［English summary with full translation of consolidated financial information］

Quarterly Report filed with the Japanese government pursuant to the Financial Instruments and Exchange Law of Japan

For the three months ended June 30, 2014

Panasonic Corporation
Osaka, Japan

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Disclaimer Regarding Forward-Looking Statements

This quarterly report includes forward-looking statements (that include those within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934) about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this quarterly 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 this quarterly 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 on 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 assets in which the Panasonic Group has holdings or changes in valuation of long-lived assets, including property, plant and equipment and goodwill, deferred tax assets and uncertain tax positions; future changes or revisions to accounting policies or accounting rules; 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.

Ⅰ Corporate Information

(1) Consolidated Financial Summary

	Yen (millions), except per share amounts		
	Three months ended June 30, 2014	Three months ended June 30, 2013	Year ended March 31, 2014
Net sales	1,852,280	1,824,515	7,736,541
Income before income taxes	55,111	122,612	206,225
Net income attributable to Panasonic Corporation	37,929	107,831	120,442
Comprehensive income attributable to Panasonic Corporation	34,023	146,543	296,972
Total Panasonic Corporation shareholders' equity	1,563,668	1,409,717	1,548,152
Total equity	1,587,793	1,451,378	1,586,438
Total assets	5,235,960	5,444,354	5,212,994
Net income per share attributable to Panasonic Corporation common shareholders, basic (yen)	16.41	46.65	52.10
Net income per share attributable to Panasonic Corporation common shareholders, diluted (yen)	—	—	—
Panasonic Corporation shareholders' equity / total assets (%)	29.9	25.9	29.7
Net cash provided by operating activities	127,638	102,408	581,950
Net cash provided by (used in) investing activities	(42,046)	(49,094)	12,128
Net cash used in financing activities	(37,740)	(93,730)	(532,315)
Cash and cash equivalents at end of period	634,329	474,635	592,467

Notes: 1. The Company's consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP).

2. Diluted net income per share attributable to Panasonic Corporation common shareholders has been omitted because the Company did not have potential dilutive common shares that were outstanding for the period.

(2) Principal Businesses

The Panasonic Group is comprised primarily of the parent Panasonic Corporation and 493 consolidated subsidiaries in and outside of Japan, operating in close cooperation with each other. As a comprehensive electronics manufacturer, Panasonic is engaged in production, sales and service activities in a broad array of business areas.

Panasonic supplies spectrum of electric/electronic equipment and related products, which is categorized into the following five segments: Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems, and Other.

During the three months ended June 30, 2014, there were changes in principal businesses and major affiliated companies as follows.

Appliances:
As of April 1, 2014, certain businesses such as flat panel TVs, home audio equipment and video equipment were transferred to Appliances from AVC Networks.

Automotive & Industrial Systems:
As of April 1, 2014, Panasonic transferred its business relating to semiconductor wafer manufacturing process to TowerJazz Panasonic Semiconductor Co., Ltd. ("TPSC") which was a wholly-owned subsidiary of the Company, and transferred the 51% of shares in TPSC to Tower Semiconductor Ltd. in Israel.

As of June 1, 2014, Panasonic transferred its business relating to the development, manufacture and sales of semiconductor, etc. to Panasonic Semiconductor Solutions Co., Ltd. ("PSCS") which is a consolidated subsidiary of the Company. Also, PSCS absorbed Panasonic Industrial Devices Discrete Semiconductor Co., Ltd. and Panasonic Industrial Devices Optical Semiconductor Co., Ltd., both of which were consolidated subsidiaries of the Company.

As of June 2, 2014, Panasonic transferred all shares in three consolidated subsidiaries of the Company whose factories operate semiconductor assembly lines in Singapore, Indonesia and Malaysia to UTAC Manufacturing Services Ltd., a subsidiary of UTAC Holdings Ltd. in Singapore.

The Company's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States, and the scope of affiliates are disclosed based on the definition of those accounting principles. The same applies to “Ⅱ The Business Overview.”

(Panasonic Group)

As of June 30, 2014

(Segments, main products and services)	(Major manufacturing companies)
Appliances Flat panel TVs, air-conditioners, refrigerators, washing machines, personal-care products, electric motors, microwave ovens, compressors, showcases, large-sized air-conditioners, home audio equipment, video equipment, vacuum cleaners, rice cookers, 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
Eco Solutions Lighting fixtures and electric lamps (including LED lighting), solar photovoltaic systems, wiring devices, interior furnishing materials, water-related products, ventilation and air-conditioning equipment, air purifiers, etc.	**(Japan)** Panasonic Corporation Panasonic Ecology Systems Co., Ltd. SANYO Electric Co., Ltd. **(Overseas)** Panasonic Ecology Systems Guangdong Co., Ltd.
AVC Networks Aircraft in-flight entertainment systems, PCs, digital cameras, projectors, mobile phones, surveillance cameras, IP-related equipment, social infrastructure systems equipment, etc.	**(Japan)** Panasonic Corporation Panasonic System Networks Co., Ltd. Panasonic Liquid Crystal Display Co., Ltd. **(Overseas)** Panasonic Avionics Corporation
Automotive & Industrial Systems Car-use-multimedia-related equipment, electrical components, lithium-ion batteries, storage batteries, dry batteries, electronic components, electronic materials, automation controls, semiconductors, optical devices, electronic-components-mounting machines, welding equipment, bicycles, etc.	**(Japan)** Panasonic Corporation SANYO Electric Co., Ltd. Panasonic Factory Solutions Co., Ltd. Panasonic Welding Systems 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, imported materials and components, 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

Ⅱ The Business Overview

(1) Operating Results

During the first quarter under review, despite economic slowdown in China and ASEAN countries, the global economy moderately recovered as a whole due mainly to recovery from low demand after consumption tax hike in Japan and continuous economic recovery in Europe and the U.S.

Under such business circumstances, in fiscal 2015, the second year of the mid-term management plan “Cross-Value Innovation 2015 (CV2015),” Panasonic has been promoting the initiatives to consolidate a foundation to achieve CV2015 and set growth strategy for a ‘New Panasonic’ in fiscal 2019.

Consolidated group sales for the first quarter increased by 2% to 1,852.3 billion yen compared with 1,824.5 billion yen for the first quarter of the year ended March 31, 2014 (fiscal 2014). Yen depreciation contributed to sales increase. Demand in Japan overall decreased mainly in consumer electronics products following demand surge before the consumption tax hike in April. Meantime, this negative effect was mostly offset due mainly to the effect of demand surge before the tax hike remaining in the first quarter for some products. Automotive-related business grew in sales with stable demand globally.

Operating profit* increased by 28% to 82.3 billion yen from 64.2 billion yen a year ago, due mainly to fixed cost reduction and sales increase in real term excluding business transfers executed a year ago. Pre-tax income and net income attributable to Panasonic Corporation significantly decreased by 55% to 55.1 billion yen from 122.6 billion yen, and decreased by 65% to 37.9 billion yen from 107.8 billion yen, respectively, mainly on one-off gain of 79.8 billion yen from pension scheme change incurred as other income a year ago. During the first quarter, an estimated cost of 9.2 billion yen for the measures to prevent further occurrences of accidents relating to residential water heating systems was included in non-operating loss.

* In order to be consistent with generally accepted financial reporting practices in Japan, operating profit, a non-GAAP measure, is presented as net sales less cost of sales and selling, general and administrative expenses. The Company believes that this is useful to investors in comparing the Company's financial results with those of other Japanese companies.

(2) Operating Results by Segment

The company transferred some businesses among segments as of April 1, 2014, due to its reorganization including Appliances Company. Accordingly, segment information for the first quarter of fiscal 2014 has been reclassified conforming to the presentation for the first quarter of fiscal 2015.

The Company's first quarter consolidated sales and profits by segment with previous year comparisons are summarized as follows:

Appliances

Sales increased by 1% to 465.4 billion yen from 459.8 billion yen a year ago. Sales increased due mainly to stable shipments to restock distributors' inventory which had been at a low level after demand surge before consumption tax hike in Japan, and improvement of air-conditioner business in China which was sluggish a year ago.

Segment profit significantly increased by 101% to 22.5 billion yen, compared with 11.2 billion yen a year ago due mainly to profit improvement of the challenging businesses. The device businesses also contributed to the overall profit increase.

Eco Solutions

Sales increased by 4% to 384.4 billion yen from 369.7 billion yen a year ago due mainly to capturing demand steadily in Japan, despite slow housing market after consumption tax hike. Securing orders in consumer spending surge before consumption tax hike at the end of fiscal 2014 also contributed to sales increase. Overseas sales expanded due to newly-consolidated Viko Electric Co., Ltd. and sales increases in strategic regions including India and Asia.

Segment profit increased by 6% to 16.2 billion yen from 15.2 billion yen a year ago due mainly to benefit from sales increase and streamlining initiatives.

AVC Networks

Sales increased by 1% to 273.8 billion yen from 270.6 billion yen a year ago due mainly to stable sales in core businesses, although sales of PDPs and smartphones for consumers decreased due to business reform.

Segment loss was 8.1 billion yen, significantly improved from a loss of 15.4 billion yen a year ago due mainly to effects of reforms in challenging businesses.

Automotive& Industrial Systems

Sales increased by 2% to 680.4 billion yen from 664.3 billion yen a year ago. Sales increased due mainly to positive impact of yen depreciation and sales growth for automotive-use businesses including infotainment systems and portable rechargeable batteries.

Segment profit decreased by 18% to 23.5 billion yen from 28.7 billion yen a year ago. Sales increase and other measures were unable to offset the fixed cost increases.

Other

Sales decreased by 18% to 143.2 billion yen from 174.1 billion yen a year ago due mainly to the healthcare-related business transfer at the end of fiscal 2014.

Segment loss was 2.0 billion yen, almost unchanged from a loss of 1.7 billion yen a year ago.

(3) Assets, Liabilities and Equity

The Company’s consolidated total assets as of as of June 30, 2014 increased by 23.0 billion yen to 5,236.0 billion yen from March 31, 2014. This was due mainly to increases in cash and cash equivalents, and inventories, despite decrease in accounts receivables and property, plant and equipment.

Regarding liabilities, total liabilities amounted to 3,648.2 billion yen, an increase of 21.6 billion yen compared with March 31, 2014. This was due mainly to an increase in trade payables.

Panasonic Corporation shareholders’ equity increased by 15.5 billion yen compared with March 31, 2014, to 1,563.7 billion yen, due mainly to recording net income attributable to Panasonic Corporation. Adding noncontrolling interests to Panasonic Corporation shareholders’ equity, total equity was 1,587.8 billion yen.

(4) Cash Flows

Cash flows from operating activities

Net cash provided by operating activities for the first quarter of fiscal 2015 amounted to 127.6 billion yen, an increase of 25.2 billion yen from a year ago, due mainly to an improvement in working capital including an increase in trade payables.

Cash flows from investing activities

Net cash used in investing activities amounted to 42.0 billion yen, a decrease of 7.0 billion yen from a year ago due mainly to an increase in proceeds from disposals of property, plant and equipment.

Accordingly, free cash flow (net cash from operating activities plus net cash from investing activities) amounted to 85.6 billion yen, increased by 32.3 billion yen a year ago.

Cash flows from financing activities

Net cash used in financing activities amounted to 37.7 billion yen, a decrease of 56.0 billion yen from a year ago, due mainly to a decrease in repaying interest-bearing debt, despite an increase in dividend paid.

Taking into consideration exchange rate fluctuations, cash and cash equivalents totaled 634.3 billion yen as of June 30, 2014, up 41.9 billion yen, compared with the end of the last fiscal year.

(5) Research and Development

Panasonic's R&D expenditures for the three months ended June 30, 2014 totaled 108.1 billion yen, down 4% from a year ago. There were no significant changes in R&D activities for the period.

(6) Capital Investment

Panasonic's capital investment (tangible assets) for the three months ended June 30, 2014 totaled 41.4 billion yen, up 0.4% from a year ago.

(7) Depreciation

Panasonic's depreciation (tangible assets) for the three months ended June 30, 2014 totaled 58.3 billion yen, down 16% from a year ago.

(8) Number of Employees

Number of employees at the end of the first quarter of fiscal 2015 was 266,316, a decrease of 5,473, compared with the end of the fiscal 2014.

(9) New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers," which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Company on April, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

(10) Risk Factors

There were no risks newly identified during the three months ended June 30, 2014.
There were no significant changes with regard to the "Risk Factors" stated in the annual securities report of the prior fiscal year.

Ⅲ Shares and Shareholders

(1) Shares of Common Stock Issued as of June 30, 2014: 2,453,053,497 shares

The common stock of the Company is listed on the Tokyo and Nagoya stock exchanges in Japan.

(2) Amount of Common Stock (Stated Capital) as of June 30, 2014: 258,740 million yen

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Ⅳ **Financial Statements**

Index of Consolidated Financial Statements of Panasonic Corporation and Subsidiaries:

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Balance Sheets

June 30 and March 31, 2014

Assets	Yen (millions) June 30, 2014	Yen (millions) March 31, 2014
Current assets:		
Cash and cash equivalents	634,329	592,467
Time deposits	1,480	-
Trade receivables:		
Notes	76,255	73,458
Accounts	907,924	958,451
Allowance for doubtful receivables	(25,086)	(24,476)
Net trade receivables	959,093	1,007,433
Inventories (Note 2)	793,979	750,681
Other current assets	329,856	303,411
Total current assets	2,718,737	2,653,992
Investments and advances (Note 3)	283,540	271,804
Property, plant and equipment (Note 5):		
Land	280,083	283,305
Buildings	1,438,066	1,453,550
Machinery and equipment	2,700,308	2,728,925
Construction in progress	37,694	44,220
	4,456,151	4,510,000
Less accumulated depreciation	3,063,099	3,084,551
Net property, plant and equipment	1,393,052	1,425,449
Other assets:		
Goodwill (Note 1)	473,231	473,377
Intangible assets (Notes 1 and 5)	196,613	203,591
Other assets (Note 1)	170,787	184,781
Total other assets	840,631	861,749
	5,235,960	5,212,994

See accompanying Notes to Consolidated Financial Statements.

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Balance Sheets

June 30 and March 31, 2014

Liabilities and Equity	Yen (millions) June 30, 2014	March 31, 2014
Current liabilities:		
Short-term debt, including current portion of long-term debt	124,660	84,738
Trade payables:		
Notes	240,690	200,363
Accounts	712,536	736,652
Total trade payables	953,226	937,015
Accrued income taxes	28,567	40,454
Accrued payroll	249,577	217,246
Other accrued expenses	800,681	799,959
Deposits and advances from customers	83,804	75,520
Employees' deposits	4,768	5,146
Other current liabilities	283,956	277,781
Total current liabilities	2,529,239	2,437,859
Noncurrent liabilities:		
Long-term debt	516,833	557,374
Retirement and severance benefits	403,647	430,701
Other liabilities	198,448	200,622
Total noncurrent liabilities	1,118,928	1,188,697
Equity:		
Panasonic Corporation shareholders' equity:		
Common stock : Authorized - 4,950,000,000 shares Issued - 2,453,053,497 shares	258,740	258,740
Capital surplus (Note 7)	1,109,501	1,109,501
Retained earnings	898,178	878,742
Accumulated other comprehensive income (loss) (Note 8):		
Cumulative translation adjustments	(185,750)	(167,219)
Unrealized holding gains of available-for-sale securities (Note 3)	9,561	6,027
Unrealized gains (losses) of derivative instruments	895	(237)
Pension liability adjustments	(280,311)	(290,270)
	(455,605)	(451,699)
Treasury stock, at cost: 141,509,063 shares (141,496,296 shares as of March 31, 2014)	(247,146)	(247,132)
Total Panasonic Corporation shareholders' equity	1,563,668	1,548,152
Noncontrolling interests	24,125	38,286
Total equity (Note 7)	1,587,793	1,586,438
Commitments and contingent liabilities (Notes 4 and 11)		
	5,235,960	5,212,994

See accompanying Notes to Consolidated Financial Statements.

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Three months ended June 30, 2014 and 2013

Consolidated Statements of Income

	Yen (millions)	
	Three months ended June 30	
	2014	2013
Revenues, costs and expenses:		
Net sales	1,852,280	1,824,515
Cost of sales (Note 8)	(1,331,876)	(1,336,404)
Selling, general and administrative expenses	(438,118)	(423,910)
Interest income	3,159	2,223
Dividends received	1,008	1,303
Other income (Notes 8 and 9)	6,434	81,558
Interest expense	(4,805)	(6,100)
Other deductions (Notes 5, 8 and 9)	(32,971)	(20,573)
Income before income taxes (Note 9)	55,111	122,612
Provision for income taxes	14,997	14,042
Equity in earnings of associated companies	1,972	1,274
Net income	42,086	109,844
Less net income attributable to noncontrolling interests	4,157	2,013
Net income attributable to Panasonic Corporation (Note 7)	37,929	107,831

	Yen	
Net income per share attributable to Panasonic Corporation common shareholders :		
Basic	16.41	46.65
Diluted	–	–

Consolidated Statements of Comprehensive Income

	Yen (millions)	
	Three months ended June 30	
	2014	2013
Net income	42,086	109,844
Other comprehensive income (loss), net of tax (Note 8)		
Translation adjustments	(20,170)	61,422
Unrealized holding gains of available-for-sale securities	3,550	14,793
Unrealized holding gains of derivative instruments	1,144	1,894
Pension liability adjustments	9,799	(34,772)
	(5,677)	43,337
Comprehensive income (Note 7)	36,409	153,181
Comprehensive income attributable to noncontrolling interests	2,386	6,638
Comprehensive income attributable to Panasonic Corporation	34,023	146,543

See accompanying Notes to Consolidated Financial Statements.

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Three months ended June 30, 2014 and 2013

	Yen (millions)	
	Three months ended June 30	
	2014	2013
Cash flows from operating activities:		
Net income	42,086	109,844
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	69,121	83,444
Net gain on sale of investments	(1,328)	(547)
Provision for doubtful receivables	668	916
Deferred income taxes	(4,906)	(3,699)
Write-down of investment securities (Note 9)	2	3
Impairment losses on long-lived assets (Note 5)	884	2,998
Cash effects of change in:		
Trade receivables	40,015	29,258
Inventories	(53,681)	(35,680)
Other current assets	(36,246)	(13,904)
Trade payables	33,677	2,821
Accrued income taxes	(10,826)	(5,718)
Accrued expenses and other current liabilities	47,420	14,510
Retirement and severance benefits	(9,564)	(87,917)
Deposits and advances from customers	6,630	2,335
Other, net	3,686	3,744
Net cash provided by operating activities	127,638	102,408
Cash flows from investing activities:		
Proceeds from disposition of investments and advances	10,998	2,824
Increase in investments and advances	(1,418)	(1,958)
Capital expenditures	(51,087)	(51,431)
Proceeds from disposals of property, plant and equipment	9,029	5,553
Increase (decrease) in time deposits, net	(1,480)	3
Other, net	(8,088)	(4,085)
Net cash used in investing activities	(42,046)	(49,094)

(Continued)

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Three months ended June 30, 2014 and 2013

	Yen (millions)	
	Three months ended June 30	
	2014	2013
Cash flows from financing activities:		
Decrease in short-term debt with maturities of three months or less, net	(4,682)	(54,842)
Proceeds from short-term debt with maturities longer than three months	5,763	—
Repayments of short-term debt with maturities longer than three months	(403)	(13,224)
Repayments of long-term debt	(3,687)	(19,351)
Dividends paid to Panasonic Corporation shareholders (Notes 7 and 13)	(18,492)	—
Dividends paid to noncontrolling interests (Note 7)	(14,836)	(5,461)
Repurchase of common stock (Note 7)	(16)	(11)
Sale of treasury stock (Note 7)	1	2
Purchase of noncontrolling interests (Note 7)	(1,009)	(538)
Other, net	(379)	(305)
Net cash used in financing activities	(37,740)	(93,730)
Effect of exchange rate changes on cash and cash equivalents	(5,990)	18,768
Net increase (decrease) in cash and cash equivalents	41,862	(21,648)
Cash and cash equivalents at beginning of period	592,467	496,283
Cash and cash equivalents at end of period	634,329	474,635

See accompanying Notes to Consolidated Financial Statements.

(1) Summary of Significant Accounting Policies

(a) **Basis of Presentation of Consolidated Financial Statements**

The Company and its domestic subsidiaries maintain their books of account in conformity with financial accounting standards of Japan, and its foreign subsidiaries in conformity with those of the countries of their domicile.

The consolidated financial statements presented herein have been prepared in a manner that reflects adjustments which are necessary to conform with U.S. generally accepted accounting principles (U.S. GAAP).

(b) **Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its majority-owned, controlled subsidiaries. The Company also consolidates entities in which controlling interest exists through variable interests in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810, "Consolidation." All significant intercompany balances and transactions have been eliminated on consolidation.

The equity method is used to account for investments in associated companies in which the Company exerts significant influence, generally having a 20% to 50% voting interest, and corporate joint ventures. These investments are included in "Investments and advances" in the consolidated balance sheets.

The Company has 493 consolidated subsidiaries and 96 associated companies under equity method as of June 30, 2014.

As the fair value of the consideration paid and the noncontrolling interests were settled and the evaluation of the fair values of the assets acquired and liabilities assumed was completed during the period ended June 30, 2014, the Company adjusted the provisional amounts at the acquisition date in accordance with the provisions of ASC 805, "Business Combinations." and discloses the revised amounts in Note 14. Furthermore, significant revision was reflected to the prior year's financial statement and as a result, "Goodwill" increased by 12,186 million yen and "Intangible assets" and "Other assets" decreased by 10,287 million yen and 1,899 million yen, respectively, on the consolidated balance sheet as of March 31, 2014.

The Company accounts for the benefit pension plans and the lump-sum payment plans in accordance with the provisions of ASC 715, "Compensation-Retirement Benefits." In accordance with the provisions, funded status of benefit pension plans (that is the balance of plan assets and benefit obligations) are recognized on the consolidated balance sheets and pension liability adjustments, net of tax, are recorded in the "Accumulated Other Comprehensive Income (Loss)." Actuarial net gains and losses in excess of the corridor (10% of benefit obligations or fair value of plan assets, whichever is greater) are amortized over the average remaining service period of employees, except the plan described as follows.

The Company and certain domestic subsidiaries made a transition from the defined benefit pension plan to the defined contribution pension plan, effective from July 1, 2013. Net actuarial gains and losses to the defined benefit pension plan in excess of the corridor are amortized over the average remaining life expectancy of plan participants. The effect of this decision for the three months ended June 30, 2014 is described in Note 9.

(c) **Description of Business**

Panasonic Corporation (hereinafter, the "Company," including consolidated subsidiaries, unless the context otherwise requires) is one of the world's leading producers of electronic and electric products. The Company currently offers a comprehensive range of products, systems and components for consumer, business and industrial use based on sophisticated electronics and precision technology, expanding to building materials and equipment, and housing business.

Sales by segment for the three months ended June 30, 2014 were as follows: Appliances—24%, Eco Solutions—20%, AVC Networks—14%, Automotive & Industrial Systems—35% and Other—7%. A sales breakdown by geographical market was as follows: Japan—46%, North and South America—15%, Europe—10%, and Asia and Others—29%.

The Company is not dependent on a single supplier and has no significant difficulty in obtaining raw materials from suppliers.

(d) **Use of Estimates**

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. Actual results could differ from those estimates. Significant estimates and assumptions are reflected in valuation and disclosure of revenue recognition, allowance for doubtful receivables, valuation of inventories, impairment of long-lived assets, impairment of goodwill, environmental liabilities, valuation of deferred tax assets, uncertain tax positions, employee retirement and severance benefit plans and assets acquired and liabilities assumed in business combinations.
Management evaluated the subsequent events through August 7, 2014, the issue date of the Company's consolidated financial statements.

(e) **Adoption of New Accounting Pronouncements**

On April 1, 2014, the Company adopted Accounting Standards Update (ASU) 2013-05, "Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity." ASU 2013-05, which amends ASC830, "Foreign Currency Matters," requires a cumulative translation adjustment, to be released into net income when an entity ceases to have a controlling financial interest in a subsidiary or group of assets within a consolidated foreign entity and the sale or transfer results in the complete or substantially completely liquidation of the foreign entity. This adoption of ASU 2013-05 is not expected to have a material effect on the Company's consolidated financial statements.

On April 1, 2014, the Company adopted Accounting Standards Update 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." ASU 2013-11 requires an unrecognized tax benefit, to be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward for tax purposes, a similar tax loss, or a tax credit carryforward. This adoption of ASU 2013 -11 is not expected to have a material effect on the Company's consolidated financial statements.

(f) **Reclassifications**

Certain reclassifications have been made to the prior years' consolidated financial statements in order to conform with the presentation used for fiscal 2015.

(2) Inventories

Inventories at June 30 and March 31, 2014 are summarized as follows:

	Yen (millions)	
	June 30, 2014	March 31, 2014
Finished goods	481,560	449,820
Work in process	136,186	128,323
Raw materials	176,233	172,538
	793,979	750,681

(3) Investments in Securities

In accordance with ASC 320, "Investments—Debt and Equity Securities," the Company classifies its existing marketable equity securities other than investments in associated companies and all debt securities as available-for-sale.

The cost, fair value and net unrealized holding gains of available-for-sale securities included in investments and advances at June 30 and March 31, 2014 are as follows:

	Yen (millions)		
	June 30, 2014		
	Cost	Fair value	Net unrealized holding gains
Noncurrent:			
Equity securities	19,939	69,027	49,088
Corporate and government bonds	1,676	1,696	20
Other debt securities	15	15	-
	21,630	70,738	49,108

	Yen (millions)		
	March 31, 2014		
	Cost	Fair value	Net unrealized holding gains
Noncurrent:			
Equity securities	18,825	63,101	44,276
Corporate and government bonds	1,674	1,694	20
Other debt securities	16	16	-
	20,515	64,811	44,296

The carrying amounts of the Company's cost method investments totaled 20,643 million yen and 20,677 million yen at June 30 and March 31, 2014, respectively.

(4) Leases

The Company has operating leases for certain land, buildings, machinery and equipment, and finite-lived intangible assets. Future minimum lease payments under operating leases at June 30, 2014 are as follows:

	Yen (millions)
Due within 1 year	30,116
Due after 1 year within 2 years	14,900
Due after 2 years within 3 years	6,592
Due after 3 years within 4 years	5,510
Due after 4 years within 5 years	4,532
Thereafter	15,232
Total minimum lease payments	76,882

(5) Long-Lived Assets

The Company periodically reviews the recorded value of its long-lived assets to determine if the future cash flows to be derived from these assets or related asset group will be sufficient to recover the remaining recorded asset values. Impairment losses are included in "Other deductions" on the consolidated statements of income, and are not charged to segment profit. The disclosure below has been modified to reflect the revised segments.

The Company recognized impairment losses in the aggregate of 884 million yen and 2,998 million yen of long-lived assets for the three months ended June 30, 2014 and 2013, respectively. 719 million yen of impairment losses for the three months ended June 30, 2014 were related to "Other" segment. 2,729 million yen of impairment losses for the three months ended June 30, 2013 were related to "Eco Solutions" segment.

(6) Per Share Information

Panasonic Corporation Shareholders' Equity per Share

Panasonic Corporation shareholders' equity per share as of June 30 and March 31, 2014 are as follows:

	Yen	
	June 30, 2014	March 31, 2014
Panasonic Corporation shareholders' equity per share	676.46	669.74

Net Income Attributable to Panasonic Corporation Common Shareholders per Share

A reconciliation of the numerators and denominators of the basic net income attributable to Panasonic Corporation common shareholders per share computation for the three months ended June 30, 2014 and 2013 are as follows:

	Yen (millions)	
	Three months ended June 30	
	2014	2013
Net income attributable to Panasonic Corporation common shareholders	37,929	107,831

	Number of shares	
	Three months ended June 30	
	2014	2013
Average common shares outstanding	2,311,550,809	2,311,651,488

	Yen	
	Three months ended June 30	
	2014	2013
Net income attributable to Panasonic Corporation common shareholders per share:		
Basic	16.41	46.65

Diluted net income attributable to Panasonic Corporation common shareholders per share has been omitted because the Company did not have potentially dilutive common shares that were outstanding for the period.

(7) Equity

The change in the carrying amount of Panasonic Corporation shareholders' equity, noncontrolling interests and total equity in the consolidated balance sheets for the three months ended June 30, 2014 and 2013 are as follows:

	Yen (millions)		
	Three months ended June 30, 2014		
	Panasonic Corporation shareholders' equity	Noncontrolling interests	Total equity
Balance at April 1, 2014	1,548,152	38,286	1,586,438
Dividends paid to Panasonic Corporation shareholders	(18,492)	–	(18,492)
Dividends paid to noncontrolling interests	–	(14,836)	(14,836)
Repurchase of common stock	(16)	–	(16)
Sale of treasury stock	1	–	1
Equity transactions with noncontrolling interests	–	(1,009)	(1,009)
Other	–	(702)	(702)
Comprehensive income:			
Net income	37,929	4,157	42,086
Other comprehensive income (loss), net of tax:			
Translation adjustments	(18,531)	(1,639)	(20,170)
Unrealized holding gains of available-for-sale securities	3,534	16	3,550
Unrealized holding gains of derivative instruments	1,132	12	1,144
Pension liability adjustments	9,959	(160)	9,799
Total comprehensive income	34,023	2,386	36,409
Balance at June 30, 2014	1,563,668	24,125	1,587,793

	Yen (millions)		
	Three months ended June 30, 2013		
	Panasonic Corporation shareholders' equity	Noncontrolling interests	Total equity
Balance at April 1, 2013	1,264,032	40,241	1,304,273
Dividends paid to Panasonic Corporation shareholders	−	−	−
Dividends paid to noncontrolling interests	−	(5,461)	(5,461)
Repurchase of common stock	(11)	−	(11)
Sale of treasury stock	2	−	2
Equity transactions with noncontrolling interests	(849)	311	(538)
Other	−	(68)	(68)
Comprehensive income (loss):			
Net income	107,831	2,013	109,844
Other comprehensive income (loss), net of tax:			
Translation adjustments	57,957	3,465	61,422
Unrealized holding gains (losses) of available-for-sale securities	14,826	(33)	14,793
Unrealized holding gains of derivative instruments	1,894	−	1,894
Pension liability adjustments	(35,965)	1,193	(34,772)
Total comprehensive income	146,543	6,638	153,181
Balance at June 30, 2013	1,409,717	41,661	1,451,378

Net income attributable to Panasonic Corporation and transfers to noncontrolling interests for the three months ended June 30, 2014 and 2013 are as follows:

	Yen (millions)	
	Three months ended June 30	
	2014	2013
Net income attributable to Panasonic Corporation	37,929	107,831
Transfers to noncontrolling interests:		
Decrease in capital surplus for purchase of additional shares in consolidated subsidiaries	−	(849)
Total	−	(849)
Change from net income attributable to Panasonic Corporation and Transfers to noncontrolling interests	37,929	106,982

(8) Other Comprehensive Income (Loss)

Components of other comprehensive income (loss) for the three months ended June 30, 2014 are as follows:

	Yen (millions)				
	Translation adjustments	Unrealized holding gains (losses) of available-for-sale securities	Unrealized holding gains (losses) of derivative instruments	Pension liability adjustments	Total
Accumulated other comprehensive income(loss) ― Balance at April 1, 2014	(167,219)	6,027	(237)	(290,270)	(451,699)
Arising during the period:					
Pre-tax amount	(24,529)	5,549	1,048	5,652	(12,280)
Tax expense	-	(1,802)	16	1,006	(780)
Net-of-tax amount	(24,529)	3,747	1,064	6,658	(13,060)
Reclassification adjustment for (gains) losses included in net income:					
Pre-tax amount	4,359	(304)	80	2,999	7,134
Tax expense	-	107	0	142	249
Net-of-tax amount	4,359	(197)	80	3,141	7,383
Other comprehensive income (loss), net-of-tax amount	(20,170)	3,550	1,144	9,799	(5,677)
Other comprehensive income (loss) attributable to noncontrolling interests, net-of-tax amount	(1,639)	16	12	(160)	(1,771)
Accumulated other comprehensive income (loss) ― Balance at June 30, 2014	(185,750)	9,561	895	(280,311)	(455,605)

Pre-tax amount of reclassification adjustment for (gains) losses included in net income on the table above is included in the following in the consolidated statements of income.

Translation adjustments ― Other income (deductions)
Unrealized holding gains (losses) of available-for-sale securities ― Other income (deductions)
Unrealized holding gains (losses) of derivative instruments
Foreign exchange contract 74million yen ― Other income (deductions)
Commodity derivatives (154)million yen ― Cost of sales
Pension liability adjustments ― Net periodic pension cost

Components of other comprehensive income (loss) for the three months ended June 30, 2013 are as follows:

	Yen (millions)				
	Translation adjustments	Unrealized holding gains (losses) of available-for-sale securities	Unrealized holding gains (losses) of derivative instruments	Pension liability adjustments	Total
Accumulated other comprehensive income(loss) ─ Balance at April 1, 2013	(297,015)	(218)	(4,573)	(326,423)	(628,229)
Arising during the period:					
Pre-tax amount	64,081	22,822	(620)	38,053	124,336
Tax expense	-	(7,809)	29	(2,048)	(9,828)
Net-of-tax amount	64,081	15,013	(591)	36,005	114,508
Reclassification adjustment for (gains) losses included in net income:					
Pre-tax amount	(2,659)	(354)	2,617	(73,503)	(73,899)
Tax expense	-	134	(132)	2,726	2,728
Net-of-tax amount	(2,659)	(220)	2,485	(70,777)	(71,171)
Other comprehensive income (loss), net-of-tax amount	61,422	14,793	1,894	(34,772)	43,337
Other comprehensive income (loss) attributable to noncontrolling interests, net-of-tax amount	3,465	(33)	-	1,193	4,625
Accumulated other comprehensive income (loss) ─ Balance at June 30, 2013	(239,058)	14,608	(2,679)	(362,388)	(589,517)

Pre-tax amount of reclassification adjustment for (gains) losses included in net income on the table above is included in the following in the consolidated statements of income.

Translation adjustments ─ Other income (deductions)
Unrealized holding gains (losses) of available-for-sale securities ─ Other income (deductions)
Unrealized holding gains (losses) of derivative instruments
Foreign exchange contract (2,355)million yen ─ Other income (deductions)
Commodity derivatives (262)million yen ─ Cost of sales
Pension liability adjustments ─ Net periodic pension cost

(9) Supplementary Information

Included in other deductions for the three months ended June 30, 2014 and 2013 are as follows:

	Yen (millions)	
	Three months ended June 30	
	2014	2013
Expenses associated with the implementation of the early retirement programs in the domestic and overseas subsidiaries	3,784	198
Write-down of investment securities	2	3
Foreign exchange losses	185	2,748

Net periodic benefit costs for the three months ended June 30, 2014 and 2013 are a loss of 5,445 million yen and a gain of 60,915 million yen (gain), respectively. In the first quarter of fiscal 2014, the Company and certain domestic subsidiaries decided to make a transition from the defined benefit pension plan to the defined contribution pension plan, effective from future contributions made on or after July 1, 2013. Under the U.S. GAAP, upon this decision, any decrease in projected benefit obligations (PBO) due to a plan amendment in the past is required to be immediately recognized in the profit and loss. Accordingly, the Company recognized a gain of 79,762 million yen in “Other income” on the consolidated statement of income for the three months ended June 30, 2013.

In the first quarter of fiscal 2014, the Company's management and labor unions agreed to reduce the employee's bonuses in accordance with the Group extraordinary management measures. As a result of the agreements, the Company and certain domestic subsidiaries reversed accrued employees' bonus expenses, included in the consolidated balance sheet as of March 31, 2013. This revision was regarded as a change in accounting estimate under the U.S. GAAP. This revision resulted in an increase in income before income taxes by 20,133 million yen on the consolidated statement of income for the three months ended June 30, 2013.

(10) Fair Value

ASC 820, "Fair Value Measurements and Disclosures" defines fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets.
Level 2 — Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3 — Unobservable inputs for the asset or liability.

Assets and liabilities measured at fair value on a recurring basis

The following table presents assets and liabilities that are measured at fair value on a recurring basis at June 30 and March 31, 2014:

	Yen (millions)			
	June 30, 2014			
	Level 1	Level 2	Level 3	Total
Assets:				
Available-for-sale securities:				
Equity securities	69,027	-	-	69,027
Corporate and government bonds	-	1,696	-	1,696
Other debt securities	-	15	-	15
Total available-for-sale securities	69,027	1,711	-	70,738
Derivatives:				
Foreign exchange contracts	-	2,680	-	2,680
Cross currency swaps	-	113	-	113
Commodity futures	8,406	609	-	9,015
Total derivatives	8,406	3,402	-	11,808
Liabilities:				
Derivatives:				
Foreign exchange contracts	-	2,492	-	2,492
Commodity futures	11,419	3,280	-	14,699
Total derivatives	11,419	5,772	-	17,191

	Yen (millions)			
	March 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets:				
Available-for-sale securities:				
Equity securities	63,101	-	-	63,101
Corporate and government bonds	-	1,694	-	1,694
Other debt securities	-	16	-	16
Total available-for-sale securities	63,101	1,710	-	64,811
Derivatives:				
Foreign exchange contracts	-	4,645	-	4,645
Cross currency swaps	-	335	-	335
Commodity futures	2,935	1,337	-	4,272
Total derivatives	2,935	6,317	-	9,252
Liabilities:				
Derivatives:				
Foreign exchange contracts	-	2,571	-	2,571
Commodity futures	8,000	2,058	-	10,058
Total derivatives	8,000	4,629	-	12,629

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 available-for-sale securities include all debt securities, which are valued using inputs other than quoted prices that are observable. Level 2 derivatives including foreign exchange contracts 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.

Assets and liabilities measured at fair value on a nonrecurring basis

For the three months ended June 30, 2014 and 2013, there were no circumstances that required any significant assets and liabilities that are not measured at fair value on an ongoing basis to be measured and recognized at fair value.

The fair value of financial instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Available-for-sale securities
The carrying amount is equal to the fair value which is estimated based on quoted market prices. The fair value is also described in Note 3.

Long-term debt, including current portion
The fair value of long-term debt is estimated based on quoted market prices or the present value of future cash flows using appropriate current discount rates. The Company classified long-term debt in Level 2. The carrying amount and fair value at June 30, 2014 are 599,176 million yen and 615,137 million yen, respectively. The carrying amount and fair value at March 31, 2014 are 598,955 million yen and 615,816 million yen, respectively.

Derivative financial instruments
The fair value of derivative financial instruments is estimated based on unadjusted market prices or quotes obtained from brokers, which are periodically validated by pricing models using observable inactive market inputs.

Advances
The fair value of advances is estimated based on the present value of future cash flows using appropriate current discount rates. The Company classified advances in Level 2. The following table excludes advances for which carrying amount approximates fair value.

Financial instruments other than those listed above (such as Cash and cash equivalents, Time deposits, Trade receivables, Short-term debt, Trade payables, Accrued expenses)
The carrying amount approximates fair value because of the short maturity of these instruments. The following table excludes these financial instruments.

Limitations
Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgments and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(11) Commitments and Contingent Liabilities

The Company provides guarantees to third parties mainly on bank loans provided to associated companies and customers. The guarantees are made 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. Also, the Company sold certain trade receivables to independent third parties, some of which are with recourse. If the collectibility of those receivables with recourse becomes doubtful, the Company is obligated to assume the liabilities. At June 30, 2014, the maximum amount of undiscounted payments the Company would have to make in the event of default was 25,525 million yen. The carrying amount of the liabilities recognized for the Company's obligations as a guarantor under those guarantees at June 30, 2014 was immaterial.

In connection with the sale and lease back of certain machinery and equipment, the Company guarantees a specific value of the leased assets. For each guarantee provided, the Company is required to perform under the guarantee if certain conditions are met during or at the end of the lease term. At June 30, 2014, the maximum amount of undiscounted payments the Company would have to make in the event that these conditions were met was 5,129 million yen. The carrying amount of the liabilities recognized for the Company's obligations as guarantors under those guarantees at June 30, 2014 was immaterial.

The Company and certain subsidiaries are under the term of leasehold interest contracts for land of domestic factories and have obligations for restitution on their leaving. The asset retirement obligations cannot be reasonably estimated because the durations of use of the leased assets are not specified and there are no plans to undertake relocation in the future. Therefore, the Company did not recognize asset retirement obligations.

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, have been subjected to investigations by government authorities, including the Japan Fair Trade Commission, the U.S. Department of Justice and the European Commission, in respect of alleged antitrust violations relating to cathode ray tubes (CRTs). Subsequent to these actions by the authorities, a number of class action lawsuits, etc. has been filed in the U.S. and Canada against the Company and certain of its subsidiaries. In fiscal 2010, the Japan Fair Trade Commission issued a cease and desist order against MTPD and assessed a fine against its three subsidiaries in South East Asia, but each named company filed for a hearing to challenge the orders which is currently subject to proceedings. Other than those above, there are a number of legal actions and investigations 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, involve 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 amounts already recognized may have been incurred.

(12) Segment Information

In accordance with the provisions of ASC 280, “Segment Reporting,” the segments reported below 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.

The reporting segments of the Company consist of five segments; “Appliances,” “Eco Solutions,” “AVC Networks,” “Automotive & Industrial Systems,” and “Other.” For further details about each segment, please refer to the chart of Panasonic Group in “I Corporate Information (2) Principal Businesses.”

By Segment:

Certain businesses were transferred among segments on April 1, 2014. Accordingly, segment information for the three months ended June 30, 2013 has been reclassified to conform to the presentation for the three months ended June 30, 2014. Information by segment for the three months ended June 30, 2014 and 2013 is shown in the tables below:

	Yen (millions)	
	Three months ended June 30	
	2014	2013
Sales:		
Appliances:		
Customers	389,592	390,050
Intersegment	75,809	69,706
Total	465,401	459,756
Eco Solutions:		
Customers	324,355	305,882
Intersegment	60,085	63,792
Total	384,440	369,674
AVC Networks:		
Customers	245,658	231,963
Intersegment	28,119	38,659
Total	273,777	270,622
Automotive & Industrial Systems:		
Customers	643,241	631,058
Intersegment	37,198	33,280
Total	680,439	664,338
Other:		
Customers	129,951	144,194
Intersegment	13,225	29,869
Total	143,176	174,063
Eliminations and Adjustments:		
Customers	119,483	121,368
Intersegment	(214,436)	(235,306)
Total	(94,953)	(113,938)
Consolidated total	1,852,280	1,824,515

	Yen (millions)	
	Three months ended June 30	
	2014	2013
Segment profit (loss):		
Appliances	22,499	11,189
Eco Solutions	16,210	15,234
AVC Networks	(8,093)	(15,407)
Automotive & Industrial Systems	23,495	28,661
Other	(2,037)	(1,668)
Eliminations and Adjustments	30,212	26,192
Total segment profit	82,286	64,201
Interest income	3,159	2,223
Dividends received	1,008	1,303
Other income	6,434	81,558
Interest expense	(4,805)	(6,100)
Other deductions	(32,971)	(20,573)
Consolidated income before income taxes	55,111	122,612

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 three months ended June 30, 2014 and 2013 mainly include price differences for 148,562 million yen and 148,623 million yen, respectively, between sales prices to external customers and the internal sales prices adopted for performance measurement purposes for the sales through sales department of consumer products. Adjustments also include the sales of certain associated companies under the equity method, amounted to (25,066) million yen and (24,570) million yen, respectively, solely for the purpose of assessing segment performance.

Adjustments of profit for the three months ended June 30, 2014 and 2013 mainly include 27,088 million yen and 23,987 million yen of profit and loss of corporate head quarters and sales departments of consumer products which are not allocated to any reportable segments, respectively. The adjustments also include 3,124 million yen and 2,205 million yen of consolidation adjustments, respectively, mainly related to amortization of finite-lived intangible assets generated by business combinations and other differences in accounting standards.

Transfers between business segments are made at arms-length prices. There is no material concentration of sales to a single external major customer for the three months ended June 30, 2014 and 2013.

By Geographical Area:

Sales attributed to countries based upon the customer's location for the three months ended June 30, 2014 and 2013 are as follows:

	Yen (millions)	
	Three months ended June 30	
	2014	2013
Sales:		
Japan	857,417	864,869
North and South America	282,262	272,325
Europe	179,725	177,207
Asia and Others	532,876	510,114
Consolidated total	1,852,280	1,824,515
United States included in North and South America	242,174	232,697
China included in Asia and Others	263,367	252,191

Major countries or regions in each location are as follows:

North and South America; North America and Latin America

Europe; Europe and Africa

Asia and Others; Asia, China and Oceania

There are no individually material countries of which should be separately disclosed in North and South America, Europe, and Asia and Others, except for the United States of America and China on sales.

(13) Cash Dividends

On April 28, 2014, the board of directors approved an interim dividend of 8.0 yen per share, totaling 18,492 million yen on outstanding common stock as of March 31, 2014. The dividends, which became effective on June 5, 2014, were sourced out of retained earnings.

(14) Acquisition

On February 28, 2014, the Company acquired 90% of outstanding shares of Viko Electric Co., Ltd. (VIKO) and accordingly, had a controlling interest of VIKO from the acquisition date.

VIKO is in the business of manufacturing and sales of electrical and materials, such as wiring devices, low voltage switchgears, smart meters and building automation system. As a result of this acquisition, by utilizing VIKO's management resources, such as its strong brand awareness, sales channels, and "C-Type" wiring devices and technologies, using Turkey as the base, the Company expects expansion in the sales of wiring devices and other product ranges as well as electrical equipment and materials produced by the Company, such as lighting devices and fans, not only in Turkey, but in the Middle East, CIS and African markets. In addition, by introducing new products by making use of the Company's product competitiveness and development capabilities, and by making improvements in productivity through sharing manufacturing know-how with VIKO, the Company will create synergies with VIKO and is aiming for further expansion of the business.

The fair value of noncontrolling interests was measured based on the acquired cost deducting control premium. The fair value of the consideration paid for the controlling interests of VIKO and the noncontrolling interests as of the acquisition date is as follows:

	Yen (millions)
Fair value of consideration:	
Cash	47,510
Fair value of noncontrolling interests	3,771
Total	51,281

Acquisition-related cost was not material and included in other deductions in the consolidated statements of operations for the year ended March 31, 2014.

Assets acquired and liabilities assumed as of the acquisition date were as follows:

	Yen (millions)
Cash and cash equivalents	131
Goodwill	23,145
Intangible assets	30,295
Other assets	11,701
Total assets acquired	65,272
Deferred tax liabilities	5,963
Other liabilities	8,028
Total liabilities assumed	13,991
Total net assets acquired	51,281

Intangible assets of 20,188 million yen are subject to amortization, which include dealer network of 17,629 million yen with a 13 -year weighted-average useful life. Intangible assets of 10,107 million yen are not subject to amortization, all of which relates to trademark.

The total amount of goodwill is included in "Eco Solutions" segment, and is not deductible for tax purpose.

Pro forma information has been omitted as the amounts are not material.