319	24,043	111,237	8,732	34,481	269,998
Capital investment (* 1, * 2)..............	52,344	39,284	25,126	231,076	7,963	17,415	373,208

(ii) For the year ended March 31, 2016

	Yen (millions)						
	Appliances	Eco Solutions	AVC Networks	Automotive & Industrial Systems	Other	Eliminations and adjustments	Consolidated Total
Sales:							
Customers	2,035,583	1,355,960	1,043,047	2,539,526	595,715	56,475	7,626,306
Intersegment	243,181	236,778	129,640	167,807	51,345	(828,751)	-
Total	2,278,764	1,592,738	1,172,687	2,707,333	647,060	(772,276)	7,626,306
Segment profit	59,602	76,291	69,030	50,224	14,140	(38,988)	230,299
Depreciation and amortization (* 1)	48,940	46,069	26,689	118,050	8,803	29,165	277,716
Capital investment (* 1, * 2)	45,408	50,850	27,464	133,766	8,327	34,066	299,881

(* 1) Property, plant and equipment and intangible assets

(* 2) Amounts on an accrual basis

The accounting policies for reportable segments are the same as the Company's accounting policies that are provided in Note 3 "Significant accounting policies". Transactions between segments have been conducted at arm's length prices. Profit of the reportable segments is calculated on an operating profit basis.

The figures in "Eliminations and Adjustments" include revenues and expenses which are not attributable to any reportable segments for the purpose of evaluating operating results of each segment, consolidation adjustments, and eliminations of intersegment transactions.

Adjustments to segment sales to customers for the years ended March 31, 2017 and 2016 mainly include price differences between sales prices to external customers and the internal sales prices adopted for performance measurement purposes for the sales of consumer products through certain sales departments, and consolidation adjustments for sales price.

Adjustments to segment profit for the years ended March 31, 2017 and 2016 include profit (loss) of corporate headquarters, etc. and profit (loss) which is attributable to certain sales departments of consumer products. Consolidation adjustments also include amortization of certain intangible assets acquired in business combination, and share of profit of investments accounted for using the equity method which are not attributable to any specific segments. The amount of share of profit of investments accounted for using the equity method which are attributable to each segment is immaterial.

(3) Information about products and services

This information has been omitted because similar information has been disclosed in "(1)The reportable segments outline", and "(2) By Segment".

(4) Information about geographical areas

Net sales and non-current assets (except for Investments accounted for using the equity method, Financial instruments, Deferred tax assets and net Defined benefit pension plan assets) broken down by the customers' location for the years ended March 31, 2017 and 2016 are as follows:

(i) Sales

	Yen (millions)	
	2017	2016
Japan	3,659,113	3,700,421
North and South America	1,272,214	1,243,036
Europe	607,695	702,131
Asia, China and others	1,804,685	1,980,718
Consolidated total	7,343,707	7,626,306
United States included in North and South America	1,147,690	1,109,697
China included in Asia, China and others	827,473	934,702

(ii) Non-current assets (except for Investments accounted for using the equity method, Financial instruments, Deferred tax assets and net Defined benefit pension plan assets)

	Yen (millions)		
	March 31		April 1
	2017	2016	2015
Japan	1,175,162	1,223,085	1,253,847
North and South America	422,240	121,842	87,595
Europe	80,656	93,519	89,423
Asia, China and others	363,189	384,781	468,245
Consolidated total	2,041,247	1,823,227	1,899,110

(*) Major countries or regions belonging to categories other than Japan :

North and South America: North America, Central and South America

Europe: Europe, Africa

Asia, China and others: Asia, China and Oceania

There is no material country in North and South America, Europe, and Asia, China and others whose information should be separately disclosed, except for the United States and China on net sales.

(5) Information about major customers

This information has been omitted because no sales to a single external customer accounts for more than 10% of net sales.

5. Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2017 and 2016, and April 1, 2015, consist of cash on hand, demand deposits withdrawal at any time and short-term investments with a maturity of three months or less, and the balance on the consolidated statements of financial position is equal to the balance on the consolidated statements of cash flows. Cash and cash equivalents are classified as financial assets measured at amortized cost.

6. Trade receivables

Trade receivables are classified as financial assets measured at amortized cost.
Components of trade receivables as of March 31, 2017 and 2016, and April 1, 2015 are as follows:

	Yen (millions)		
	March 31		April 1
	2017	2016	2015
Trade notes receivable	68,368	59,863	80,455
Trade accounts receivable	799,271	797,794	950,512
Less allowance for credit losses	(20,636)	(22,201)	(24,965)
Total	847,003	835,456	1,006,002

7. Inventories

Inventories as of March 31, 2017 and 2016, and April 1, 2015 are summarized as follows:

	Yen (millions)		
	March 31		April 1
	2017	2016	2015
Finished goods	492,521	475,427	478,583
Work in process	115,665	119,921	126,929
Raw materials	198,123	174,302	171,453
Total	806,309	769,650	776,965

The amounts of write-downs of inventories that were recognized as expenses for the years ended March 31, 2017 and 2016 are 40,704 million yen and 42,223 million yen, respectively. The amounts of write-downs are included in "cost of sales" in the consolidated statements of profit or loss. The amounts of reversal of write-downs for the years ended March 31, 2017 and 2016 are not material.

8. Property, plant and equipment

(1) Reconciliation of the beginning and ending balances of book value, cost, and accumulated depreciation and accumulated impairment losses are as follows:

(i) Book value

	Yen (millions)					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
Balance as of April 1, 2015	239,245	527,691	425,110	114,599	55,093	1,361,738
Additions, excluding business combinations	78	15,673	39,672	42,804	154,678	252,905
Transfers between accounts................................	114	17,749	79,909	29,365	(127,137)	-
Sales or disposal....................	(7,278)	(3,488)	(3,563)	(3,389)	(2,360)	(20,078)
Depreciation...........................	-	(49,928)	(120,246)	(68,040)	-	(238,214)
Impairment losses..................	(6,735)	(3,188)	(8,896)	(3,467)	(1,055)	(23,341)
Acquisition through business combinations.......................	81	236	1,222	173	189	1,901
Exchange differences on foreign currencies.................	(2,036)	(12,265)	(21,627)	(5,658)	(3,048)	(44,634)
Others....................................	-	(212)	(1,370)	(103)	(358)	(2,043)
Balance as of March 31, 2016	223,469	492,268	390,211	106,284	76,002	1,288,234
Additions, excluding business combinations.........	1,224	14,379	35,964	42,893	217,181	311,641
Transfers between accounts...	11	20,771	97,770	27,444	(145,996)	-
Sales or disposal....................	(19,245)	(4,479)	(2,363)	(2,279)	(2,572)	(30,938)
Depreciation.........................	-	(49,133)	(113,447)	(61,825)	-	(224,405)
Impairment losses..................	(6,102)	(3,762)	(7,551)	(2,055)	(293)	(19,763)
Acquisitions through business combinations.........	1,637	6,155	5,081	357	998	14,228
Exchange differences on foreign currencies................	(277)	(4,841)	(9,187)	(2,436)	1,026	(15,715)
Balance as of March 31, 2017	200,717	471,358	396,478	108,383	146,346	1,323,282

Depreciation is included in "cost of sales", "selling, general and administrative expenses", and "other income (expenses), net" in the consolidated statements of profit or loss.

(ii) Cost

	Yen (millions)					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
As of April 1, 2015.......	268,072	1,573,778	2,444,436	978,110	56,562	5,320,958
As of March 31, 2016...	257,833	1,544,718	2,354,686	927,744	77,202	5,162,183
As of March 31, 2017...	236,041	1,525,408	2,354,091	909,323	147,574	5,172,437

(iii) Accumulated depreciation and impairment losses

	Yen (millions)					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
As of April 1, 2015........	(28,827)	(1,046,087)	(2,019,326)	(863,511)	(1,469)	(3,959,220)
As of March 31, 2016....	(34,364)	(1,052,450)	(1,964,475)	(821,460)	(1,200)	(3,873,949)
As of March 31, 2017....	(35,324)	(1,054,050)	(1,957,613)	(800,940)	(1,228)	(3,849,155)

(2) Leased assets under finance leases

The carrying amounts of leased assets under finance leases included in property, plant and equipment are as follows:

	Yen (millions)			
	Building and structures	Machinery and vehicles	Tools, furniture and fixtures	Total
As of April 1, 2015........	847	9,941	6,522	17,310
As of March 31, 2016....	585	6,042	5,628	12,255
As of March 31, 2017....	968	3,893	5,711	10,572

9. Goodwill and intangible assets

(1) Reconciliation of the beginning and ending balances of book value and acquisition cost, accumulated amortization and accumulated impairment losses

(i) Book value

	Yen (millions)					
		Intangible assets				
	Goodwill	Software	Technology	Customer	Others	Total
Balance as of April 1, 2015	291,059	53,554	70,779	20,244	33,742	178,319
Additions, including internal developments	-	30,673	14,714	-	1,589	46,976
Acquisitions through business combinations	21,510	-	671	6,272	7,950	14,893
Amortization	-	(23,275)	(9,841)	(2,701)	(3,685)	(39,502)
Impairment losses	(11,999)	(425)	(9,946)	-	(1,927)	(12,298)
Exchange differences on foreign currencies	(6,388)	(684)	(154)	(2,321)	(3,399)	(6,558)
Disposal and others	1,392	(1,701)	114	-	(1,668)	(3,255)
Balance as of March 31, 2016	295,574	58,142	66,337	21,494	32,602	178,575
Additions, including internal developments	-	29,924	30,947	-	696	61,567
Acquisitions through business combinations	106,247	1,576	9,608	62,254	33,037	106,475
Amortization	-	(25,196)	(10,783)	(5,518)	(4,096)	(45,593)
Impairment losses	(10,068)	(390)	(13,464)	-	(2,183)	(16,037)
Exchange differences on foreign currencies	(4,062)	403	(17)	(2,650)	(2,053)	(4,317)
Disposal and others	(804)	(1,307)	(505)	-	(613)	(2,425)
Balance as of March 31, 2017	386,887	63,152	82,123	75,580	57,390	278,245

Amortization is included in "cost of sales" and "selling, general and administrative expenses" in the consolidated statements of profit or loss.

Additions include internal developments with amount of 38,109 million yen and 27,588 million yen for the years ended March 31, 2017 and 2016, respectively. Internal developments principally relates to software and technology.

Intangible assets with indefinite useful lives are included in "Others" on above table and the carrying amounts as of March 31, 2017 and 2016, and April 1, 2015 are 43,647 million yen, 14,325 million yen and 12,948 million yen, respectively. Since these assets are mainly trade names and basically exist as long as the business continues, they have been determined to have an indefinite useful life.

(ii) Acquisition Cost

	Yen (millions)					
		Intangible assets				
	Goodwill	Software	Technology	Customer	Others	Total
As of April 1, 2015........	646,041	344,470	415,320	53,784	96,732	910,306
As of March 31, 2016....	662,555	354,358	429,414	57,045	101,391	942,208
As of March 31, 2017....	763,936	367,560	461,111	115,601	133,386	1,077,658

(iii) Accumulated amortization and accumulated impairment losses

	Yen (millions)					
		Intangible assets				
	Goodwill	Software	Technology	Customer	Others	Total
As of April 1, 2015........	(354,982)	(290,916)	(344,541)	(33,540)	(62,990)	(731,987)
As of March 31, 2016....	(366,981)	(296,216)	(363,077)	(35,551)	(68,789)	(763,633)
As of March 31, 2017....	(377,049)	(304,408)	(378,988)	(40,021)	(75,996)	(799,413)

(iv) Individually material intangible assets

There were no individually material intangible assets as of March 31, 2017 and 2016, and April 1, 2015.

10. Leases

The Company leases land, buildings and structures, machinery and vehicles, tools, furniture and fixtures, software, etc. under finance leases and operating leases. For certain leased assets, the Company can choose to purchase the leased asset or to terminate the lease contract and guarantee certain value of the leased asset, under given conditions during or at the end of the lease term.

The Company sells and leases back certain assets. With regard to assets leased back, there are no terms and conditions of transactions, obligations, covenants or circumstances that result in the Company's continuous involvement in the asset.

(1) Finance leases

Future minimum lease payments and present value based on finance leases as of March 31, 2017 and 2016, and April 1, 2015 are as follows:

	Yen (millions)					
	Future minimum lease payments			Present value of future minimum lease payments		
	March 31		April 1	March 31		April 1
	2017	2016	2015	2017	2016	2015
Within 1 year........................	9,831	10,057	9,665	9,295	9,360	8,857
Over1 year to 5 years...........	17,354	23,279	31,001	16,761	22,403	29,353
Over 5 years.........................	1,646	1,556	2,079	1,590	1,497	1,969
Total................................. .	28,831	34,892	42,745	27,646	33,260	40,179
Less amount representing interest................................	(1,185)	(1,632)	(2,566)			
Present value of net future minimum lease payments...	27,646	33,260	40,179			

(2) Non-cancellable operating leases

Future minimum lease payments based on non-cancellable operating leases as of March 31, 2017 and 2016, and April 1, 2015 are as follows:

	Yen (millions)		
	March 31		April 1
	2017	2016	2015
Within 1 year	38,375	34,693	31,013
Over 1 year to 5 years	41,786	37,186	32,910
Over 5 years	7,036	8,569	12,325
Total	87,197	80,448	76,248

Lease payments under operating leases in the years ended March 31, 2017 and 2016 were 42,898 million yen and 42,035 million yen, respectively.

Future minimum sublease payments receivable under non-cancellable sublease contracts as of March 31, 2017 and 2016, and April 1, 2015 were immaterial.

Sublease payments received in the years ended March 31, 2017 and 2016 were 27,882 million yen and 24,805 million yen, respectively.

11. Investments Accounted for Using the Equity Method

(1) Investments in associates

The Company accounts for investments in associates using the equity method. There are no associates that are individually material to the Company.

The carrying amounts of investments in individually immaterial associates and the Company's share of comprehensive income of those companies are as follows:

	Yen (millions)		
	March 31		April 1
	2017	2016	2015
Carrying amounts of investment	136,845	139,628	135,959

	Yen (millions)	
	2017	2016
Net profit	9,140	9,612
Other comprehensive income (loss)	(1,147)	(1,100)
Comprehensive income	7,993	8,512

(2) Investments in joint ventures

The Company accounts for investments in joint ventures using the equity method. There are no joint ventures that are individually material to the Company.

The carrying amounts of investments in individually immaterial joint ventures and the Company's share of comprehensive income of those companies are as follows:

	Yen (millions)		
	March 31		April 1
	2017	2016	2015
Carrying amounts of investment	19,142	21,039	2,307

	Yen (millions)	
	2017	2016
Net profit (loss)	(762)	(1,167)
Other comprehensive income (loss)	(1,135)	(515)
Comprehensive income (loss)	(1,897)	(1,682)

12. Other Financial Assets

(1) The date of transition to IFRS and for the year ended March 31, 2016

For the date of transition to IFRS and the year ended March 31, 2016, information under U.S. GAAP has been provided under the exemptions from the retrospective application of IFRS 9 in accordance with IFRS 1.

1) Other financial assets

Other financial assets as of March 31, 2016 and April 1, 2015 are summarized as follows:

	Yen (millions)	
	March 31, 2016	April 1, 2015
Time deposits	42,673	70,820
Accounts receivable (non-trade)	103,989	84,236
Derivatives	18,204	14,042
Investments in securities	114,465	99,170
Others	35,587	34,932
Total	314,918	303,200
Current assets	165,496	165,648
Non-current assets	149,422	137,552

2) Investments in Securities

The Company classifies its existing marketable equity securities, other than investments in associates, and all debt securities as available-for-sale. The cost, fair value, gross unrealized holding gains and gross unrealized holding losses of available-for-sale securities as of March 31, 2016 and April 1, 2015 are as follows:

	Yen (millions)			
	March 31, 2016			
	Cost	Fair value	Gross unrealized holding gains	Gross unrealized holding losses
Equity securities	22,392	84,206	62,239	425
Corporate and government bonds	2,524	2,566	42	-
Other debt securities	2	2	-	-
Total	24,918	86,774	62,281	425

	Yen (millions)			
	April 1, 2015			
	Cost	Fair value	Gross unrealized holding gains	Gross unrealized holding losses
Equity securities..	22,007	74,920	52,915	2
Corporate and government bonds....................	2,355	2,371	16	-
Other debt securities.......................................	2	2	-	-
Total..	24,364	77,293	52,931	2

Information on available-for-sale securities by maturity as of March 31, 2016 and April 1, 2015 are as follows:

	Yen (millions)			
	March 31, 2016		April 1, 2015	
	Cost	Fair value	Cost	Fair value
Over one year to five years..............................	2,336	2,378	2,357	2,373
Over five years to ten years.............................	10	10	-	-
Over ten years..	180	180	-	-
Equity securities..	22,392	84,206	22,007	74,920
Total..	24,918	86,774	24,364	77,293

Proceeds from sales of available-for-sale securities for the years ended March 31, 2016 were 656 million yen. The gross realized gains on such sales of available-for-sale securities were 297 million and there was no loss realized from the sales. The cost of securities sold in computing gross realized gains and losses is determined by the moving average cost method.

During the year ended March 31, 2016, the Company did not incur a write-down for other than temporary impairment of available-for-sale securities.

Gross unrealized holding losses on investments in available-for-sale securities and their fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of March 31, 2016 and April 1, 2015 are as follows:

	Yen (millions)					
	March 31, 2016					
	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Equity securities.............	3,010	425	-	-	3,010	425
Total..........................	3,010	425	-	-	3,010	425

	Yen (millions)					
	April 1, 2015					
	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Equity securities.............	491	2	-	-	491	2
Total..........................	491	2	-	-	491	2

Based on the relatively short term during which unrealized losses continue to occur and other relevant factors, the Company has determined that no other-than-temporary impairment has arisen for these investments. As of March 31, 2016 and the date of transition to IFRS, there was no investment in which unrealized losses continued to occur over a period of 12 months or more.

The total carrying amount of the Company's investments at cost as of March 31, 2016 and the date of transition to IFRS was 27,691 million yen and 21,877 million yen, respectively. For most of these investments, since it is practically difficult to determine fair value of the investments and any events or changes in circumstances that might have a significant adverse effect on the fair value of investments have not been found, the Company has not evaluated impairment. Because other-than-temporary impairment has arisen for certain investments, a write-down of 979 million yen was recorded in the year ended March 31, 2016.

(2) For the year ended March 31, 2017

Other financial assets as of March 31, 2017 are summarized as follows:

	Yen (millions)
	2017
Financial assets, measured at amortized cost :	
Time deposits	47,299
Accounts receivable (non-trade)	84,892
Others	32,969
Subtotal	165,160
Financial assets, measured at FVTPL :	
Derivatives	15,716
Subtotal	15,716
Financial assets, measured at FVTOCI :	
Equity securities	122,095
Others	2,534
Subtotal	124,629
Total	305,505
Current assets	143,519
Non-current assets	161,986

(3) Financial assets measured at FVTOCI

The Company has designated shares held principally for the purpose of maintaining and strengthening transactional or business relationships as financial assets measured at FVTOCI.

1) Fair value by major issuer

The fair value by major issuer is as follows:

(i) As of March 31, 2017

Security names	Yen (millions) Amount
Tesla, Inc.	44,291
Tokyo Broadcasting System Holdings, Inc.	11,219
Daiwa House Industry Co., Ltd.	4,890
Renesas Electronics Corporation	4,862
Dalian Refrigeration Co., Ltd.	4,602
Toray Industries, Inc.	4,159

2) Derecognition of financial assets measured at FVTOCI

In the year ended March 31, 2017, the Company disposed certain financial assets measured at FVTOCI and derecognized them principally to promote efficiency of asset holdings.

The fair value and the accumulated gain or loss at the time of sale were as follows:

Yen (millions)

2017	
Fair values	Accumulated gain (loss)
804	(1,579)

The above accumulated loss is the amount before tax. The amount of loss after tax in other comprehensive income that was transferred to retained earnings in connection with the above derecognition is 1,135 million yen.

13. Income taxes

(1) Deferred tax assets and liabilities

1) The major components and fluctuations of deferred tax assets and liabilities

Major components of deferred tax assets and liabilities are as follows:

	Yen (millions)				
	Consolidated statements of financial position			Consolidated statements of profit or loss	
	March 31		April 1	Year ended March 31	
	2017	2016	2015	2017	2016
Deferred tax assets :					
Inventories....................................	44,744	47,576	29,859	(2,644)	18,082
Provisions and accrued expenses	97,559	112,444	98,039	(14,267)	15,376
Property, plant and equipment......	64,194	71,872	44,733	(6,726)	29,017
Retirement benefit liabilities.........	135,450	171,975	64,682	(8,382)	(10,709)
Tax losses carryforwards...............	82,648	32,398	30,713	50,537	3,490
Others...	53,736	52,826	36,845	(2,129)	14,793
Total deferred tax assets..............	478,331	489,091	304,871	16,389	70,049
Deferred tax liabilities :					
Investment in securities................	(10,170)	(18,822)	(15,782)	12,434	59
Intangible assets............................	(59,956)	(30,211)	(29,100)	1,778	4,169
Others...	(63,016)	(30,356)	(37,755)	(31,987)	6,084
Total deferred tax liabilities.........	(133,142)	(79,389)	(82,637)	(17,775)	10,312
Net deferred tax assets.................	345,189	409,702	222,234	(1,386)	80,361

Fluctuations in net deferred tax assets for the years ended March 31, 2017 and 2016 are as follows:

	Yen (millions)	
	2017	2016
Deferred tax assets, net at beginning of year..	409,702	222,234
Amounts recognized through profit or loss...	(1,386)	80,361
Amounts recognized through other comprehensive income................	(31,073)	117,297
Acquisitions, divestitures and others..	(32,054)	(10,190)
Deferred tax assets, net at end of year..	345,189	409,702

2) Deductible temporary differences, tax loss carryforwards and tax credit carryforwards for which deferred tax assets are not recognized

In recognizing deferred tax assets, the Company takes into account whether it is probable that part or all of deductible temporary differences, tax loss carryforwards and tax credit carryforwards can be used against future taxable profits. The ultimate recoverability of deferred tax assets is determined based on the level of taxable profits during the period in which temporary differences, tax loss carryforwards and tax credit carryforwards are deductible. In this determination, the Company takes into account the expected periods in which deferred tax liabilities are realized, projection of future taxable profits and tax strategy. Based on the level of taxable profits in the past and projection of taxable profits during the future periods in which deferred tax assets are deductible, the Company believes that it is probable that deferred tax assets recognized as of March 31, 2017 will be realized. As a result of the assessment of recoverability, the Company has not recognized deferred tax assets for certain deductible temporary differences, tax loss carryforwards and tax credit carryforwards.

The amounts of the deductible temporary differences, tax loss carryforwards and tax credit carryforwards for which deferred tax assets are not recognized as of March 31, 2017 and 2016, and April 1, 2015 are as follows:

	Yen (millions)
	March 31
	2017
Deductible temporary differences	656,617
Tax loss carryforwards of which:	
expire from the years ending March 31, 2018 through 2026	1,674,090
expire thereafter or do not expire	48,044
Total	1,722,134
Tax credit carryforwards of which:	
expire from the years ending March 31, 2018 through 2020	39,648

	Yen (millions)
	March 31,
	2016
Deductible temporary differences	735,537
Tax loss carryforwards of which:	
expire from the years ending March 31, 2017 through 2025	1,579,727
expire thereafter or do not expire	57,068
Total	1,636,795
Tax credit carryforwards of which:	
expire from the years ending March 31, 2017 through 2019	35,316

	Yen (millions)
	April 1,
	2015
Deductible temporary differences	1,244,984
Tax loss carryforwards of which:	
expire from the years ending March 31, 2016 through 2024	1,951,934
expire thereafter or do not expire	92,570
Total	2,044,504
Tax credit carryforwards of which:	
expire from the years ending March 31, 2016 through 2018	41,029

3) Taxable temporary differences associated with investments in subsidiaries, etc. for which deferred tax liabilities are not recognized

Deferred tax liabilities are not recognized if the Company is able to control the timing of the reversal of the temporary differences and it is probable that the taxable temporary differences will not reverse in the foreseeable period of time, while recognized deferred tax liabilities are included in Deferred tax liabilities - Others. The total amount of taxable temporary differences associated with investments in subsidiaries and associates for which deferred tax liabilities are not recognized is 364,597 million yen as of March 31, 2017, 833,422 million yen as of March 31, 2016 and 816,866 million yen as of April 1, 2015.

(2) Income tax expenses

1) The components of income tax expenses recognized in the consolidated statements of profit or loss for the year ended March 31, 2017 and 2016 are as follows:

	Yen (millions)	
	2017	2016
Current tax expense	101,238	116,657
Deferred tax expenses:		
Temporary differences originated and reversed	38,616	21,859
Changes in recoverability of deferred tax assets	(37,230)	(102,220)
Total	1,386	(80,361)
Income tax expenses total	102,624	36,296

Current tax expenses include the amount of benefits arising from previously unrecognized tax losses, tax credits or temporary differences of prior periods. These effects decreased current tax expenses by 28,133 million yen and 16,825 million yen for the years ended March 31, 2017 and 2016, respectively.

Deferred tax expenses include the amount of benefits arising from previously unrecognized tax losses, tax credits or temporary differences of prior periods. These effects decreased deferred tax expenses by 37,273 million yen and 111,351 million yen for the years ended March 31, 2017 and 2016, respectively. Additionally, deferred tax expenses for the year ended March 31, 2016 include the amount of benefits from recognition of previously unrecognized deferred tax assets in Panasonic Corporation based on its increasing profitability and improvement of profit stability by the Company's decision on introducing the consolidated tax system in Japan, and also the effect of the amendments to corporation tax law in Japan which increased deferred tax expenses by 9,131 million yen.

2) Reconciliation of effective tax rates

The Company is subject mainly to corporate tax, inhabitant tax and enterprise tax, and the combined statutory tax rates calculated based on these taxes were 30.7% and 32.9% for the years ended March 31, 2017 and 2016, respectively. Foreign subsidiaries are subject to income taxes at their locations.

Panasonic Corporation and some of its subsidiaries have applied a consolidated taxation system from the year ended March 31, 2017.

Differences between the combined statutory tax rates and the effective tax rates are as follows:

	%	
	2017	2016
Combined statutory tax rate	30.7%	32.9%
Effects of lower tax rates in foreign jurisdictions	(3.3)	(6.3)
Expenses not deductible for tax purposes	7.4	2.3
Change in unrecognized deferred tax assets	(19.5)	(26.9)
Effects attributable to investments in subsidiaries	19.2	7.9
Goodwill impairment	1.2	1.7
Effects of enacted changes in Japanese tax law and rates	0.0	4.0
Others	1.6	0.4
Effective tax rate	37.3%	16.0%

14. Other Assets

Components of other assets as of March 31, 2017 and 2016, and April 1, 2015 are as follows:

	Yen (millions)		
	March 31		April 1
	2017	2016	2015
Advance payments	18,002	16,544	19,858
Prepaid expenses	46,322	43,015	43,977
Retirement benefit assets	11,202	6,742	21,486
Others	125,710	111,779	125,266
Total	201,236	178,080	210,587
Current assets	137,201	110,494	121,107
Non-current assets	64,035	67,586	89,480

15. Short-term Debt and Long-term Debt

(1) Details

Current liabilities and non-current liabilities are measured at amortized cost.

The details of current liabilities and non-current liabilities as of March 31, 2017 and 2016, and April 1, 2015 are as follows:

	Yen (millions)		
	March 31, 2017		
	Book value	Average interest rate (%) *1	Due
Current liabilities :			
Current portion of bonds *2....................	149,946	-	-
Short-term borrowings............................	16,454	10.3%	-
Current portion of long-term borrowings...	1,343	1.9%	-
Short-term finance leases obligations......	9,295	-	-
Total current liabilities.........................	177,038	-	-
Non-current liabilities :			
Bonds *2..	928,195	-	Year ended March 31, 2019 - 2027
Long-term borrowings............................	420	2.4%	Year ended March 31, 2019 - 2021
Long-term finance leases obligations...	18,351	-	Year ended March 31, 2019 - 2041
Total non-current liabilities.................	946,966	-	-
Total..	1,124,004	-	-

	Yen (millions)		
	March 31, 2016		
	Book value	Average interest rate (%) *1	Due
Current liabilities			
Short-term borrowings	12,277	7.1%	-
Current portion of long-term borrowings	91	4.7%	-
Short-term finance lease obligations	9,360	-	-
Total current liabilities	21,728	-	-
Non-current liabilities			
Bonds *2	678,922	-	Years ended March 31, 2018 - 2025
Long-term borrowings	291	10.0%	Years ended March 31, 2018 - 2021
Long-term finance lease obligations	23,900	-	Years ended March 31, 2018 -2025
Total non-current liabilities	703,113	-	-
Total	724,841	-	-

	Yen (millions)		
	April 1, 2015		
	Book value	Average interest rate (%) *1	Due
Current liabilities			
Current portion of bonds *2	239,904	-	-
Short-term borrowings	10,887	8.3%	-
Current portion of long-term borrowings	787	4.7%	-
Short-term finance leases obligations	8,857	-	-
Total current liabilities	260,435	-	-
Non-current liabilities			
Bonds *2	678,658	-	Year ended March 31, 2018 - 2025
Long-term borrowings	1,063	2.5%	Year ended March 31, 2017 - 2021
Long-term finance leases obligations	31,322	-	Year ended March 31, 2017 - 2025
Total non-current liabilities	711,043	-	-
Total	971,478	-	-

(*1) Average interest rate refers to weighted average interest rate on the ending balance.

(*2) The contractual terms of the bonds are as follows:

Yen (millions)

	March 31, 2017	March 31, 2016	April 1, 2015	Interest Rate (%)	Due
8th Unsecured Straight bond......................	100,000	100,000	100,000	2.05%	2019
10th Unsecured Straight bond....................	-	-	200,000	0.752%	2016
11th Unsecured Straight bond....................	150,000	150,000	150,000	1.081%	2018
12th Unsecured Straight bond....................	220,000	220,000	220,000	0.387%	2020
13th Unsecured Straight bond....................	80,000	80,000	80,000	0.568%	2022
14th Unsecured Straight bond....................	100,000	100,000	100,000	0.934%	2025
15th Unsecured Straight bond....................	200,000	-	-	0.19%	2021
16th Unsecured Straight bond....................	70,000	-	-	0.3%	2023
17th Unsecured Straight bond....................	130,000	-	-	0.47%	2026
3rd Unsecured Straight bond...................... (Originally Panasonic Electric Works)	-	-	40,000	1.66%	2015
4th Unsecured Straight bond...................... (Originally Panasonic Electric Works)	30,000	30,000	30,000	1.593%	2019

(2) Assets pledged as collateral for liabilities

As is customary in Japan, short-term and long-term bank loans are made under general agreements which provide that security and guarantees for future and present indebtedness will be given upon request of the bank, and that the bank shall have the right, when the obligations become due, or in the event of their default, to offset cash deposits against such obligations due to the bank.

Each of the loan agreements grants the lender the right to request additional security or mortgages on certain assets.

There were no secured loans and assets pledged as collateral as of March 31, 2017 and 2016. The carrying amount of secured loans from banks as of April 1, 2015 was 614 million yen. Assets pledged as collateral for these loans were principally loans receivable and the carrying amount as of April 1, 2015 was 1,531 million yen.

16. Trade Payables

Trade payables are measured at amortized cost.

Components of trade payables as of March 31, 2017 and 2016, and April 1, 2015 are as follows:

	Yen (millions)		
	March 31		April 1
	2017	2016	2015
Trade notes payable	245,854	230,065	236,970
Trade accounts payable	710,111	664,862	706,866
Total	955,965	894,927	943,836

17. Employee Benefit

(1) Defined benefit plans

Panasonic Corporation and certain subsidiaries have contributory, funded benefit pension plans covering substantially all employees who meet eligibility requirements. Benefits under the plans are primarily calculated based on the combination of years of service and compensation.

Pursuant to the Defined Benefit Corporate Pension Act, the Company is required to make contributions to the Panasonic Corporate Pension Fund that operates the corporate pension plan (hereinafter, the "Fund") and has other obligations. Directors of the Fund are required to comply with laws and regulations, decisions of the Minister of Health, Labor and Welfare or the Director General of each Regional Bureau of Health and Welfare under laws and regulations, rules of the Fund and resolutions of the board of representatives, and to be faithful in the performance of their duties for the Fund. In addition, it is specified that the directors shall not perform any act that impairs the appropriateness of management and operation of reserve funds to be applied to benefit payment (hereinafter "reserve funds") for the benefit of themselves or a third party and that the directors shall assume collective responsibility for the Fund when a director fails to fulfill his or her duties in the Fund’s activities related to the management and operation of reserve funds.

The Fund is an organization legally independent of the Company. Its board of representatives evenly consists of representatives appointed by the employer (appointed representatives) and representatives elected by employees (co-opted representatives). While decisions of the board of representatives shall be made by a majority of the representatives present, in the case of a tie, the president, who is the chairperson, has authorization to make a decision. However, it is specified that decisions on particularly important matters shall be made by a majority exceeding the above.

The management of reserve funds is conducted by a managing trustee in accordance with contractual terms and conditions provided for by the investment management rules on which resolution was passed by the board of representatives. The Fund fulfills its obligations to manage reserve funds safely and efficiently by developing basic policies for operation, producing operation guidelines in conformity to the basic policies and delivering them to the managing trustee, and other means.

The Company continues to have an obligation to make contributions set forth by the Fund to the reserve funds in the future. The amount of contributions is regularly reviewed to the extent permitted by laws and regulations.

In addition to the above pension plan, employees are eligible for lump-sum retirement payments based on salary and service years at that time upon the retirement for a reason other than dismissal. In the case of retirement at the Company’s request or due to death, the amount of benefits exceeds the amount of benefits in the case of voluntary retirement. For this lump-sum retirement payment plan, external funding is not used.

Effective April 1, 2002, Panasonic Corporation and some of the subsidiaries amended their benefit pension plans by introducing a "point-based benefits system", and changing their lump-sum payment plans to cash balance pension plans. Under the point-based benefits system, benefits are calculated based on accumulated points allocated to employees each year according to their job classification and years of service. Under the cash balance pension plans, each participant has an account which is credited yearly based on the current rate of pay and market-related interest rate.

Effective July 1, 2013, Panasonic Corporation and certain domestic subsidiaries made a transition from the defined benefit pension plan to a defined contribution pension plan with respect to employees' future service.

(i) The present value of the defined benefit obligations

Changes in the present value of the defined benefit obligations for the years ended March 31, 2017 and 2016 are as follows:

	Yen (millions)	
	2017	2016
Beginning balance	2,528,512	2,468,668
Service cost	12,381	10,918
Interest cost	19,208	33,761
Remeasurements of the defined benefit obligations :		
Actuarial gains and losses arising from changes in demographic assumptions	792	(25,723)
Actuarial gains and losses arising from changes in financial assumptions	(53,543)	175,201
Other	(87)	3,752
Benefits paid	(112,073)	(110,983)
Exchange differences on foreign currencies	(6,839)	(11,587)
Past service cost	(528)	-
Settlements	(7,808)	(16,089)
Effect of business combinations and disposals	30,379	594
Ending balance	2,410,394	2,528,512

Service cost is included in "cost of sales" or "selling, general and administrative expenses" in the consolidated statements of profit or loss.

Interest cost is included in "finance expenses" in the consolidated statements of profit or loss.

Weighted average duration of defined benefit obligations as of March 31, 2017 and 2016 and April 1, 2015 was 17 years, 18 years and 18 years, respectively.

Significant actuarial assumptions used to calculate the present value of defined benefit obligations are as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	0.9%	0.7%	1.3%
Rate of salary increase	3.6%	3.6%	4.0%

In the significant actuarial assumptions stated above, calculation of the present value of defined benefit obligation is particularly susceptible to the assumption of discount rate. The effect of 0.5% change in the discount rate on the present value of defined benefit obligation is as follows, holding other assumptions constant.

	Yen (millions)
Change in an assumption	Effect on the present value of defined benefit obligations
0.5% increase	155,025 (decrease)
0.5% decrease	169,005 (increase)

The sensitivity analysis assumes that other assumptions remain unchanged. In reality, any change in other assumptions may affect the sensitivity analysis.

No significant change in rate of salary increase is expected.

(ii) The fair value of the plan assets

Each plan of the Company has a different investment policy, which is designed to ensure sufficient plan assets are available to provide future payments of pension benefits to the eligible plan participants and is individually monitored for compliance and appropriateness on an on-going basis. Considering the expected long-term rate of return on plan assets, each plan of the Company establishes a "basic" portfolio comprised of the optimal combination of equity instruments and debt instruments. Plan assets are invested in individual equity and debt instruments using the guidelines of the "basic" portfolio in order to generate a total return that will satisfy the expected return on a mid-term to long-term basis. The Company evaluates the difference between expected return and actual return of invested plan assets on an annual basis to determine if such differences necessitate a revision in the formulation of the "basic" portfolio. The Company revises the "basic" portfolio when and to the extent considered necessary to achieve the expected long-term rate of return on plan assets.

The Company's pension plan assets allocation is approximately 25% for equity instruments, approximately 45% for debt instruments, and approximately 30% for other investments, primarily in life insurance company general accounts.

For the Company's major defined benefit pension plans, equity instruments are mainly investments in listed equity securities and widely diversified, including Japanese equity, developed international equity and equity in emerging markets. The investments in debt instruments are comprised primarily of government, municipal, and corporate bonds. The Company mainly chooses debt securities with rating above BBB, high liquidity and appropriate repayment, and has appropriately diversified the investments by sector and geography. As for investments in life insurance company general accounts, the contracts with the insurance companies include a guaranteed interest rate and return of capital. Other investments include fund-of-funds investment, equity long/short hedge funds investment and private equity investment. Fund-of-funds investment and equity long/short hedge funds investment are primarily invested in listed equity securities with trading frequency and a stable return, while private equity investment is diversified products with low correlation.

Changes in the fair value of plan assets for the years ended march 31, 2017 and 2016 are as follows:

	Yen (millions)	
	2017	2016
Beginning balance	1,958,782	2,053,873
Interest income	15,218	29,086
Remeasurements of plan assets:		
Return on plan assets	49,288	(38,042)
Employer contributions	37,505	43,395
Benefits paid	(107,182)	(109,136)
Exchange differences on foreign currencies	(6,084)	(9,139)
Settlements	(7,341)	(12,074)
Effect of business combinations and disposals	19,122	819
Ending balance	1,959,308	1,958,782

The Company plans to pay contributions of 30,890 million yen in the year ending March 31, 2018.

The fair value of plan assets by asset category is as follows:

	Yen (millions)		
	March 31, 2017		
	With quoted market price in an active market	With no quoted market price in an active market	Total
Cash and cash equivalents	214,981	-	214,981
Equity instruments:			
Japanese companies	20,821	-	20,821
Foreign companies	51,086	-	51,086
Commingled funds*1	-	416,334	416,334
Debt instruments:			
Government and municipal bonds	44,822	-	44,822
Corporate bonds	-	8,217	8,217
Commingled funds*2	-	788,360	788,360
Life insurance company general accounts	-	299,011	299,011
Other*3	-	115,676	115,676
Total	331,710	1,627,598	1,959,308

	Yen (millions)		
	March 31, 2016		
	With quoted market price in an active market	With no quoted market price in an active market	Total
Cash and cash equivalents	106,571	-	106,571
Equity instruments:			
Japanese companies	19,015	-	19,015
Foreign companies	53,889	-	53,889
Commingled funds*1	-	384,822	384,822
Debt instruments:			
Government and municipal bonds	49,769	-	49,769
Corporate bonds	-	8,504	8,504
Commingled funds*2	-	916,717	916,717
Life insurance company general accounts	-	305,350	305,350
Other*3	-	114,145	114,145
Total	229,244	1,729,538	1,958,782

	Yen (millions)		
	April 1, 2015		
	With quoted market price in an active market	With no quoted market price in an active market	Total
Cash and cash equivalents....................	97,333	-	97,333
Equity instruments:			
Japanese companies.........................	24,717	-	24,717
Foreign companies...........................	61,096	-	61,096
Commingled funds*1.......................	-	427,774	427,774
Debt instruments:			
Government and municipal bonds...	66,203	-	66,203
Corporate bonds..............................	-	14,212	14,212
Commingled funds*2.......................	-	920,788	920,788
Life insurance company general accounts...	-	310,894	310,894
Other*3..	-	130,856	130,856
Total..	249,349	1,804,524	2,053,873

*1 These funds invest mainly in listed equity securities, of which approximately 45% are Japanese equities and 55% are foreign equities.

*2 These funds primarily invest in Japanese government bonds and foreign government bonds.

*3 Other investments primarily include fund-of-funds investment, equity long/short hedge funds investment.

(iii) Effect of asset ceiling

Changes in the effect of asset ceiling for the year ended March 31, 2017 and 2016 are as follows:

	Yen (millions)	
	2017	2016
Beginning balance..	4,240	-
Interest cost...	24	57
Remeasurements of asset ceiling:		
Changes in the effect of asset ceiling......................................	1,197	4,183
Ending balance...	5,461	4,240

Note: When the defined benefit plan is in surplus, the amount of defined benefit assets (other non-current assets) recorded on the consolidated statements of financial position is limited to a ceiling defined by the present value of any future economic benefits available in the form of reductions in future contributions to the defined benefit plan.

(iv) Assets and liabilities recognized in the consolidated statements of financial position

The amounts of assets and liabilities recorded in the consolidated statements of financial position with regard to defined benefit plans are as follows:

	Yen (millions)		
	March 31		April 1
	2017	2016	2015
The present value of the defined benefit obligations	2,410,394	2,528,512	2,468,668
The fair value of the plan assets	1,959,308	1,958,782	2,053,873
Effect of asset ceiling	5,461	4,240	-
Total	456,547	573,970	414,795
Amount recognized :			
Retirement benefit liabilities	467,749	580,712	436,281
Retirement benefit assets	11,202	6,742	21,486
Net amount	456,547	573,970	414,795

(2) Defined contribution plans

The amount of expenses recorded with regard to defined contribution plans was 33,751 million yen and 33,345 million yen for the years ended March 31, 2017 and 2016, respectively.

(3) Employee benefits expenses

In the consolidated statements of profit or loss, the total of employee benefits expenses included in "cost of sales" and "selling, general and administrative expenses" was 1,569,172 million yen and 1,561,557 million yen for the years ended March 31, 2017 and 2016, respectively.

18. Provisions

A breakdown of movements in provisions in the years ended March 31, 2017 and 2016 is as follows:

	Yen (millions)			
	Provision for product warranties	Provision for restructuring	Other provisions	Total
April 1, 2015...........	60,386	10,095	337,694	408,175
Additions..............	25,868	22,104	129,326	177,298
Utilized.................	(30,576)	(23,428)	(121,436)	(175,440)
Others....................	(2,490)	-	(8,325)	(10,815)
March 31, 2016........	53,188	8,771	337,259	399,218
Additions..............	24,260	6,336	113,909	144,505
Utilized.................	(25,459)	(11,480)	(134,519)	(171,458)
Others....................	(531)	-	(36,794)	(37,325)
March 31, 2017........	51,458	3,627	279,855	334,940

A breakdown of provisions by current and non-current categories as of March 31, 2017 and 2016, and April 1, 2015 is as follows:

	Yen (millions)		
	March 31		April 1
	2017	2016	2015
Current liabilities..........................	317,261	386,260	396,636
Non-current liabilities....................	17,679	12,958	11,539
Total..	334,940	399,218	408,175

A warranty for quality and performance of products and services is provided for a fixed period, and provision for product warranties is recorded at the estimated amount of service expenses within the warranty period based on past results to prepare for payment of expenses for the after-sale services.

Provision for restructuring is recorded at the estimated amount of expenses for restructuring activities that are implemented for the purpose of improvement in operating efficiency and promotion of cost efficiency in and outside of Japan. The timing of payment is affected by a future business plan, etc., but this provision is usually short-term by its nature with payment completed within one year of the incurrence.

Other provisions are principally provision for onerous contracts, provisions for expenses related to environmental improvement, provision for litigation and provision for sales promotion, etc.

Provision for onerous contracts relates to contracts where certain subsidiaries purchase specific raw materials for the period up to 2020.

To ensure appropriate disposal by March 31, 2027 of electric equipment containing polychlorinated biphenyls (PCB) (hereinafter, "PCB equipment") that may have been buried under the Company's manufacturing facilities and sites of its former manufacturing facilities in accordance with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes, provision for expenses related to environmental improvement is recognized for the estimated total expenses for necessary actions, such as investigating whether or not PCB equipment has been buried under the Company’s manufacturing facilities and sites (including excavation, storage and disposal of already discovered PCB equipment, and soil remediation).

Major item of Provision for expenses for litigation, etc., is consisted of those for the affairs which are currently in dispute. Thus, the information required in the "Provisions, Contingent Liabilities and Contingent Assets" of the IAS 37, etc. is disclosed according to the IAS 37.92., instead of disclosing the respective figures, because such information may have some adverse effect on the results of each legal proceedings etc.

Provision for sales promotion expenses is made for estimated total expenses related to sales promotion of merchandise, etc. in the distribution process based on sales policies.

19. Other financial liabilities

Other financial liabilities, except for derivative liabilities, are measured at amortized cost.
Derivatives are measured at fair value and the changes in fair value are recognized as profit or loss (except for hedge instruments).
Components of other financial liabilities as of March 31, 2017 and 2016, and April 1, 2015 are as follows:

	Yen (millions)		
	March 31		April 1
	2017	2016	2015
Derivative liabilities	21,896	23,257	19,278
Accounts payable (non-trade)	102,070	69,339	63,537
Deposits received-current	199,100	176,516	181,124
Others	6,559	7,698	9,724
Total	329,625	276,810	273,663
Current liabilities	329,625	276,810	273,663

20. Other liabilities

Components of other liabilities as of March 31, 2017 and 2016, and April 1, 2015 are as follows:

	Yen (millions)		
	March 31		April 1
	2017	2016	2015
Accrued expenses	538,281	520,252	565,196
Accrued payroll, etc	201,848	200,523	206,211
Deposits and deferred revenue	107,021	89,439	86,680
Others	34,277	38,788	56,357
Total	881,427	849,002	914,444
Current liabilities	865,389	832,836	898,953
Non-current liabilities	16,038	16,166	15,491

21. Equity

(1) Common stock

All shares issued by the Company are common stock without par value. Issued shares are fully paid.

Total number of shares authorized to be issued and the number of issued shares of the Company is as follows:

	Shares	
	2017	2016
Total number of shares authorized to be issued..................	4,950,000,000	4,950,000,000
Number of shares issued:		
Balance at beginning of year...	2,453,053,497	2,453,053,497
Changes during the period..	-	-
Balance at end of year..	2,453,053,497	2,453,053,497

The number of shares of treasury stock included in the above number of shares issued is 120,648,723 shares, 132,057,190 shares and 141,789,018 shares as of March 31, 2017 and 2016, and April 1, 2015, respectively.

(2) Capital surplus and retained earnings

The Companies ACT of Japan provides that an amount equal to 10% of cash dividends be appropriated as a capital reserve or legal reserve until the aggregated amount of capital reserve and legal reserve equals 25% of stated capital. The capital reserve and legal reserve are not available for dividends but may be transferred to capital surplus or retained earnings or stated capital upon approval at the shareholders' meeting.

In accordance with the Companies ACT of Japan, there are certain restrictions on distributable amount in connection with the treasury stock repurchased. As a result, retained earnings of 210,791 million yen, 230,776 million yen and 247,807 million yen were restricted as of March 31, 2017 and 2016, and April 1, 2015, respectively from distributions of cash dividends.

(3) Other components of equity

A breakdown of other components of equity and details of movements are as follows:

For items related to financial instruments for the year ended March 31, 2016, information under U.S. GAAP has been provided under the exemptions from the retrospective application of IFRS 9 in accordance with IFRS 1.

	Yen (millions)					
	Items that will not be reclassified to profit or loss		Items that may be reclassified to profit or loss			
	Remeasurements of defined benefit plans	Financial assets measured at FVTOCI	Exchange differences on translation of foreign operations	Net changes in fair value of cash flow hedges	Unrealized holding gains (losses) of available-for-sale securities	Total
Balance as of April 1, 2015	-	-	-	1,357	35,877	37,234
Arising during the period:						
Pre-tax amount.........................	(195,455)	-	(164,966)	(10,986)	9,224	(362,183)
Income tax (expense) benefit....	116,250	-	-	4,931	(1,954)	119,227
Net-of-tax amount....................	(79,205)	-	(164,966)	(6,055)	7,270	(242,956)
Reclassification to profit or loss:						
Pre-tax amount.........................	-	-	298	5,493	(297)	5,494
Income tax (expense) benefit....	-	-	-	(2,026)	96	(1,930)
Net-of-tax amount....................	-	-	298	3,467	(201)	3,564
OCI (loss), net of tax	(79,205)	-	(164,668)	(2,588)	7,069	(239,392)
Transfer to retained earning..........	74,673	-	-	-	-	74,673
OCI (loss) attributable to non-controlling interests, net-of-tax	(4,532)	-	(15,195)	(56)	220	(19,563)
Balance as of March 31, 2016	-	-	(149,473)	(1,175)	42,726	(107,922)
Arising during the period:						
Pre-tax amount.........................	100,929	7,452	(65,807)	(3,865)	-	38,709
Income tax (expense) benefit....	(27,416)	(3,192)	-	1,202	-	(29,406)
Net-of-tax amount....................	73,513	4,260	(65,807)	(2,663)	-	9,303
Reclassification to profit or loss:						
Pre-tax amount.........................	-	-	4,503	5,294	-	9,797
Income tax (expense) benefit....	-	-	-	(1,667)	-	(1,667)
Net-of-tax amount....................	-	-	4,503	3,627	-	8,130
OCI (loss), net of tax	73,513	4,260	(61,304)	964	-	17,433
Transfer of hedged items to non-financial assets...................	-	-	-	0	-	0
Transfer to retained earning.........	(74,005)	1,135	-	-	-	(72,870)
Cumulative effect of new accounting standards applied.....	-	33,354	-	-	(42,726)	(9,372)
OCI (loss) attributable to non-controlling interests, net-of-tax	(492)	33	(7,671)	31	-	(8,099)
Balance as of March 31, 2017	-	38,716	(203,106)	(242)	-	(164,632)

(4) Dividends

1) Dividends for the year ended March 31, 2017 is summarized as follows:

(i) Amount of cash dividends paid

Resolution date	Class	Cash dividends (millions of yen)	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors meeting held on April 28, 2016	Common stock	34,815	15.0	March 31, 2016	June 3, 2016
The Board of Directors meeting held on October 31, 2016	Common stock	23,210	10.0	September 30, 2016	November 30, 2016

(ii) Cash dividends resolved in the year ended March 31, 2017 but effective in the following fiscal year

Resolution date	Class	Cash dividends (millions of yen)	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors meeting held on May 11, 2017	Common stock	34,986	15.0	March 31, 2017	June 8, 2017

2) Dividends for the year ended March 31, 2016 is summarized as follows:

(i) Amount of cash dividends paid

Resolution date	Class	Cash dividends (millions of yen)	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors meeting held on April 28, 2015	Common stock	23,113	10.0	March 31, 2015	June 4, 2015
The Board of Directors meeting held on October 29, 2015	Common stock	23,209	10.0	September 30, 2015	December 1, 2015

(ii) Cash dividends resolved in the year ended March 31, 2016 but effective in the following fiscal year

Resolution date	Class	Cash dividends (millions of yen)	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors meeting held on April 28, 2016	Common stock	34,815	15.0	March 31, 2016	June 3, 2016

22. Share-based Payment Plan

(1) Details of share-based payment plan

The Company has introduced a plan of share-based payment stock options (stock acquisition rights) for its Directors (excluding Outside Directors), Executive Officers and certain other officers who are responsible for the Company-wide business operation, as an incentive for them to further contribute to the improvement of long-term operating results and higher corporate value through sharing the benefits and risks of share price fluctuations with its shareholders.

Stock acquisition rights granted under this plan are fully vested on grant date. As the exercise condition, during the period when the stock acquisition rights may be exercised, the holder may exercise the stock acquisition rights on and after the day immediately following the day on which such holder loses the status of the Company's Director, Executive Officer or any status equivalent thereto, of Panasonic (the "Status Losing Date"). As for the stock acquisition rights issued in August, 2016, the holder may exercise the rights on and after the day immediately following status losing date or the day immediately following the day when three (3) years have transpired since the day immediately following the day the stock acquisition rights were allotted, whichever falls earlier. The exercise price of the stock acquisition right is 1 yen.

Upon exercise of each stock acquisition right, in principle, 100 shares of common stock of the Company are granted; provided, however, that in the case that the Company conducts a share split (including an allotment without consideration (*musho-wariate*) of shares of common stock of the Company) or share consolidation of the Company's common stock, the number of shares granted is adjusted in accordance with a specific formula.

The exercise period is a period specified in the allotment contract. When stock acquisition rights are not exercised during the period, the stock acquisition rights are forfeited.

The Company's stock acquisition rights that existed in the years ended March 31, 2017 and 2016 are as follows:

	Grant date	Number of stock acquisition right	Fair value of one stock acquisition right on grant date (yen)	Exercisable period
Panasonic Corporation stock acquisition rights issued in August, 2014	August 22, 2014	2,088	105,400	From August 23, 2014 to August 22, 2044
Panasonic Corporation stock acquisition rights issued in August, 2015	August 20, 2015	1,729	112,400	From August 21, 2015 to August 20, 2045
Panasonic Corporation stock acquisition rights issued in August, 2016	August 23, 2016	5,800	71,300	From August 24, 2016 to August 23, 2046

(2) Change in the number of stock acquisition rights and their weighted average exercise prices

	Year ended March 31			
	2017		2016	
	Number of stock acquisition right	Weighted-average exercise price (yen)	Number of stock acquisition right	Weighted-average exercise price (yen)
Outstanding at beginning of year....................................	3,793	1	2,088	1
Granted...........................	5,800	1	1,729	1
Forfeited.........................	-	-	-	-
Exercised........................	-	-	(24)	1
Expired...........................	-	-	-	-
Outstanding at end of year...	9,593	1	3,793	1
Exercisable at end of year....	503	1	111	1

There was no exercise of the stock acquisition rights during the year ended March 31, 2017. The weighted average share price of stock options exercised during the year ended March 31, 2016 was 1,117 yen on the exercise date.

The exercise price of exercisable stock acquisition rights in the years ended March 31, 2017 and 2016 was 1 yen each. In the years ended March 31, 2017 and 2016, the weighted average remaining contractual term for outstanding acquisition rights at the year-end was 27.6 years and 28.1 years, respectively, and for exercisable stock acquisition rights at the year-end was 7.9 years and 4.0 years, respectively.

(3) Measurement method for fair value of stock options granted during the year

1) Valuation technique used

Black-Scholes model

2) Fair value at grant date and key inputs

	Year ended March 31,			
	2017		2016	
	Panasonic Corporation stock acquisition rights issued in August, 2016		Panasonic Corporation stock acquisition rights issued in August, 2015	
Option price per share.........................	713	yen	1,124	yen
Stock price at grant date (*1).............	1,028.0	yen	1,369.5	yen
Exercise price.....................................	1	yen	1	yen
Expected remaining term....................	15	years	15	years
Expected volatility..............................	35.39	% (*2)	34.59	% (*3)
Risk-free interest rate (*4)..................	0.06	%	0.76	%
Expected dividend yield......................	2.43	% (*5)	1.31	% (*6)

(*1) The closing price of common stock of the Company on the Tokyo Stock Exchange at grant date was used.

(*2) The figure was calculated based on the closing price of ordinary transactions of shares of common stock of the Company on each transaction date for 15 years (from August 23, 2001 to August 23, 2016).

(*3) The figure was calculated based on the closing price of ordinary transactions of shares of common stock of the Company on each transaction date for 15 years (from August 20, 2000 to August 20, 2015).

(*4) The interest rate of government bonds whose remaining maturity corresponds to the expected remaining life (15 years) was used.

(*5) The figure was calculated as "dividends per share (actual dividends paid for the year ended March 31, 2016) / share price at grant date".

(*6) The figure was calculated as "dividends per share (actual dividends paid for the year ended March 31, 2015) / share price at grant date".

(4) Stock-based compensation expenses

Expenses recorded in association with share-based payments in the years ended March 31, 2017 and 2016 were 414 million yen and 194 million yen, respectively, included in "selling, general and administrative expenses" in the consolidated statements of profit or loss.

23. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended March 31, 2017 and 2016 are as follows:

	Yen (millions)	
	2017	2016
Employee benefit	815,348	814,582
Advertising expenses	105,285	105,422
Transportation and storage	176,779	181,232
Depreciation and amortization	82,449	84,718
Others	663,067	659,439
Total	1,842,928	1,845,393

24. Research and Development Expenses

Research and development expenses for the years ended March 31, 2017 and 2016 are as follows:

	Yen (millions)	
	2017	2016
Research and development expenses	436,130	438,851

25. Other Income (Expenses)

Other income (expenses), net for the year ended March 31, 2017 includes litigation-related expenses of 14,867 million yen, loss on sales and retirement of property, plant and equipment of 8,671 million yen, restructuring charges of 6,336 million yen, and gain on sales of fixed assets of 27,103 million yen.

Other income (expenses), net for the year ended March 31, 2016 includes litigation-related expenses of 69,815 million yen, expenses associated with discontinuation or voluntary recall of products of 22,220 million yen, restructuring charges of 22,104 million yen, and loss on sales and retirement of property, plant and equipment of 10,630 million yen.

26. Impairment of Non-Financial Assets

(1) Impairment losses

The losses are included in "Other income (expenses), net" in the consolidated statements of profit or loss. The amount by segment represents the amount corresponding to each cash-generating unit to which allocation is made in impairment tests, and is not equal to the amount allocated to each segment for the internal management purpose.

The amounts of impairment losses recorded for property, plant and equipment, goodwill and intangible assets by segment in the years ended March 31, 2017 and 2016 are as follows:

	Yen (millions)	
	2017	2016
Appliances	2,480	3,776
Eco Solutions	24,725	11,361
AVC Networks	8,513	15,267
Automotive & Industrial Systems	4,841	9,637
Other	5,309	7,597
Consolidated total	45,868	47,638

In the year ended March 31, 2017, the Company recorded impairment losses for intangible assets of certain businesses which belong to "Eco Solutions" segment. This is because it was expected that the carrying amount of these assets could not be recovered by future cash flows due to a deterioration of the business environment. The fair value less costs of disposal was measured by the relief-from-royalty method, the excess earnings method, and other means. The level in the hierarchy for the fair value measurement is Level 3.

In the year ended March 31, 2016, the Company recorded impairment losses for intangible assets of certain businesses which belong to "Eco Solutions" segment. This is because it was expected that the carrying amount of these assets could not be recovered by future cash flows due to a deterioration of the business environment. The fair value less costs of disposal was measured by the relief-from-royalty method, the excess earnings method, and other means. The level in the hierarchy for the fair value measurement is Level 3.

In the year ended March 31, 2016, the Company recorded impairment losses for goodwill of multiple businesses which belong to "AVC Networks" segment. This is due to a decline in earning power of the businesses. The recoverable amount in impairment test of the cash-generating unit including goodwill was measured at fair value less costs of disposal. The fair value less costs of disposal was measured by the discounted cash flow method, and the key unobservable input was weighted average cost of capital (9.2%). The fair value less costs of disposal of goodwill is immaterial. The level in the hierarchy for the fair value measurement is Level 3.

(2) Goodwill and intangible assets with indefinite useful lives

(i) Impairment tests

The recoverable amount of goodwill and intangible assets with indefinite useful lives in impairment test of each cash-generating unit is calculated at the higher of fair value less costs of disposal or value in use.

As of March 31, 2016 and April 1, 2015, the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to each cash-generating unit is not individually significant in comparison with the Company's total carrying amount of goodwill or intangible assets with indefinite useful lives.

As of March 31, 2017, goodwill and trademark with carrying amount of 91,026 million yen and 29,506 million yen, respectively, which are relating to "Hussmann" included in the "Appliance" segment as described in Note 34 (2), are individually significant goodwill or intangible assets with indefinite useful lives allocated to cash generating unit in comparison with the Company's total carrying amount.

The recoverable amount of cash-generating unit, to which goodwill and trademark with individually significant carrying amount in comparison with the Company's total carrying amount are allocated, is measured principally by the discounted cash flow method and the comparable listed company analysis method. The level in the hierarchy for this fair value measurement is Level 3. Discounted cash flow method is calculated by discounting the estimated amount of future cash flows based on the most recent business plan approved by the Board of Directors to the present value. The period of future outlook is five years, and future outlook reflects past experience and is shaped after verifying the consistency with external information. The growth rate (2.1%) is determined in view of long-term average growth rate of markets or countries to which each cash-generating unit belongs. The discount rate (12.7% on pre-tax basis) is calculated based on weighted average cost of capital of cash-generating unit. Since the amount of fair value less costs of disposal or value in use, whichever is higher, adequately exceeds the carrying amount, the Company has determined that significant impairment is unlikely to occur in this cash-generating units, even if the major assumption such as the growth rate and the discount rate used in the above impairment test change within a reasonably predictable range.

(ii) Goodwill

As of March 31, 2017 and 2016, and April 1, 2015, the aggregate carrying amount of cash-generating unit for which the carrying amount of goodwill allocated to that unit is not individually significant in comparison with the Company's total carrying amount of goodwill is 295,861 million yen, 295,574 million yen and 291,059 million yen, respectively.

Impairment losses in the years ended March 31, 2017 and 2016 are 10,068 million yen and 11,999 million yen, respectively.

(iii) Intangible assets with indefinite useful lives

As of March 31, 2017 and 2016, and April 1, 2015, the aggregate carrying amount of cash-generating unit for which the carrying amount of intangible assets with indefinite useful lives allocated to that unit is not individually significant in comparison with the Company's total carrying amount is 14,141 million yen, 14,325 million yen and 12,948 million yen, respectively.

Impairment losses in the years ended March 31, 2017 and 2016 are immaterial.

27. Finance Income and Expenses

At the date of transition to IFRS, and for the year ended March 31, 2016, information under U.S. GAAP has been provided under the exemptions from the retrospective application of IFRS 9 in accordance with IFRS 1.

(1) Finance income

Finance income for the years ended March 31, 2017 and 2016 are as follows:

	Yen (millions)
	2017
Dividend income:	
Financial assets measured at FVTOCI	1,857
Interest income:	
Financial assets measured at amortized cost	16,956
Foreign exchange gains	3,019
Total	21,832

	Yen (millions)
	2016
Dividend income	1,581
Interest income	20,409
Foreign exchange gains	1,628
Total	23,618

(2) Finance expenses

Finance expenses for the years ended March 31, 2017 and 2016 are as follows:

	Yen (millions)
	2017
Interest expenses:	
Financial liabilities measured at amortized cost	19,536
Net interest cost on employee benefits	4,014
Total	23,550

	Yen (millions)
	2016
Interest expenses	26,388
Total	26,388

(3) Transfers of financial assets

The Company transfers financial assets such as trade receivables to unconsolidated structured entities. These entities have been set up by third-party financial institutions and managed by the financial institutions as part of their business. Because the entities also purchase a large amount of assets from customers other than the Company, the proportion of financial assets transferred by the Company in total assets of the entities is small. The Company has therefore determined that the Company's relevance to the assessment of exposures to the risk carried by the entities is low.

The Company has provided no support to these structured entities outside contracts and made no implicit agreement on support with them. The main content of the interests in these structured entities is provision of limited credit enhancement, servicing and receipt of fees on servicing.

1) The year ended March 31, 2016

In the year ended March 31, 2016, the Company sold trade receivables, etc. of 1,012,638 million yen for 1,011,576 million yen without recourse, and recorded a loss of 1,062 million yen. In addition, the Company sold trade receivables of 436,826 million yen for 436,622 million yen with recourse, and recorded a loss of 204 million yen. These losses are included in "finance expenses" in the consolidated statements of profit or loss.

The Company has undertaken servicing for almost all of these receivables. For the trade receivables sold, the uncollected balance as of March 31, 2016 and April 1, 2015 was 199,587 million yen and 158,337 million yen, respectively. Of these outstanding balances, there is no amount recorded in the consolidated statements of financial position.

"Trade receivables" as of March 31, 2016 and April 1, 2015 includes trade receivables to be sold without recourse of 58,680 million yen and 49,628 million yen, respectively, and trade receivables to be sold with recourse of 36,607 million yen and 37,204 million yen, respectively. The sale of these receivables has been accounted for in accordance with the provision of the Accounting Standards Codification 860 "Transfers and Servicing". This provision provides guidelines for accounting treatment and disclosure of transfers and servicing of financial assets and extinguishment of liabilities.

In cases where any question arises on collection of trade receivables sold with recourse, the Company is obliged to assume the liabilities. The total amount of debts that the Company is expected to owe in this case as of March 31, 2016 and April 1, 2015 was 9,143 million yen and 9,821 million yen, respectively, at a maximum. As of March 31, 2016 and April 1, 2015, the amounts of liabilities recorded by the Company on these debts were immaterial.

2) The year ended March 31, 2017

In the year ended March 31, 2017, loss on transfer due to the transfer of trade receivables, etc. which were derecognized in their entirety was 1,461 million yen. This loss is included in "finance expenses" in the consolidated statements of profit or loss.

The Company has reserved obligations to provide servicing for financial assets which were derecognized in their entirety. However, since the amounts of expenses and fees received for provision of servicing are immaterial, the Company did not record assets and liabilities on serving as of March 31, 2017.

The maximum exposure to losses resulting from continuing involvement in the derecognized financial assets as of March 31, 2017 was 14,205 million yen, which is the total amount of the outstanding balance of obligations to repurchase the transferred assets under restricted, specific conditions.

28. Per share information

Panasonic Corporation stockholders' equity per share as of March 31, 2017 and 2016, and April 1, 2015 is as follows:

	Yen		
	March 31		April 1
	2017	2016	2015
Panasonic Corporation stockholders' equity per share	673.93	622.34	664.36

The reconciliation for the basic and diluted earnings per share attributable to Panasonic Corporation stockholders for the years ended March 31, 2017 and 2016 is as follows:

	Yen (millions)	
	2017	2016
Net profit attributable to Panasonic Corporation stockholders	149,360	165,212

	Number of shares	
	2017	2016
Average common shares outstanding	2,321,856,424	2,317,183,721
Dilutive effect:		
Stock acquisition rights	765,265	323,230
Diluted common shares outstanding	2,322,621,689	2,317,506,951

	Yen	
	2017	2016
Earnings per share attributable to Panasonic Corporation stockholders:		
Basic	64.33	71.30
Diluted	64.31	71.29

29. Financial Instruments

(1) Capital management

The Company's basic policy is to manage methods, terms and conditions and others for fund management and financing in business activities, and promote reduction of cost of funds and stability and improvement of the financial structure through increase in efficiency of investments.
In addition, the Company thinks that it is important to generate and improve free cash flows through enhancement of the profitability, continuous inventory reduction, concentration of capital expenditure, review of portfolio assets and other means to develop the businesses in medium to long term.
Key indicators used by the Company in capital management and amounts or ratio in the years ended March 31, 2017 and 2016 are as follows:

	2017	2016
Net Cash (millions of yen, * 1)	196,587	333,024
Shareholder’s equity ratio	26.3%	26.3%
Return on equity	9.9%	11.1%
Free Cash Flow (millions of yen, * 2)	(34,746)	125,551
Capital investment (millions of yen, * 3)	311,641	252,905
Depreciation (millions of yen)	224,405	238,214

(* 1) This was calculated by deducting interest-bearing debt (total of "short-term debt, including current portion of long-term debt" and "long-term debt") from the total of time deposits and others included in "cash and cash equivalents" and "other financial assets".
(* 2) This is the total of cash flows from operating activities and cash flows from to investing activities.
(* 3) This is the amount of an increase in "property, plant and equipment" on an accrual basis.

There is no significant capital restriction applicable to the Company.

(2) Financial risk management policy

The Company is exposed to various financial risks (credit risks, liquidity risks and market risks) in the process of its business activities, and it manages risks based on a specific policy in order to avoid or reduce these risks.

The Company limits derivatives to transactions for the purpose of mitigating risks from transactions based on actual demand. Therefore, it does not own or issue derivatives for speculative purposes.

(3) Credit risk management

The Company is principally exposed to credit risk of customers on trade receivables as well as credit risk of financial institutions as counterparties of derivatives held to hedge currency risks and commodity price fluctuation risks.

With regard to trade receivables, the Company assesses management conditions of business partners and determines their credit quality to consider whether or not the transaction is appropriate in accordance with the internal rules for credit management. After the commencement of the transaction, in accordance with the internal rules for management of receivables, the Company manages due dates and balances for each business partner, continuously manages records of progress of transactions, details of collection and changes and trends of receivable balances, and proactively gathers information on management conditions, trends, etc. of business partners in an effort to early detect and mitigate any concerns about collection due to deterioration of the financial condition, etc.

With regard to derivative transactions, since the Company only deals with financial institutions, etc. with high credit ratings and credit quality of counterparties is high, the Company believes that credit risk is small. The maximum exposure to credit risk that does not take into account collateral held and other credit enhancements at the end of the fiscal year is the carrying amount of financial assets in the consolidated statements of financial position except for the derecognized financial assets stated in "27. Finance income and expenses" and guarantees of obligations. The Company provides guarantees mainly on bank loans provided to associates and customers to enhance their credit. For each guarantee provided, the Company is required to perform under the guarantee if the guaranteed party defaults on a payment. As of March 31, 2017, the maximum amount of undiscounted payments the Company would have to make in the event of default was 29,850 million yen.

1) Changes in allowance for credit losses

The Company determines the amount of allowance for credit losses by such classification as trade receivables and receivables other than trade receivables, etc.

For trade receivables, allowance for credit losses is always recorded at an amount equal to the lifetime expected credit losses. For receivables other than trade receivables, etc., allowance for credit losses is recorded at an amount equal to the 12-month expected credit losses in principle. However, if terms and conditions for repayment stipulated by contract cannot be fulfilled, it is considered that credit risk has increased significantly since the initial recognition, and allowance for credit losses is recorded at an amount equal to the lifetime expected credit losses, except in the case of the failure to fulfill such terms and conditions due to administrative errors of the counterparty and other cases.

Any financial asset is treated as credit-impaired financial asset, if there is request for changing terms and conditions for repayment from the debtor, serious financial difficulties of the debtor, or commencement of legal liquidation procedures due to bankruptcy and others of the debtor, etc. For any amount that clearly cannot be recovered in the future, the carrying amount of the financial asset is directly reduced, and the corresponding amount of allowance for credit losses is reduced.

The amount of allowance for credit losses is determined as follows:

・ Trade receivables

The amount of the allowance is determined by classifying the receivables according to the number of days overdue and multiplying the amount of the receivables by the provision rate calculated by considering future prospects of economic conditions, etc. in addition to the historical rate of credit losses calculated according to the classification.

・ Receivables other than trade receivables, etc.

For assets with which credit risk is not considered to significantly increase the amount of allowance is calculated by multiplying the carrying amount by the provision rate that is determined by considering the future prospects of economic conditions, etc. in addition to the historical rate of credit losses of homogeneous assets. However, if credit risk of the asset is considered to significantly increase or the asset meets criteria for credit-impaired financial assets, the amount expected to be recovered on the asset is individually estimated, and the amount of the allowance is determined as difference between the present value discounted using the original effective interest rate of the asset and the carrying amount.

Changes in allowance for credit losses for the year ended March 31, 2017 are as follows:

	Yen (millions)
	2017
Beginning balance	22,201
Increment during the period	4,210
Decrement during the period (Utilization)	(1,735)
Decrement during the period (Reversal)	(3,650)
Others	(390)
Ending balance	20,636

With regard to financial assets that were recognized for the first time in the year ended March 31, 2017, there were no financial assets for which allowance for credit losses was recorded at the time of initial recognition.

Furthermore, in the year ended March 31, 2017, there was no significant increase or decrease in the gross carrying amount that could affect a change in allowance for credit losses.

2) Gross carrying amount of financial assets for which allowance for credit losses is to be recorded

The gross carrying amount of financial assets for which allowance for credit losses is to be recorded as of March 31, 2017 is as follows:

(i) Trade receivables

	Yen (millions)
	2017
Not past due	818,506
Due within 3 months	21,057
Due after 3 months through a year	17,532
Due after one year	10,544
Total	867,639

The contract balance of financial assets that were directly written off during the reporting period but still subject to recovery activities as of March 31, 2017 was not material.

(ii) Receivables other than trade receivables, etc.

For receivables other than trade receivables, etc., information has been omitted since there are no assets of which credit risk was considered to significantly increase and credit risk of the carrying amount as of March 31, 2017 was not material.

(4) Liquidity risk management

Liquidity risks are the Company's risks of nonfulfillment of repayment obligations for financial liabilities due. The Company develops its business under the basic policy of self-generating funds necessary for business activities. In addition, generated funds are utilized efficiently through intra-group financing. On that basis, when funds are required for working capital, investments in businesses and others, the Company raises funds externally by appropriate means in consideration of the financial structure and conditions of financial markets.

The balances of major financial liabilities by contractual maturities as of March 31, 2017 and 2016, and April 1, 2015 are as follows:

	Yen (millions)				
	March 31, 2017				
	Carrying amount	Contract amount	Within 1 year	After 1 year but not more than 5 years	More than 5 years
Non-derivative liabilities:					
Trade payables....................	955,965	955,965	955,965	-	-
Short-term debt, including current portion of long-term debt..................	177,038	179,416	179,416	-	-
Long-term debt....................	946,966	974,056	-	658,541	315,515
Total.............................	2,079,969	2,109,437	1,135,381	658,541	315,515
Derivative liabilities................	21,896	21,896	21,896	-	-

	Yen (millions)				
	March 31, 2016				
	Carrying amount	Contract amount	Within 1 year	After 1 year but not more than 5 years	More than 5 years
Non-derivative liabilities:					
Trade payables.....................	894,927	894,927	894,927	-	-
Short-term debt, including current portion of long-term debt...................	21,728	22,498	22,498	-	-
Long-term debt....................	703,113	729,429	-	537,435	191,994
Total.............................	1,619,768	1,646,854	917,425	537,435	191,994
Derivative liabilities................	23,257	23,257	23,257	-	-

	Yen (millions)				
	April 1, 2015				
	Carrying amount	Contract amount	Within 1 year	After 1 year but not more than 5 years	More than 5 years
Non-derivative liabilities:					
Trade payables.....................	943,836	943,836	943,836	-	-
Short-term debt, including current portion of long-term debt..................	260,435	262,203	262,203	-	-
Long-term debt....................	711,043	744,832	-	550,918	193,914
Total..............................	1,915,314	1,950,871	1,206,039	550,918	193,914
Derivative liabilities................	19,278	19,278	19,278	-	-

(5) Market risk management

The Company operates internationally, giving rise to exposure to market risks arising from changes in foreign exchange rates, interest rates, and commodity prices. The Company assesses these risks by continually monitoring changes in these exposures and by evaluating hedging opportunities.

1) Currency risks

Foreign exchange rate fluctuations may adversely affect the Company's business, operating results and financial condition, because costs and prices of its products and services that are traded in a foreign currency are affected by foreign exchange rate changes. The Company makes efforts to mitigate currency risks principally by utilizing derivatives such as foreign exchange contracts.

(i) Exposure to currency risks

Exposure to currency risks (net) of the Company as of March 31, 2017 and 2016 is as follows. The amount of exposure to currency risks that is hedged by derivatives is excluded.

	2017	2016
US Dollar (Thousands of US dollar)...............	820,519	519,574
Euro (Thousands of Euro)..............................	101,639	53,110
Chinese Yuan (Thousands of Chinese Yuan)...	39,537	52,957

(ii) Sensitivity analysis for currency risks

For financial instruments held by the Company as of the end of each fiscal year, the impact of a 1% appreciation of Japanese yen against US Dollar, Euro and Chinese Yuan on profit before income taxes is as follows. In the case where Japanese yen decreases by 1% against US Dollar, Euro and Chinese Yuan on profit before income taxes, there would be an opposite effect with same amonut as the following table.

This analysis is based on the assumption that all other variables are constant.

	Yen (millions)	
	2017	2016
US Dollar..	(921)	(585)
Euro...	(122)	(68)
Chinese Yuan..	(6)	(9)

2) Interest rate risks

Interest-bearing debt is principally corporate bonds and borrowings obtained at fixed rates, and the interest rate risk is not material to the Company.

3) Commodity price fluctuation risks

The Company procures raw materials, including non-ferrous metals, under a long-term purchase agreement and is exposed to commodity price fluctuation risks due to market fluctuations, etc. The Company makes efforts to mitigate commodity price fluctuation risks by utilizing derivatives such as commodity futures.

4) Market price fluctuation risks

The Company is exposed to stock price fluctuation risks arising from its holdings of stocks of domestic and foreign companies. For equity instruments, the Company periodically assesses fair value and financial condition of issuers and continually reviews the status of holding.

(6) Derivatives and hedge accounting

Derivatives held by the Company are comprised principally of foreign exchange contracts and commodity futures. The Company uses foreign exchange contracts and others to hedge the impact of exchange rate fluctuations on costs and prices of products and services, etc. that are traded in a foreign currency. In addition, the Company utilizes commodity futures and others to hedge commodity price fluctuation risks due to market fluctuations, etc. associated to procurement of raw materials, including non-ferrous metals, under a long-term purchase agreement. All these hedges meet criteria for cash flow hedges.

1) The date of transition to IFRS and the year ended March 31, 2016

For the date of transition to IFRS and the year ended March 31, 2016, information under U.S. GAAP has been provided under the exemptions from the retrospective application of IFRS 9 in accordance with IFRS 1.

The amount included in "other components of equity" as of March 31, 2016 is recorded in profit or loss principally within the next 12 months. The maximum term over which the Company is hedging exposures to the variability of cash flows for foreign currency exchange risk is approximately six months.

The Company is exposed to credit risks arising when counterparties to derivative financial instruments failed to fulfill the contract. However, because credit quality of counterparties is high, the Company believes that such risks are small.

Notional amounts of foreign exchange contracts, cross currency swaps and commodity futures as of the date of transition to IFRS and March 31, 2016 are as follows:

	Yen (millions)	
	2016	2015
Foreign exchange contracts............................	697,528	368,657
Cross currency swaps.....................................	2,495	30,875
Commodity futures...	943,582	954,984

Fair values of derivatives as of the date of transition to IFRS and March 31, 2016 are as follows:

	Yen (millions)			
	March 31, 2016			
	Derivative assets		Derivative liabilities	
	Recognized in consolidated statements of financial position	Fair value	Recognized in consolidated statements of financial position	Fair value
Derivatives designated as hedging instruments:				
Foreign exchange contracts............	Other financial assets	1,439	Other financial liabilities	2,918
Commodity futures.........................	Other financial assets	173	Other financial liabilities	1,342
Subtotal..		1,612		4,260
Derivatives not designated as hedging instruments:				
Foreign exchange contracts............	Other financial assets	4,575	Other financial liabilities	1,904
Cross currency swaps.....................	-	-	Other financial liabilities	35
Commodity futures.........................	Other financial assets	12,017	Other financial liabilities	17,058
Subtotal..		16,592		18,997
Total..		18,204		23,257

	Yen (millions)			
	April 1, 2015			
	Derivative assets		Derivative liabilities	
	Recognized in consolidated statements of financial position	Fair value	Recognized in consolidated statements of financial position	Fair value
Derivatives designated as hedging instruments:				
Foreign exchange contracts............	Other financial assets	2,132	Other financial liabilities	242
Commodity futures..........................	Other financial assets	8	Other financial liabilities	938
Subtotal..		2,140		1,180
Derivatives not designated as hedging instruments:				
Foreign exchange contracts............	Other financial assets	3,688	Other financial liabilities	3,129
Cross currency swaps......................	Other financial assets	141	Other financial liabilities	629
Commodity futures..........................	Other financial assets	8,073	Other financial liabilities	14,340
Subtotal...		11,902		18,098
Total..		14,042		19,278

Effects of derivatives on the consolidated statement of profit or loss in the year ended March 31, 2016 are as follows:

(i) Derivatives designated as hedging instruments

	Yen (millions)		
	2016		
	Recognized in OCI derivative (effective portion)	Amounts of gain reclassified from accumulated OCI into profit or loss (effective portion)	
	Amount of gain (loss)	Recognized in consolidated statements of profit or loss	Amount of gain (loss)
Foreign exchange contract............	(9,027)	Finance income (expenses)	(3,534)
Commodity futures.......................	(1,959)	Cost of sales	(1,959)
Total...	(10,986)		(5,493)

The ineffective portion and the amount excluded from effectiveness test in foreign exchange contracts of 32 million yen (profit) are included in "finance income (expenses)" as exchange gain or loss in the consolidated statement of profit or loss.

(ii) Derivatives not designated as hedging instruments

	Yen (millions)	
	2016	
	Recognized in consolidated statements of profit or loss	Amount of gain (loss)
Foreign exchange contracts.................	Finance income (expenses)	2,023
Cross currency swaps..........................	Finance income (expenses)	453
Commodity futures..............................	Cost of sales	2,727
Total...		5,203

2) The year ended March 31, 2017

The Company confirms the existence of an economic relationship between the hedged item and the hedging instrument at the hedge's inception and on an ongoing basis, through qualitative assessment on whether important terms and conditions of the hedged item match or conform closely to those of the hedging instrument, or quantitative assessment on whether changes in values of the hedged item and the hedging instrument are offset with each other because of the same risk, in order to make sure that the hedged item and the hedging instrument has an economic relationship in which changes in cash flows of the hedged item are offset by changes in cash flows of the hedging instrument.

In addition, the Company has set the appropriate hedge ratio based on the quantity of hedged items and the quantity of hedging instruments at the hedge's inception, and in principle, this ratio is set to ensure a one-to-one relationship.
Because the Company performs highly effective hedges, it expects that usually no significant ineffective portion arises.

(i) Effects of hedge accounting on the consolidated statements of financial position
Significant derivatives designated as hedging instruments as of March 31, 2017 are as follows:

Derivatives associated to currency risks;

Hedging instruments	Contract amounts	Average rate	Carrying amount (*1) Yen (millions)	
			Assets	Liabilities
Foreign exchange contracts:				
US Dollar sell / Japanese Yen buy............................	760,867 Thousands US Dollar	112.05 Yen / Dollar	180	-
Euro sell / Japanese Yen buy............................	206,941 Thousands Euro	120.74 Yen / Euro	188	-
US Dollar buy / Japanese Yen sell............................	298,512 Thousands US Dollar	113.60 Yen / Dollar	-	555
Euro buy / Japanese Yen sell............................	22,284 Thousands Euro	120.18 Yen / Euro	-	9

(*1) In the consolidated statements of financial position, fair value of assets related to hedging instruments is included in "other financial assets," while fair value of liabilities related to hedging instruments is included in "other financial liabilities."

The maximum term over which the Company hedges changes in cash flows due to risks of fluctuation in exchange rates is approximately six months.

Since the amount of the ineffective portion of hedges recognized in profit or loss is immaterial, information on changes in fair value of hedging instruments used as the basis for recognition of the ineffective portion of hedges has been omitted.

The balance of "net changes in cash flow hedges" related to ongoing hedges as of March 31, 2017 is as follows:

In the year ended March 31, 2017, there was no hedge relationship to which hedge accounting no longer applied.

	Yen (millions)
Risk	2017
Foreign currency risk.......	(1,512)
Commodity price risk.......	1,270
Total.............................	(242)

Since the amount of the ineffective portion of hedges recognized in profit or loss in the year ended March 31, 2017 is immaterial, information on changes in fair value of hedged items used as the basis for recognition of the ineffective portion of hedges has been omitted.

(ii) Effects of hedge accounting on the consolidated statements of profit or loss and the consolidated statements of comprehensive income

Effects of the application of hedge accounting on profit or loss and other comprehensive income (loss) in the year ended March 31, 2017 are as follows:

	Yen (millions)			
Risk	Amounts of gain (loss) recognized in OCI (pre-tax amount)	Amounts of gain (loss) reclassified from other components of equity into profit or loss (pre-tax amount)	Recognized in consolidated statements of profit or loss	Amounts of gain (loss) reclassified to acquisition cost of hedged item (pre-tax amount)
Foreign currency risk.........	(2,166)	5,544	Finance income (expenses)	-
Commodity price risk........	(1,699)	(250)	Cost of sales	0

In the year ended March 31, 2017, the amount of the ineffective portion of hedges recognized in profit or loss was immaterial.

Reclassification adjustments related to foreign currency risk from other components of equity to profit or loss in the year ended March 31, 2017 are attributed to effects of hedged items on profit or loss. reclassification adjustments for commodity price fluctuation risks from other components of equity to profit or loss is due to cease of forecast transactions of commodity futures.

(7) Offsetting of financial assets and financial liabilities

For derivative assets and liabilities, the Company conducts transactions under master netting agreements or similar agreements. In the case where settlement failure occurs between the contracting parties, receivables from and payables to the counterparty are to be settled on a net basis.

Of financial assets and financial liabilities recognized to the same counterparty as of March 31, 2017, there were no financial instruments offset in accordance with requirements for offsetting of financial assets and financial liabilities. The amount of financial instruments that are subject to enforceable master netting agreements or similar agreements but have not been offset because they do not satisfy part or all of requirements for offsetting of financial assets and financial liabilities was 6,401 million yen.

Of financial assets and financial liabilities recognized to the same counterparty as of March 31, 2016, there were no financial instruments offset in accordance with requirements for offsetting of financial assets and financial liabilities. The amount of financial instruments that are subject to enforceable master netting agreements or similar agreements but have not been offset because they do not satisfy part or all of requirements for offsetting of financial assets and financial liabilities was 8,275 million yen.

Of financial assets and financial liabilities recognized to the same counterparty as of the date of transition to IFRS, the amount of financial instruments offset in accordance with requirements for offsetting of financial assets and financial liabilities was 3,329 million yen. The amount of financial instruments that are subject to enforceable master netting agreements or similar agreements but have not been offset because they do not satisfy part or all of requirements for offsetting of financial assets and financial liabilities was 7,915 million yen.

(8) Fair values of financial instruments

1) Comparison between fair values and carrying amounts are as follows:

	Yen (millions)					
	March 31				April 1	
	2017		2016		2015	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Long-term debt............	1,107,550	1,120,226	712,564	731,002	960,591	974,671

Fair values shown above are estimated, based on the market price or its present value of the market price or the future cash flow, which is calculated using the observable discount rate at the year-end of 2017, 2016, and April 1, 2015. They are all categorized as level 2 (refer to "2) Fair value measurement hierarchy").

With regard to financial assets and financial liabilities measured at amortized cost other than the above, their fair values approximate their carrying amounts.

2) Fair value measurement hierarchy

IFRS 13 "Fair Value Measurement" provides that fair values shall be categorized into the following three levels according to the extent to which the input information used in the measurement is observable from the outside:

- Level 1: Fair value measured by quoted prices in active markets
- Level 2: Fair value measured directly or indirectly using inputs other than quoted prices included within Level 1 that are observable
- Level 3: Fair value measured through valuation techniques which include inputs that are not based on observable market data

The fair value measurement hierarchy level used in the measurement is determined by the lowest-level of significant input in the measurement of fair value.

The breakdown of financial instruments measured at fair value as of March 31, 2017 and 2016 and the date of transition to IFRS is as follows:

For March 31, 2016 and the date of transition to IFRS, information under U.S. GAAP has been provided under the exemptions from the retrospective application of IFRS 9 in accordance with IFRS 1.

	Yen (millions)			
	March 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL				
Derivative assets				
Foreign exchange contracts.....................	-	2,930	-	2,930
Commodity futures.................................	11,793	993	-	12,786
Subtotal..	11,793	3,923	-	15,716
Financial assets measured at FVTOCI				
Equity securities....................................	96,683	-	25,412	122,095
Others..	-	2,534	-	2,534
Subtotal..	96,683	2,534	25,412	124,629
Total financial assets.......................	108,476	6,457	25,412	140,345
Financial liabilities:				
Financial liabilities measured at FVTPL				
Derivative liabilities				
Foreign exchange contracts......................	-	3,704	-	3,704
Cross currency swaps.............................	-	23	-	23
Commodity futures.................................	7,132	11,037	-	18,169
Total financial liabilities..................	7,132	14,764	-	21,896

	Yen (millions)			
	March 31, 2016			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Available-for-sale securities				
Equity securities......................................	84,206	-	-	84,206
Corporate and government bonds............	-	2,566	-	2,566
Other debt securities................................	-	2	-	2
Subtotal..	84,206	2,568	-	86,774
Derivative assets				
Foreign exchange contracts...................	-	6,014	-	6,014
Cross currency swaps.............................	-	-	-	-
Commodity futures................................	6,571	5,619	-	12,190
Subtotal..	6,571	11,633	-	18,204
Total financial assets.......................	90,777	14,201	-	104,978
Financial liabilities:				
Derivative liabilities				
Foreign exchange contracts....................	-	4,822	-	4,822
Cross currency swaps.............................	-	35	-	35
Commodity futures................................	14,448	3,952	-	18,400
Total financial liabilities.................	14,448	8,809	-	23,257

	Yen (millions)			
	April 1, 2015			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Available-for-sale securities				
Equity securities	74,920	-	-	74,920
Corporate and government bonds	-	2,371	-	2,371
Other debt securities	-	2	-	2
Subtotal	74,920	2,373	-	77,293
Derivative asset				
Foreign exchange contracts	-	5,820	-	5,820
Cross currency swaps	-	141	-	141
Commodity futures	7,487	594	-	8,081
Subtotal	7,487	6,555	-	14,042
Total financial assets	82,407	8,928	-	91,335
Financial liabilities:				
Derivative liabilities				
Foreign exchange contracts	-	3,371	-	3,371
Cross currency swaps	-	629	-	629
Commodity futures	11,193	4,085	-	15,278
Total financial liabilities	11,193	8,085	-	19,278

The Company's existing marketable equity securities and commodity futures are included in Level 1, which are valued using an unadjusted quoted market price in active markets with sufficient volume and frequency of transactions. Level 2 derivatives including foreign exchange contracts, cross currency swaps and commodity futures are valued using quotes obtained from brokers, which are periodically validated by pricing models using observable market inputs, such as foreign currency exchange rates and market prices for commodity futures.

Equity securities classified as Level 3 are unlisted stocks, and their fair values are measured by an appropriate valuation method that comprehensively takes into account the outlook for future profitability of the investee and quantitative information such as net asset value and major assets held by the investee, in accordance with the policy and procedures set by the Company for using the most appropriate and highly relevant, available data. The reasonableness of this assessment is verified by the department in charge of accounting using various methods and approved by the manager of the department. Specific methods of verification include use of external assessment organizations.

For financial instruments classified as Level 3, significant changes in fair value occurring when unobservable inputs are changed to reasonably possible alternative assumptions are not expected.

Transfers between levels are recognized on the day when the event or change in circumstances that caused the transfer occurred. In the years ended March 31, 2017 and March 31, 2016, there were no financial instruments of which a significant transfer was made between levels.

As of March 31, 2016 and the date of transition to IFRS, there were no financial instruments measured at fair value on a recurring basis that were classified as Level 3 in the fair value measurement hierarchy.

The breakdown of movements in financial instruments measured at fair value on a recurring basis that were classified as Level 3 in the fair value measurement hierarchy for the year ended March 31, 2017 is as follows:

	Yen (millions)
	2017
	Financial assets measured at FVTOCI
Balance at beginning of year	27,918
Accumulated gains (losses)	(5,592)
Purchase	3,790
Sales	(704)
Balance at end of year	25,412

(Note) Gains or losses are related to financial assets measured at FVTOCI as of March 31, 2017, and included in "financial assets measured at fair value through other comprehensive income" in the consolidated statement of comprehensive income.

30. Major Subsidiaries

(1) Composition of the Group

Major subsidiaries of the Company as of March 31, 2017 are as follows:

Name	Reporting segment	Location	% of voting rights interests
PanaHome Corporation	Other	Japan	54.5
Panasonic Factory Solutions Co., Ltd.	Automotive & Industrial Systems	Japan	100.0
Panasonic Ecology Systems Co., Ltd	Eco Solutions	Japan	100.0
KMEW Co., Ltd. * 1	Eco Solutions	Japan	50.0
Panasonic Consumer Marketing Co., Ltd.	Appliances	Japan	100.0
Panasonic Liquid Crystal Display Co., Ltd.	Automotive & Industrial Systems	Japan	95.0
SANYO Electric Co., Ltd.	Eco Solutions, Automotive & Industrial Systems, Other, Corporate	Japan	100.0
Panasonic Semiconductor Solutions Co., Ltd.	Automotive & Industrial Systems	Japan	100.0
Panasonic System Networks Co., Ltd.	AVC Networks	Japan	100.0
Panasonic Corporation of North America	Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems, Other, Corporate	U.S.A.	100.0
Panasonic Avionics Corporation	AVC Networks	U.S.A.	100.0
Hussmann Corporation * 2	Appliances	U.S.A.	100.0
Panasonic do Brasil Limitada	Appliances, AVC Networks, Automotive & Industrial Systems,	Brazil	100.0
Panasonic Europe Ltd.	Corporate	U.K.	100.0
Panasonic AVC Networks Czech s.r.o.	Appliances	Czech Republic	100.0
Panasonic Holding (Netherlands) B.V.	Corporate	Netherlands	100.0
Panasonic India Pvt. Ltd.	Appliances, AVC Networks, Automotive & Industrial Systems	India	100.0
Panasonic Asia Pacific Pte. Ltd.	Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems, Corporate	Singapore	100.0
Panasonic Taiwan Co., Ltd.	Appliances, AVC Networks, Automotive & Industrial Systems, Corporate	Taiwan	69.8

Name	Reporting segment	Location	% of voting rights interests
Panasonic Corporation of China	Appliances, Eco Solutions, AVC Networks, Corporate	China	100.0
Panasonic Appliances Air-Conditioning (Guangzhou) Co., Ltd.	Appliances	China	67.8
Panasonic Automotive Systems Dalian Co., Ltd.	Automotive & Industrial Systems	China	60.0

*1. Although % of voting rights is 50.0, KMEW Co., Ltd. is treated as a consolidated subsidiary because the Company controls it by involving in its manufacturing and sale activities.

*2. Hussmann Corporation became a consolidated subsidiary in the year ended March 31, 2017 because the Company acquired 100% shares of Hussmann Parent Inc.
Except this change, no significant change occurred in major subsidiaries or percentage of voting rights/interests.

(2) Subsidiaries with material non-controlling interests

Condensed financial statements, etc. of subsidiaries with material non-controlling interests are as follows:
The condensed financial statements show amounts before elimination of intra-group transactions.

PanaHome Corporation (PanaHome Corporation and its consolidated subsidiaries)

	March 31		April 1
	2017	2016	2015
Shareholding ratio of non-controlling interests	45.5%	45.5%	45.5%

	Yen (millions)		
	March 31		April 1
	2017	2016	2015
Current assets	222,364	212,297	178,821
Non-current assets	56,692	57,434	62,930
Current liabilities	105,210	100,030	93,940
Non-current liabilities	14,889	14,492	13,824
Cumulative amount of non-controlling interests	52,104	50,321	50,831

	Yen (millions)	
	2017	2016
Net sales	359,607	352,971
Net profit	7,727	11,054
Other comprehensive income (loss)	233	(5,555)
Comprehensive income	7,960	5,499
Net profit attributable to non-controlling interests	3,272	4,992
Dividends paid to non-controlling interests	1,615	1,538

31. Related Party Transactions

(1) Transactions with associates and joint ventures

Transactions and balances of receivables and payables of Panasonic Corporation with associates and joint ventures are as follows:

Transactions with associates and joint ventures are conducted on general terms and conditions similar to arm's length transactions.

1) Balances of Panasonic Corporation's receivables from and payables to associates and joint ventures

	Yen (millions)		
	March 31		April 1
	2017	2016	2015
Associates:			
Receivables	17,153	21,338	22,744
Liabilities	69,330	64,317	63,581
Joint ventures:			
Receivables	78	41	-
Liabilities	40	4	-

2) Amounts of Panasonic Corporation's sales to and purchases from associates and joint ventures

	Yen (millions)	
	2017	2016
Associates:		
Sales	127,176	93,270
Purchases	274,336	257,906
Joint ventures:		
Sales	-	33
Purchases	94	134

(2) Remuneration for key management personnel

Remuneration for key management personnel (Directors and Outside Directors) of the Company is as follows:

	Yen (millions)	
	2017	2016
Basic remuneration	937	708
Performance based remuneration	308	335
Share based payment - stock option	295	147
Total	1,540	1,190

32. Non-cash transactions

Significant non-cash transactions are as follows:

	Yen (millions)	
	2017	2016
Acquisition of property, plant and equipment, due to newly-contracted financing lease......................................	3,393	4,276
Decrease of treasury stocks, due to stock exchange............	20,055	17,115

33. Commitments for acquisition of assets, etc.

Commitments as of March 31, 2017 and 2016 principally include the contracts to purchase specific raw materials for the period up to 2020, purchase contracts for property, plant and equipment, etc. with total outstanding amounts of 126,338 million yen and 96,823 million yen, respectively.

34. Business Combinations

(1) For the year ended March 31, 2016

On August 7, 2015, the Company acquired all equity interest of ITC Global Inc. (USA) and ITC Global Netherlands Cooperatief U.A. (hereinafter, collectively including their subsidiaries, referred to as "ITC Global") and accordingly, had a controlling interest of ITC Global from the acquisition date.

ITC Global is in the business of providing satellite communication services for the ocean energy industry. As a result of this acquisition, the Company expands its satellite communication services in addition to inflight system and enhances its competitiveness by expanding the scale of the business operations. The market of satellite communication services for the ocean energy industry has a sizable demand with the potential for long-term growth and high profitability, as its customers emphasize quality rather than price. Satellite communication services for the ocean energy industry also highly complements the existing inflight system business as satellite communication services for the ocean energy industry has huge demand in developing countries where satellite communication services for inflight system has fewer demand. Furthermore, the Company is expected to absorb the ITC Global’s highly-reliable technology and business know-how of satellite communication services and enjoy synergy as ITC Global uses the same satellite band frequency and transmission method as the Company’s satellite communication services for inflight system.

The fair value of the consideration paid (cash) for the controlling interests of ITC Global as of the acquisition date was 30,947 million yen. Acquisition-related cost was not material for the year ended March 31, 2016.

Assets acquired and liabilities assumed as of the acquisition date were as follows:

	Yen (million)
Cash and cash equivalents	539
Goodwill	19,050
Intangible assets	11,027
Other acquired assets	6,852
Total assets acquired	37,468
Deferred tax liabilities	3,629
Other assumed liabilities	2,892
Total liabilities assumed	6,521
Total net assets acquired	30,947

The total amount of goodwill is included in "AVC Networks" segment, and is not deductible for tax purpose.

Intangible assets of 7,123 million yen are subject to amortization, which include customer of 4,865 million yen with a 9-year useful life. Intangible assets of 3,904 million yen are not subject to amortization, all of which relates to trademark.

Net sales and profit before income taxes of ITC Global that are included in the consolidated statements of profit or loss for the year ended March 31, 2016 were not material.

Pro forma information has been omitted as the amounts are not material.

(2) For the year ended March 31, 2017

On April 1, 2016, the Company acquired all outstanding shares of Hussmann Parent Inc., which in turn owned all shares of Hussmann Corporation of the United States, and accordingly, obtained control in the two companies and their subsidiaries (hereinafter, collectively including their subsidiaries, referred to as “Hussmann”) from the acquisition date.

Hussmann is in the business of manufacturing, selling, developing and providing services related to commercial-use refrigerated and freezer display cases. This acquisition will enable the combination of Hussmann's strengths in customer relationship, maintenance and services with the Company's wide-ranging technology and product lineup. The Company will use this synergy to drive growth and further innovation on a global basis. Hussmann will be able to leverage core refrigeration product technology and case platforms including the Company's CO2 systems and foodservice products. Other synergy opportunities include LED's, remote monitoring and other technology platforms that will enhance retail customer's merchandising and consumer connectivity.

The fair value of consideration paid for the controlling interests of Hussmann as of the acquisition date was 141,771 million yen and was paid in cash. Acquisition-related cost was not material.

Assets acquired and liabilities assumed as of the acquisition date were as follows:

	Yen (million)
Cash and cash equivalents	16,917
Goodwill	91,156
Intangible assets	96,733
Other acquired assets	51,893
Total assets acquired	256,699
Debt	41,371
Deferred tax liabilities	31,523
Other assumed liabilities	42,034
Total liabilities assumed	114,928
Total net assets acquired	141,771

The total amount of goodwill is included in "Appliances" segment, and is not deductible for tax purpose.

Intangible assets of 67,185 million yen are subject to amortization, which include customer of 62,130 million yen with a 21-year useful life. Intangible assets of 29,548 million yen are not subject to amortization, all of which relates to trademark.

Net sales and profit before income taxes of Hussmann that are included in the consolidated statements of profit or loss for the year ended March 31, 2017 were 126,884 million yen and 6,523 million yen, respectively.

Pro forma information has been omitted as the acquisition occurred at the beginning of the year ended March 31, 2017.

35. Contingent Liabilities

Litigation, etc.

The Company and certain of its subsidiaries are subject to a number of legal proceedings including civil litigations related to trade, tax, products or intellectual properties, or governmental investigations. The Company has been dealing with the various litigations and investigations. Depending upon the outcome of these different proceedings, the Company and certain of its subsidiaries may be subject to an uncertain amount of fines, and accordingly the Company has accrued for certain probable and reasonable estimated amounts for the fines.

Since November 2007, the Company and MT Picture Display Co., Ltd. (MTPD), a subsidiary of the Company, had been subjected to investigations by government authorities, including the Japan Fair Trade Commission (JFTC) and the European Commission, in respect of alleged antitrust violations relating to cathode ray tubes (CRTs). MTPD and its three subsidiaries appealed the Tokyo High Court to revoke the decisions of the Japan Fair Trade Commission, including the fine assessed in 2010, but the court rendered the judgment to reject the appeal in April, 2016. MTPD and the subsidiaries appealed to the Supreme Court of Japan. For the year ended March 31, 2013, the Company and MTPD received notification of a European Commission Decision in violation of EU competition law and appealed to the European General Court against the decision because the Company believes this decision is factually and legally erroneous as it applies to the Company and MTPD. In September 2015, the European General Court rendered the judgment to accept some of the arguments but reject the other arguments made by the Company and MTPD. The Company appealed to the European Court of Justice. In July 2016, the European Court of Justice issued the order dismissing the Company's appeal, and the sanction against the Company became final. In August 2016, the Company paid the fine to the European Commission.

Since June 2012, the Company and SANYO Electric Co., Ltd., a subsidiary of the Company, had been subjected to investigations by the European Commission, in respect of alleged antitrust violations relating to the rechargeable battery. In December 2016, the Company and SANYO Electric Co., Ltd. settled with the European Commission agreeing to pay fines in March 2017. The Company and SANYO Electric Co., Ltd. are also subject to relevant litigations in the U.S. and Europe.

The business operations of the Company's U.S. subsidiary Panasonic Avionics Corporation are the subject of an investigation by the United States Department of Justice and the United States Securities and Exchange Commission (the U.S. government authorities) under the Foreign Corrupt Practices Act and other securities related laws. The Company continues discussions with the U.S. government authorities with a view towards resolving the matter.

Other than those above, there are a number of legal actions against the Company and certain subsidiaries. Management is of the opinion that damages, if any, resulting from these actions, will not have a material effect on the Company's consolidated financial statements.

The ability to predict the outcome of these actions and proceedings is difficult to assess given that certain of the investigations and legal proceedings are still at an early stage, present novel legal theories, involving a large number of parties or taking place in jurisdictions outside of Japan where the laws are complex or unclear. Accordingly, the Company is unable to estimate the losses or range of losses for the actions and proceedings where there is only a reasonable possibility that a loss exceeding the amounts already recognized may have been incurred.

36. Subsequent Events

(1) Consolidation of Ficosa International S. A.

With regard to Ficosa International S.A. ("Ficosa"), 49% of whose shares were owned by the Company and accounted for using the equity method, the terms and conditions to exercise call options to acquire additional 20% shares were satisfied on April 19, 2017, and Ficosa became a consolidated subsidiary due to the potential voting rights set in the call options.

Ficosa is involved in research and development, manufacturing, and marketing of system and components in automotive business. As a result of this alliance, Panasonic and Ficosa accelerate the expansion of businesses, which show great potential growth, such as next generation cockpit systems and ADAS.

The fair value of provisional consideration paid for the acquisition of control and provisional non-controlling interests are as follows:
(Non-controlling interests are measured at their proportionate share of net identifiable assets provisionally.)

	Yen (million)
Fair value of total consideration	
(Equity interests held by Panasonic immediately before the date of acquisition)	24,073
Non-controlling interests (Provisional)	11,185
Total	35,258

As a result of remeasuring the equity interest held by Panasonic immediately before the date of acquisition, the valuation gain or loss recognized is currently under calculation. Acquisition cost was not material.

Assets acquired and liabilities assumed as of the acquisition date were as follows:
The fair value of assets acquired and liabilities assumed as of the acquisition date is under calculation, and the below amounts are subject to changes.

	Yen (million)
Cash and cash equivalents	15,442
Trade receivables	27,521
Property, plant and equipment	25,967
Goodwill	13,326
Intangible assets	13,820
Other acquired assts	23,024
Total assets acquired	119,100
Current liabilities and non-current liabilities	32,462
Trade Payables	27,129
Other assumed liabilities	24,251
Total liabilities assumed	83,842
Total net assets acquired	35,258

The total amount of goodwill is included in "Automotive & Industrial Systems" segment, and is not deductible for tax purpose.

All intangible assets are subject to amortization, including technology etc., and their useful lives are under calculation.

(2) Acquisition of control of Zetes Industries S. A.

On April 27, 2017, the Company acquired 56.66% of shares to obtain control of Zetes Industries S.A., which is incorporated in Belgium, and its subsidiaries (hereinafter, "Zetes").

Zetes is involved in the businesses of goods and people identification and mobility solutions in Europe. As a result of this acquisition, both Panasonic and Zetes will be able to satisfy the global customers' needs by combining Zetes' identification and mobility solutions and Panasonic's advanced research and development capabilities, technological expertise, and global customer network, to expand the solution and service in the area of supply chain solutions and security solutions.

The fair value of provisional consideration paid for the acquisition of control and provisional non-controlling interests are as follows:
Non-controlling interests are measured at their proportionate share of net identifiable assets provisionally.

	Yen (million)
Fair value of total consideration (Cash)....................	20,044
Non-controlling interests (Provisional)......................	8,211
Total...	28,255

Costs incurred for acquisition of control is not material.
Assets acquired and liabilities assumed as of the acquisition date were as follows:
The fair value of assets acquired and liabilities assumed as of the acquisition date is under calculation and the below amounts are subject to changes.

	Yen (million)
Cash and cash equivalents..	2,543
Goodwill...	9,311
Intangible assets..	20,260
Other acquired assets..	16,355
Total assets acquired...	48,469
Current liabilities and non-current liabilities.............	1,579
Deferred tax liabilities...	7,182
Other assumed liabilities...	11,453
Total liabilities assumed...	20,214
Total net assets acquired.......................................	28,255

The total amount of goodwill is included in "Connected Solutions" segment, and is not deductible for tax purpose. "AVC Networks" segment has been re-organized to "Connected Solutions" segment from April 1, 2017.

Intangible assets with the amount of 18,803 million yen are subject to amortization include customer relationship of 15,408 million yen, whose useful life is 25years to 29years.

(3) Tender offer for share certificates, etc. of PanaHome Corporation

The Company and PanaHome Corporation (hereinafter, "PanaHome") resolved at meetings of respective boards of directors held on December 20, 2016 to conduct a share exchange (hereinafter, "share exchange") in order to make the Company the wholly owning parent company and PanaHome a wholly owned subsidiary after the share exchange, and both companies have executed share exchange agreement. Since the Company and PanaHome decided, however, to change the scheme of transaction to make PanaHome a wholly owned subsidiary and implement a tender offer by the Company as a part of such transaction, the Company and PanaHome resolved at meetings of their respective boards of directors on April 21, 2017 to terminate the Share Exchange Agreement by mutual agreement, and the share exchange. On the same day, the Company and PanaHome executed the "Memorandum of Understanding with respect to the Termination of the Share Exchange Agreement and Implementation of the Tender Offer, and terminated by mutual agreement the Share Exchange Agreement executed on December 20, 2016.

The result of tender offer is as follows:

1) Tender offer Period as of the time filing of statement
From Friday, April 28, 2017 through Tuesday, June 13, 2017 (30 business days)

2) Tender offer price
1,200 yen per share of PanaHome's ordinary shares

3) Number of purchased shares
43,576,755 shares of PanaHome's ordinary shares

4) Amount of share purchase
52,292,106,000 yen (Note) Number of purchased shares (43,576,755 shares) * 1,200yen

37. Disclosure on Transition to IFRS

The Company's consolidated financial statements are prepared in accordance with IFRS from the year ended March 31, 2017.
"3. Significant accounting policies" have been applied in the preparation of the consolidated financial statements for the date of transition to IFRS (April 1, 2015), the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016) and the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017).

(1) First-time adoption based on IFRS 1

IFRS 1 requires an entity that adopts IFRS for the first time (hereinafter, the "first-time adopter") to apply IFRS retrospectively. However, IFRS 1 provides exemptions that allow first-time adopters to voluntarily choose not to apply certain standards retrospectively and mandatory exceptions prohibiting retrospective application.
Major exemptions adopted by the Company are as follows:

1) Business combinations

A first-time adopter may choose not to apply IFRS 3 retrospectively to business combinations occurring before the date of transition to IFRS. The Company has applied this exemption and chosen not to apply IFRS 3 retrospectively to business combinations that occurred before December 21, 2009.

2) Deemed cost

For property, plant and equipment, a first-time adopter may use fair value as deemed cost as of the date of transition to IFRS. The Company has applied this exemption for certain property, plant and equipment and used fair value as of the date of transition to IFRS as deemed cost.

3) Exchange differences on translation of foreign operations

A first-time adopter may choose to deem cumulative amount of the exchange differences on translation of foreign operations to be zero as of the date of transition to IFRS. The Company has chosen to deem cumulative amount of the exchange differences on translation of foreign operations to be zero as of the date of transition to IFRS.

4) Exemptions from retrospective application of IFRS 9 in accordance with IFRS 1

When a first-time adopter adopts IFRS from the fiscal year beginning before January 1, 2019 and chooses to early apply IFRS 9 (2014), it may apply the previous accounting standards without restating comparative information in accordance with IFRS 9 in the first IFRS consolidated financial statements. The Company has applied this exemption, and recognized and measured target items under U.S. GAAP, the previous accounting standards, for the date of transition to IFRS and the fiscal year ended March 31, 2016.

(2) Reconciliation from U.S. GAAP to IFRS

In preparing the consolidated financial statements under IFRS, the Company adjusted amounts reported in the consolidated financial statements under U.S. GAAP. Effects of these adjustments on financial position, profit or loss and cash flows of the Company are as follows:

1) Reconciliation of equity as of April 1, 2015, the date of transition to IFRS

Yen (millions)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Assets						Assets
Current assets:						Current assets:
Cash and cash equivalents	1,280,408	-	(465)	1,279,943		Cash and cash equivalents
Time deposits	18,470	(18,470)	-	-		
Trade receivables :						
Related companies	14,673	(14,673)	-	-		
Notes	78,916	(78,916)	-	-		
Accounts	923,452	68,642	13,908	1,006,002		Trade receivables
Allowance for doubtful receivables	(24,947)	24,947	-	-		
	-	120,074	45,574	165,648		Other financial assets
Inventories	762,670	-	14,295	776,965		Inventories
Other current assets	359,098	(244,207)	6,216	121,107		Other current assets
Total current assets	3,412,740	(142,603)	79,528	3,349,665		Total current assets

Yen (millions)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Fixed assets:						Non-current assets:
Investments and advances	313,669	(137,785)	(37,618)	138,266		Investments accounted for using the equity method
	-	135,014	2,538	137,552		Other financial assets
Property, plant and equipment	-	1,374,831	(13,093)	1,361,738	(i)	Property, plant and equipment
Land	268,658	(268,658)	-	-		
Buildings	1,422,561	(1,422,561)	-	-		
Machinery and equipment	2,776,617	(2,776,617)	-	-		
Construction in progress	54,358	(54,358)	-	-		
Less accumulated depreciation	(3,147,363)	3,147,363	-	-		
Other assets						
Goodwill	457,103	172,898	(160,623)	469,378	(ii) (iii)	Goodwill and intangible assets
Intangible assets	172,898	(172,898)	-	-		
	-	291,966	(17,256)	274,710	(i) (iii) (viii)	Deferred tax assets
Other assets	225,706	(146,592)	10,366	89,480		Other non-current assets
Total fixed assets	2,544,207	142,603	(215,686)	2,471,124		Total non-current assets
Total assets	5,956,947	-	(136,158)	5,820,789	(vii)	Total assets

Yen (millions)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Liabilities						Liabilities
Current liabilities:						Current liabilities:
Short-term debt, including current portion of long-term debt	260,531	-	(96)	260,435		Short-term debt, including current portion of long-term debt
Trade payables						
Related companies	55,500	(55,500)	-	-		
Notes	236,958	(236,958)	-	-		
Accounts	690,847	250,794	2,195	943,836		Trade payables
	-	287,623	(13,960)	273,663		Other financial liabilities
Accrued income taxes	39,733	20,321	936	60,990		Income taxes payable
Accrued payroll	206,686	(206,686)	-	-		
Other accrued expenses	887,585	(887,585)	-	-		
Deposits and advances from customers	79,277	(79,277)	-	-		
Employees' deposits	584	(584)	-	-		
	-	335,287	61,349	396,636		Provisions
Other current liabilities	275,099	611,913	11,941	898,953		Other current liabilities
Total current liabilities	2,732,800	39,348	62,365	2,834,513		Total current liabilities

Yen (millions)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Noncurrent liabilities:						Non-current liabilities:
Long-term debt	712,385	-	(1,342)	711,043		Long-term debt
Retirement and severance benefits	332,661	-	103,620	436,281		Retirement benefit liabilities
	-	11,539	-	11,539		Provisions
	-	54,798	(2,322)	52,476	(viii)	Deferred tax liabilities
Other liabilities	186,549	(105,685)	(65,373)	15,491		Other non-current liabilities
Total noncurrent liabilities	1,231,595	(39,348)	34,583	1,226,830		Total non-current liabilities
Total liabilities	3,964,395	-	96,948	4,061,343	(vii)	Total liabilities

Yen (millions)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Equity						Equity
Panasonic Corporation shareholders' equity:						Panasonic Corporation stockholders' equity:
Common stock	258,740	-	-	258,740		Common stock
Capital surplus	984,111	-	(331,010)	653,101	(ii)	Capital surplus
Retained earnings	1,021,241	-	(187,250)	833,991		Retained earnings
Accumulated other comprehensive income (loss)	(193,251)	-	230,485	37,234	(iv) (v)	Other components of equity
Treasury stock, at cost	(247,548)	-	-	(247,548)		Treasury stock
Total Panasonic Corporation shareholders' equity	1,823,293	-	(287,775)	1,535,518		Total Panasonic Corporation stockholders' equity
Non-controlling interests	169,259	-	54,669	223,928	(ii) (vi) (vii)	Non-controlling interests
Total equity	1,992,552	-	(233,106)	1,759,446		Total equity
Total liabilities and equity	5,956,947	-	(136,158)	5,820,789	(vii)	Total liabilities and equity

2) Reconciliation of equity as of March 31, 2016

Yen (millions)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Assets						Assets
Current assets:						Current assets:
Cash and cash equivalents	1,014,264	-	(1,598)	1,012,666		Cash and cash equivalents
Time deposits	146	(146)	-	-		
Trade receivables:						
Related companies	16,345	(16,345)	-	-		
Notes	54,348	(54,348)	-	-		
Accounts	775,055	48,497	11,904	835,456		Trade receivables
Allowance for doubtful receivables	(22,196)	22,196	-	-		
	-	124,746	40,750	165,496		Other financial assets
Inventories	756,448	-	13,202	769,650		Inventories
Other current assets	459,949	(345,538)	(3,917)	110,494		Other current assets
Total current assets	3,054,359	(220,938)	60,341	2,893,762		Total current assets

Yen (millions)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Fixed Assets:						Non-current assets:
Investments and advances	344,499	(145,974)	(37,858)	160,667		Investments accounted for using the equity method
	-	142,972	6,450	149,422		Other financial assets
Property, plant and equipment	-	1,301,175	(12,941)	1,288,234	(i)	Property, plant and equipment
Land	252,661	(252,661)	-	-		
Buildings	1,396,046	(1,396,046)	-	-		
Machinery and equipment	2,659,483	(2,659,483)	-	-		
Construction in progress	74,360	(74,360)	-	-		
Less accumulated depreciation	(3,081,375)	3,081,375	-	-		
Other assets						
Goodwill	461,992	155,700	(143,543)	474,149	(ii) (iii)	Goodwill and intangible assets
Intangible assets	155,700	(155,700)	-	-		
	-	440,059	14,145	454,204	(i) (iii) (viii)	Deferred tax assets
Other assets	279,257	(216,119)	4,448	67,586		Other non-current assets
Total fixed assets	2,542,623	220,938	(169,299)	2,594,262		Total non-current assets
Total assets	5,596,982	-	(108,958)	5,488,024	(vii)	Total assets

Yen (millions)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Liabilities						Liabilities
Current liabilities:						Current liabilities:
Short-term debt, including current portion of long-term debt	21,728	-	-	21,728		Short-term debt, including current portion of long-term debt
Trade payables						
Related companies	56,699	(56,699)	-	-		
Notes	230,049	(230,049)	-	-		
Accounts	655,496	237,550	1,881	894,927		Trade payables
	-	285,978	(9,168)	276,810		Other financial liabilities
Accrued income taxes	41,869	27,655	1,255	70,779		Income taxes payable
Accrued payroll	197,179	(197,179)	-	-		
Other accrued expenses	835,479	(835,479)	-	-		
Deposits and advances from customers	84,651	(84,651)	-	-		
Employees' deposits	81	(81)	-	-		
	-	325,800	60,460	386,260		Provisions
Other current liabilities	257,669	573,497	1,670	832,836		Other current liabilities
Total current liabilities	2,380,900	46,342	56,098	2,483,340		Total current liabilities

Yen (millions)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Noncurrent liabilities:						Non-current liabilities:
Long-term debt	704,191	-	(1,078)	703,113		Long-term debt
Retirement and severance benefits	470,175	-	110,537	580,712		Retirement benefit liabilities
	-	12,958	-	12,958		Provisions
	-	45,266	(764)	44,502	(viii)	Deferred tax liabilities
Other liabilities	187,402	(104,566)	(66,670)	16,166		Other non-current liabilities
Total noncurrent liabilities	1,361,768	(46,342)	42,025	1,357,451		Total non-current liabilities
Total liabilities	3,742,668	-	98,123	3,840,791	(vii)	Total liabilities

Yen (millions)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Equity						Equity
Panasonic Corporation shareholders' equity						Panasonic Corporation stockholders' equity
Common stock	258,740	-	-	258,740		Common stock
Capital surplus	979,895	-	(333,946)	645,949	(ii)	Capital surplus
Retained earnings	1,165,282	-	(287,074)	878,208		Retained earnings
Accumulated other comprehensive income (loss)	(468,328)	-	360,406	(107,922)	(iv) (v)	Other components of equity
Treasury stock, at cost	(230,533)	-	-	(230,533)		Treasury stock
Total Panasonic Corporation shareholders' equity	1,705,056	-	(260,614)	1,444,442		Total Panasonic Corporation stockholders' equity
Non-controlling interests	149,258	-	53,533	202,791	(ii) (vi) (vii)	Non-controlling interests
Total equity	1,854,314	-	(207,081)	1,647,233		Total equity
Total liabilities and equity	5,596,982	-	(108,958)	5,488,024	(vii)	Total liabilities and equity

3) Reconciliation of profit or loss in the fiscal year ended March 31, 2016

Yen (millions)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Net sales	7,553,717	-	72,589	7,626,306	(vi) (vii)	Net sales
Cost of sales	(5,339,999)	-	(27,668)	(5,367,667)	(iii) (iv)	Cost of sales
Gross profit	2,213,718	-	44,921	2,258,639		Gross profit
Selling, general and administrative expenses	(1,798,009)	-	(47,384)	(1,845,393)	(iii) (iv) (vi)	Selling, general and administrative expenses
	-	12,555	(4,110)	8,445		Share of profit of investments accounted for using the equity method
	-	(197,119)	5,727	(191,392)		Other income (expenses), net
Operating profit	415,709	(184,564)	(846)	230,299		Operating profit
Interest income	18,937	1,574	3,107	23,618		Finance income
Dividends received	1,574	(1,574)	-	-		
Other income	19,704	(19,704)	-	-		
Interest expense	(17,007)	(5,046)	(4,335)	(26,388)	(iv)	Finance expenses
Impairment losses of long-lived assets	(36,690)	36,690	-	-		
Goodwill impairment	(11,999)	11,999	-	-		
Other deductions	(173,180)	173,180	-	-		
Income before income taxes	217,048	12,555	(2,074)	227,529	(vii)	Profit before income taxes

Yen (millions)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Provision for income taxes						
Current	(115,465)	-	-	-		
Deferred	100,928	-	-	-		
	(14,537)	-	(21,759)	(36,296)	(viii)	Income taxes
Equity in earnings of associated companies	12,555	(12,555)	-	-		
Net income	215,066	-	(23,833)	191,233		Net profit
						Net profit attributable to:
Net income attributable to Panasonic Corporation	193,256	-	(28,044)	165,212		Panasonic Corporation stockholders
Net income attributable to noncontrolling interests	21,810	-	4,211	26,021		Non-controlling interests

4) Reconciliation of comprehensive income in the fiscal year ended March 31, 2016

Yen (millions)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Net income	215,066	-	(23,833)	191,233		Net profit
Other comprehensive income (loss), net of tax						Other comprehensive income (loss)
						Items that will not be reclassified to profit or loss :
Pension liability adjustments	(132,036)	-	52,831	(79,205)	(iv)	Remeasurements of defined benefit plans
	-	-	-	(79,205)		Subtotal
						Items that may be reclassified to profit or loss :
Translation adjustments	(163,824)	-	(844)	(164,668)		Exchange differences on translation of foreign operations
Unrealized gains (losses) of derivative instruments	(1,545)	-	(1,043)	(2,588)		Net changes in fair value of cash flow hedges
Unrealized holding gains of available-for-sale securities	5,781	-	1,288	7,069		Unrealized holding gains of available-for-sale securities
	-	-	-	(160,187)		Subtotal
Subtotal	(291,624)	-	52,232	(239,392)		Total other comprehensive income (loss)
Comprehensive income (loss)	(76,558)	-	28,399	(48,159)		Comprehensive income (loss)

Yen (millions)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
						Comprehensive income (loss) attributable to:
Comprehensive income (loss) attributable to Panasonic Corporation	(81,821)	-	27,204	(54,617)		Panasonic Corporation stockholders
Comprehensive income attributable to noncontrolling interests	5,263	-	1,195	6,458		Non-controlling interests

5) Notes to reconciliation of equity, profit or loss and comprehensive income

The following items represent major items that were reclassified in the consolidated statements of financial position and the consolidated statements of profit or loss for the year ended March 31, 2016 and the date of transition to IFRS, and there is no effect on equity and comprehensive income.

- Under U.S. GAAP, "deferred tax assets" and "deferred tax liabilities" were presented separately in current assets/non-current assets and current liabilities/non-current liabilities; however, under IFRS, all deferred tax assets and liabilities have been reclassified to non-current assets and liabilities.
- In accordance with the presentation provisions under IFRS, "other financial assets" and "other financial liabilities" are presented on an individual basis.
- "Impairment losses of property, plant and equipment", "Impairment losses of goodwill" and other items are included in "operating profit" as "other income (expenses), net".

The major items of the differences in recognition and measurement are as follows:

(i) Deemed cost

To certain property, plant and equipment, the Company has applied the optional exemption in which fair value on the date of transition to IFRS is used as deemed cost. The carrying amount of property, plant and equipment under U.S. GAAP as of the date of transition to IFRS when the exemption was applied was 99,794 million yen, while the fair value was 62,128 million yen.

Consequently, as of March 31, 2016 and the date of transition to IFRS, "property, plant and equipment" decreased by 36,542 million yen and 37,666 million yen, respectively, and "retained earnings" decreased by 28,711 million yen and 36,290 million yen, respectively, which were derived after deducting adjustments to deferred taxes of 7,831 million yen and 1,376 million yen.

(ii) Measurement of non-controlling interests in the acquiree at the time of business combinations and impairment of goodwill

Under U.S. GAAP, non-controlling interests in the acquiree are measured at fair value at the time of the business combination.

Under IFRS, it is allowed to measure non-controlling interests in the acquiree for each business combination transaction either at fair value or based on non-controlling interests’ proportionate share in the acquiree’s net identifiable assets at the time of business combination.

Furthermore, in impairment test of goodwill under U.S. GAAP, the fair value of the reporting unit is compared with its carrying amount including goodwill. When the fair value of the reporting unit is lower than its carrying amount, the fair value of goodwill is calculated, and if the determined fair value of goodwill is lower than the carrying amount of goodwill, the difference is recognized as impairment loss of goodwill.

Under IFRS, when the carrying amount of the cash-generating unit including goodwill exceeds its recoverable amount, the excess amount is recognized as impairment loss. For impairment loss arising in the cash-generating unit including goodwill, the Company first impairs goodwill, and when there is any remaining amount, recognizes impairment loss for other assets in the cash-generating unit.

The Company has retrospectively applied IFRS 3 to all the business combinations that occurred on and after December 21, 2009. In addition, the Company has chosen to measure non-controlling interests in the acquiree based on non-controlling interests’ proportional share in the acquiree’s net identifiable assets and restated the amounts, while retrospectively conducting impairment test of goodwill and revising the amount of impairment losses recognized before the date of transition to IFRS.

As a result of the above differences in the accounting standards, as of March 31, 2016 and the date of transition to IFRS, "goodwill" decreased by 166,418 million yen and 166,044 million yen, respectively, "capital surplus" decreased by 324,346 million yen and 324,346 million yen, respectively, "retained earnings" increased by 158,520 million yen and 158,520 million yen, respectively, and "non-controlling interests" decreased by 724 million yen and 218 million yen, respectively.

(iii) Capitalization of development expense

In expenditures related to research and development that were expensed under U.S. GAAP, certain expenses satisfy the requirements for capitalization under IFRS, and therefore they are recognized as assets in the consolidated statements of financial position and amortized over their estimated useful lives on a straight-line basis.

As a result of the above difference in the accounting standards, as of March 31, 2016 and the date of transition to IFRS, the unamortized balance of capitalized development expense of 19,060 million yen and 5,164 million yen, respectively, were recorded in "intangible assets", while "retained earnings" increased by 12,894 million yen and 3,308 million yen, respectively, which were derived after deducting adjustments to deferred taxes of 6,166 million yen and 1,856 million yen, respectively. In addition, "profit before income taxes" increased by 13,896 million yen in the year ended March 31, 2016.

(iv) Defined benefit pension plans

For defined benefit pension plans and retirement lump-sum payment plans, under U.S. GAAP, service cost, interest expense and expected return on plan assets are recognized as profit or loss, and the portion of actuarial gains and losses arising from the plans and past service cost incurred that was not recognized as a component of retirement benefit expenses for the period is recognized at the amount net of tax in accumulated other comprehensive income (loss). The amount recognized in accumulated other comprehensive income (loss) is subsequently reclassified to profit or loss as a component of retirement benefit expenses over a period of time in the future. Concerning multi-employer plans, the amount required to be paid as contributions for that fiscal year is recognized as profit or loss even when the plan is a defined benefit pension plan.

Under IFRS, for post-employment benefits under the plans, current service cost and past service cost are recognized in profit or loss, and the amount calculated by multiplying net defined benefit liability (asset) by the discount rate is recognized as interest expense (income) in profit or loss. Remeasurements of the net defined liability (asset) are recognized at the amount net of tax in other comprehensive income, and transferred from other components of equity directly to retained earnings, not through profit or loss. Also, for multi-employer plans, if the plan is a defined benefit pension plan, the accounting treatment shall follow the same method as for other defined benefit pension plans for the Company's proportionate ownership interest.

As a result of the above differences in the accounting standards, as of March 31, 2016 and the date of transition to IFRS, "other components of equity" increased by 351,258 million yen and 222,529 million yen, respectively, and "retained earnings" decreased by 376,328 million yen and 319,632 million yen, respectively. In addition, "profit before income taxes" decreased by 20,756 million yen in the year ended March 31, 2016.

(v) Exchange differences on translation of foreign operations

The Company has applied the optional exemption that allows an entity to deem cumulative amount of the exchange differences on translation of foreign operations to be zero as of the date of transition to IFRS.

Consequently, as of March 31, 2016 and the date of transition to IFRS, "other components of equity" decreased by 10,552 million yen and 11,858 million yen, respectively, and "retained earnings" increased by the same amount.

(vi) Deferred income

Under U.S. GAAP, leasebacks in sale and leaseback transaction is classified as operating lease, and certain conditions are met, gain or loss from the sale is deferred and amortized over the lease term.

Under IFRS, if leaseback in sale and leaseback transaction is classified into operating lease, and sales price and lease payments are at fair value, any gain or loss from the sale is recognized in profit or loss immediately.

As a result of the above difference in the accounting standards, as of March 31, 2016 and the date of transition to IFRS, "retained earnings" increased by 7,430 million yen and 8,180 million yen, respectively, and "profit before income taxes" decreased by 1,532 million yen in the year ended March 31, 2016.

Furthermore, under U.S. GAAP, there are transactions that recognize revenue arising from sales of properties and operations of such properties on a pro rata basis according to the occurrence of corresponding cost; however, under IFRS, revenue from such transactions is recognized when they arise.

As a result of the above difference in the accounting standards, as of March 31, 2016 and the date of transition to IFRS, "retained earnings" increased by 24,986 million yen and 22,925 million yen, respectively, and "non-controlling" interests increased by 21,096 million yen and 19,357 million yen, respectively. In addition, "Profit before income taxes" increased by 4,012 million yen in the year ended March 31, 2016.

(vii) Scope of consolidation

Under U.S. GAAP, the Company consolidates its majority-owned, controlled subsidiaries and entities in which controlling interest exists through variable interests, while investments in companies and joint ventures over which the Company has the ability to exercise significant influence in terms of financial and operating policies (generally through a voting interest of between 20% to 50%) are accounted for using the equity method.

Under IFRS, the Company consolidates its controlled entities as subsidiaries, while investments in companies over which the Company has significant influence in terms of financial and operating policies but which the Company does not control are accounted for using the equity method.

As a result of the above difference in the accounting standards, as of March 31, 2016 and the date of transition to IFRS, total assets increased by 51,711 million yen and 56,275 million yen, respectively, and "non-controlling interests" increased by 34,902 million yen and 34,798 million yen, respectively. In the year ended March 31, 2016, "net sales" increased by 71,885 million yen, and "profit before income taxes" increased by 5,867 million yen.

(viii) Income taxes

Adjustments to deferred tax assets and liabilities are principally due to the following reasons, other than adjustments made in line with the above differences in the accounting standards.

Under U.S. GAAP, all subsequent changes due to a change in the tax rate, reassessment of recoverability and others are recognized in profit or loss including those in connection with deferred tax assets and liabilities on other comprehensive income.

Under IFRS, subsequent changes due to a change in the tax rate, reassessment of recoverability and others in connection with deferred tax assets and liabilities on other comprehensive income are recognized in other comprehensive income.

As a result of above differences in the accounting standards, as of March 31, 2016 and the date of transition to IFRS, "retained earnings" decreased by 78,691 million yen and 19,801 million yen, respectively.

Effects of items of these differences in recognition and measurement on retained earnings as of March 31, 2016 and the date of transition to IFRS are as follows:

	Yen (millions)	
	March 31, 2016	April 1, 2015
(i) Deemed cost	(28,711)	(36,290)
(ii) Measurement of non-controlling interests in the acquiree at the time of business combinations and impairment of goodwill	158,520	158,520
(iii) Capitalization of development expense	12,894	3,308
(iv) Defined benefit pension plans	(376,328)	(319,632)
(v) Exchange differences on translation of foreign operations	10,552	11,858
(vi) Deferred income	32,416	31,105
(vii) Scope of consolidation	-	-
(viii) Income taxes	(78,691)	(19,801)
(ix) Others*	(17,726)	(16,318)
Total effect on retained earnings	(287,074)	(187,250)

*U.S. GAAP does not stipulate an accounting standard for provision for onerous contracts, therefore when an entity has an onerous contract, a general rule regarding provision and accounting standard for inventory shall apply to the case. However, under IFRS, the entity must recognize present obligations resulting from the contract as a provision in the same case. In the above table, "Others" are mainly due to the adjustments.

6) Reconciliation of cash flows in the fiscal year ended March 31, 2016

In the consolidated statements of cash flows for the fiscal year ended March 31, 2016 disclosed in accordance with IFRS, cash flows from operating activities increased by 20,675 million yen, cash flows from investing activities decreased by 19,530 million yen, and cash flows from financing activities decreased by 1,534 million yen, compared with the consolidated statements of cash flows prepared in accordance with U.S. GAAP. These differences are principally due to the change of the consolidation scope and the classification of expenditures related to capitalized development expense into cash flows from investing activities.

Independent Auditors' Report

To the Board of Directors of Panasonic Corporation:

We have audited the accompanying consolidated financial statements of Panasonic Corporation and its consolidated subsidiaries, which comprise the consolidated financial statement of financial position as at March 31, 2017, and the consolidated statement of profit or loss, statement of comprehensive income (loss), statement of changes in equity and statement of cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Panasonic Corporation and its consolidated subsidiaries as at March 31, 2017, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 36 to the consolidated financial statements, which describes that the Company made Ficosa International S.A. a consolidated subsidiary on April 19, 2017 and that the Company resolved to conduct a tender offer as part of the transactions for the purpose of acquiring all shares of the common stock of PanaHome Corporation ("PanaHome") to make it a wholly-owned subsidiary at the Board of Directors' meeting held on April 21, 2017. Therewith, on the same date, the Company and PanaHome executed the "Memorandum of Understanding with respect to the Termination of the Share Exchange Agreement and Implementation of the Tender Offer" and terminated by mutual agreement the Share Exchange Agreement. The tender offer has been completed on June 13, 2017.

KPMG AZSA LLC

June 30, 2017
Osaka, Japan

Other information

(1) Quarterly financial Information for fiscal 2016

(Millions of yen, unless otherwise stated)

	IFRS			
(Cumulative)	First quarter	Second quarter	Third quarter	Year total
Net sales	-	-	-	7,343,707
Income before income taxes	-	-	-	275,066
Net profit attributable to Panasonic Corporation stockholders	-	-	-	149,360
Earnings per share attributable to Panasonic Corporation stockholders, basic (yen)	-	-	-	64.33

(Note) Above consolidated financial data, etc. has been prepared in conformity with IFRS for the year ended March 31, 2017.

(Millions of yen, unless otherwise stated)

	U.S. GAAP			
(Cumulative)	First quarter	Second quarter	Third quarter	Year total
Net sales	1,748,513	3,495,491	5,350,028	-
Income before income taxes	58,835	153,185	231,839	-
Net income attributable to Panasonic Corporation	21,741	119,902	175,385	-
Net income attributable to Panasonic Corporation per share, basic (yen)	9.37	51.66	75.56	-

(Three months)	First quarter	Second quarter	Third quarter	Fourth quarter
Net income attributable to Panasonic Corporation per share, basic (yen)	9.37	42.29	23.91	-

(Note) Above consolidated financial data, etc. is based on U.S. GAAP.
Consolidated financial data above for the year ended March 31, 2017 and the fourth quarter ended March 31, 2017 have been omitted because the consolidated financial statements have not been prepared in accordance with U.S. GAAP.

(2) Litigation, etc.

Significant litigation, etc. associated with the Company are as stated in “35. Contingent Liabilities” in the notes to consolidated financial statements.

Ⅵ Stock-Related Administration for the Company

Fiscal Year	From April 1 to March 31
Ordinary General Meeting of Shareholders	June
Record date	March 31
Record date for distribution of surplus	September 30 March 31
Number of shares constituting one unit	100 shares
Purchase and sales of shares less than one unit	
Handling office	Sumitomo Mitsui Trust Bank, Limited 5-33, Kitahama, 4-chome, Chuo-ku, Osaka-shi
Transfer agent	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi, 1-chome, Chiyoda-ku, Tokyo
Forward office	-
Purchasing and selling fee	Amount separately specified as an amount equivalent to the fees pertaining to the entrustment of sale and purchase of shares
Method of public notice	The Company's method of public notice is through electronic public notice. However, if the Company cannot use the above-mentioned method of public notice due to an accident or other inevitable reasons, Nihon Keizai Shimbun will be adopted as its medium. URL for public notice is following http://www.panasonic.com/jp/home.html
Special benefit for Shareholders	Not applicable

Ⅷ Reference Information on the Company

1. Information on a Parent Company, etc. of the Company

Not applicable.

2. Other Reference Information

The Company filed the following documents during the period from the commencing date of the fiscal year ended March 31, 2017 to the filing date of Annual Securities Report.

(1) Annual Securities Report and documents attached, and Confirmation Letter	Business Term (109th)	From April 1, 2015 To March 31, 2016	Filed with the Director of the Kanto Local Finance Bureau on June 27, 2016
(2) Internal Control Report and documents attached			Filed with the Director of the Kanto Local Finance Bureau on June 27, 2016
(3) Quarterly Report and Confirmation Letter	(110th First Quarter)	From April 1, 2016 To June 30, 2016	Filed with the Director of the Kanto Local Finance Bureau on August 4, 2016
	(110th Second Quarter)	From July 1, 2016 To September 30, 2016	Filed with the Director of the Kanto Local Finance Bureau on November 11, 2016
	(110th Third Quarter)	From October 1, 2016 To December 31, 2016	Filed with the Director of the Kanto Local Finance Bureau on February 10, 2017

(4) Extraordinary Report	Pursuant to Article 24, paragraph 5, Item 4 of the Financial Instruments and Exchange Act, and Article 19, Paragraph 1 and Paragraph 2, Item 2-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on July 29, 2016
	Pursuant to Article 24, paragraph 5, Item 4 of the Financial Instruments and Exchange Act, and Article 19, Paragraph 2, Item 11, and Item 17 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on November 1, 2016
	Pursuant to Article 24, paragraph 5, Item 4 of the Financial Instruments and Exchange Act, and Article 19, Paragraph 2, Item 6-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on December 20, 2016
	Pursuant to Article 24, paragraph 5, Item 4 of the Financial Instruments and Exchange Act, and Article 19, Paragraph 2, Item 12 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on February 27, 2017
	Pursuant to Article 24, paragraph 5, Item 4 of the Financial Instruments and Exchange Act, and Article 19, Paragraph 2, Item 12 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on March 16, 2017
	Pursuant to Article 24, paragraph 5, Item 4 of the Financial Instruments and Exchange Act, and Article 19, Paragraph 2, Item 11 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on March 30, 2017
	Pursuant to Article 24, paragraph 5, Item 4 of the Financial Instruments and Exchange Act, and Article 19, Paragraph 2, Item 9 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on April 3, 2017
	Pursuant to Article 24, paragraph 5, Item 4 of the Financial Instruments and Exchange Act, and Article 19, Paragraph 2, Item 3 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on April 3, 2017
	Pursuant to Article 24, paragraph 5, Item 4 of the Financial Instruments and Exchange Act, and Article 19, Paragraph 2, Item 12 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on May 11, 2017

(5) Amendment to Extraordinary Report	Amendment to Extraordinary Report concerning the Extraordinary Report which was submitted on July 29, 2016	Filed with the Director of the Kanto Local Finance Bureau on August 23, 2016
	Amendment to Extraordinary Report concerning the Extraordinary Report which was submitted on December 20, 2016	Filed with the Director of the Kanto Local Finance Bureau on April 24, 2017

Part Ⅱ Information on Guarantors, etc. for the Company

Not applicable.

TRANSLATION
Following is an English translation of the Independent Auditors' Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

There are differences between an audit of internal control over financial reporting under the Financial Instruments and Exchange Act and an audit of internal control over financial reporting conducted under the attestation standards established by the American Institute of Certified Public Accountants.
In an audit of internal control over financial reporting under the Financial Instruments and Exchange Act, the auditors express an opinion on management's report on internal control over financial reporting, and do not express an opinion on the Company's internal control over financial reporting taken as a whole.

Independent Auditors' Report on the Financial Statements and Internal Control Over Financial Reporting

June 30, 2017

The Board of Directors of Panasonic Corporation:

KPMG AZSA LLC

Masahiro Mekada
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kengo Chida
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masateru Matsui
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Financial Statement Audit

We have audited the accompanying consolidated financial statements of Panasonic Corporation and its consolidated subsidiaries provided in the “V. Consolidated Financial Statements" section in the Company's Annual Securities Report, which comprise the consolidated statement of financial position as at March 31, 2017 and the consolidated statement of profit or loss, statement of comprehensive income (loss), statement of changes in equity and statement of cash flows for the year then ended, and the related notes to the consolidated financial statements, in accordance with Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act of Japan.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards pursuant to the provisions of Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to independently express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Panasonic Corporation and its consolidated subsidiaries as of March 31, 2017, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

1. As discussed in “Subsequent Events," the Company made Ficosa International S.A. a consolidated subsidiary on April 19, 2017.
2. As discussed in “Subsequent Events," the Company resolved to conduct a tender offer as part of the transactions for the purpose of acquiring all shares of the common stock of PanaHome Corporation (“PanaHome") to make it a wholly-owned subsidiary at the Board of Directors' meeting held on April 21, 2017. Therewith, on the same date, the Company and PanaHome executed the “Memorandum of Understanding with respect to the Termination of the Share Exchange Agreement and Implementation of the Tender Offer" and terminated by mutual agreement the Share Exchange Agreement. The tender offer has been completed on June 13, 2017.

Our opinion is not affected by these matters.

Internal Control Audit

We also have audited the accompanying internal control report of Panasonic Corporation as of March 31, 2017, in accordance with Article 193-2, paragraph (2) of the Financial Instruments and Exchange Act of Japan.

Management's Responsibility for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibility

Our responsibility is to independently express an opinion on the internal control report based on our internal control audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the internal control report is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the assessment of internal control over financial reporting in the internal control report. The procedures selected depend on our judgement, including significance of effect on the reliability of financial reporting. Also, an internal control audit includes evaluating the appropriateness of the scope, procedures and result of the assessment of internal control over financial reporting determined and presented by management, and the overall internal control report presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the internal control report, in which Panasonic Corporation states that internal control over financial reporting was effective as of March 31, 2017, presents fairly, in all material respects, the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the reader of audit report:
The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

[Cover]

Filed Document:	Confirmation Letter
Applicable Law:	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
Filed to:	Director, Kanto Local Finance Bureau
Filing Date:	June 30, 2017
Company Name:	Panasonic Kabushiki Kaisha
Company Name in English:	Panasonic Corporation
Position and Name of Representative:	Kazuhiro Tsuga, Representative Director, President
Name and Title of CFO:	Hirokazu Umeda, Director
Address of Head Office:	1006, Oaza Kadoma, Kadoma-shi, Osaka
Place Where the Filed Document is Available for Public Inspection:	Government and External Relations of Panasonic Corporation (Panasonic Tokyo Shiodome building, 5-1, Higashi-shimbashi 1-chome, Minato-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

1. Matters Related to Adequacy of Statements Contained in the Annual Securities Report

Mr. Kazuhiro Tsuga, Representative Director, President, and Mr. Hirokazu Umeda, Director, confirmed that statements contained in the Annual Securities Report for the 110th fiscal year (from April 1, 2016 to March 31, 2017) were adequate under the Financial Instruments and Exchange Act.

2. Special Notes

Not applicable.

[Cover]

Filed Document:	Internal Control Report
Applicable Law:	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
Filed to:	Director, Kanto Local Finance Bureau
Filing Date:	June 30, 2017
Company Name:	Panasonic Kabushiki Kaisha
Company Name in English:	Panasonic Corporation
Position and Name of Representative:	Kazuhiro Tsuga, Representative Director, President
Name and Title of CFO:	Hirokazu Umeda, Director
Address of Head Office:	1006, Oaza Kadoma, Kadoma-shi, Osaka
Place Where the Filed Document is Available for Public Inspection:	Government and External Relations of Panasonic Corporation (Panasonic Tokyo Shiodome building, 5-1, Higashi-shimbashi 1-chome, Minato-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

1. Matters Related to Basic Framework of Internal Control over Financial Reporting

Mr. Kazuhiro Tsuga, Representative Director, President, and Mr. Hirokazu Umeda, Director, are responsible for establishing and maintaining internal control over financial reporting of Panasonic Corporation (the "Company") and have established and maintained internal control over financial reporting in accordance with the basic framework for internal control set forth in the "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

The internal control over financial reporting is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that internal control over financial reporting may not completely prevent or detect misstatements.

2. Matters Related to Scope of Assessment, Record Date, and Assessment Procedure

We assessed the effectiveness of our internal control over financial reporting on the record date as of March 31, 2017. We made this assessment in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In making this assessment, we evaluated internal control which may have a material effect on the entire financial reporting on a consolidated basis ("company-level controls") and based on the result of this assessment, we appropriately selected business processes to be evaluated, analyzed these selected business processes, identified key controls that may have a material impact on the reliability of our financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of our internal controls. We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliates, from the perspective of the materiality that may affect the reliability of our financial reporting. The materiality that may affect the reliability of our financial reporting is determined taking into account the materiality of quantitative and qualitative impacts. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for the Company, its consolidated subsidiaries and equity-method affiliates. We did not include those consolidated subsidiaries and equity-method affiliates which do not have any quantitatively or qualitatively material impact on the consolidated financial statements in the scope of assessment of company-level controls.

Regarding the scope of assessment of internal control over business processes, we accumulated business units in descending order of total revenues (after elimination of intercompany transactions) for the previous fiscal year, and those business units whose combined amount of revenues reaches approximately two-thirds of total revenues on a consolidated basis were selected as significant business units.

For the selected significant business units, we included, in the scope of assessment those business processes leading to revenues, accounts receivables and inventories. Further, not only for selected significant business units", but also for other business units, we added to the scope of assessment, those business processes having greater materiality considering their impact on the financial reporting, those business processes relating to greater likelihood of material misstatements in significant accounts involving estimates or forecasts as these significant accounts that may have a material impact on our business objectives; or those business processes relating to businesses or operations dealing with high-risk transactions.

3. Matters Related to Results of Assessment

As a result of the assessment above, we concluded that our internal control over financial reporting was effective as of March 31, 2017.

4. Supplementary Matters

None.

5. Special Notes

None.