［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 six months ended September 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		
	Six months ended September 30, 2014	Six months ended September 30, 2013	Year ended March 31, 2014
Net sales	3,722,883	3,706,320	7,736,541
Income before income taxes	121,902	207,405	206,225
Net income attributable to Panasonic Corporation	80,933	169,334	120,442
Comprehensive income attributable to Panasonic Corporation	183,675	203,791	296,972
Total Panasonic Corporation shareholders' equity	1,590,251	1,466,950	1,548,152
Total equity	1,747,985	1,507,130	1,586,438
Total assets	5,344,525	5,343,227	5,212,994
Net income per share attributable to Panasonic Corporation common shareholders, basic (yen)	35.01	73.25	52.10
Net income per share attributable to Panasonic Corporation common shareholders, diluted (yen)	35.01	-	-
Panasonic Corporation shareholders' equity / total assets (%)	29.8	27.5	29.7
Net cash provided by operating activities	167,300	161,467	581,950
Net cash provided by (used in) investing activities	(80,025)	(46,252)	12,128
Net cash used in financing activities	(78,172)	(170,170)	(532,315)
Cash and cash equivalents at end of period	634,555	458,570	592,467

	Three months ended September 30, 2014	Three months ended September 30, 2013
Net sales	1,870,603	1,881,805
Net income attributable to Panasonic Corporation	43,004	61,503
Net income per share attributable to Panasonic Corporation common shareholders,		
Basic (yen)	18.60	26.61
Diluted(yen)	18.60	-

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 ended September 30, 2013 and year ended March 31, 2014 have been omitted because the Company did not have potential dilutive common shares that were outstanding for fiscal 2014.

(2) Principal Businesses

The Panasonic Group is comprised primarily of the parent Panasonic Corporation and 481 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 a spectrum of electric/electronic equipment and related products, which are categorized into the following five segments: Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems, and Other.

During the six months ended September 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. As of July 1, 2014, Panasonic Cycle Technology Co., Ltd. was transferred to Appliances from Automotive & Industrial Systems.

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.

As of July 1, 2014, Panasonic Liquid Crystal Display Co., Ltd. was transferred to Automotive & Industrial Systems from AVC Networks.

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

Ⅱ The Business Overview

(1) Operating Results

During the six months ended September 30, 2014 under review, the global economy moderately recovered. Seen slowdown in China and ASEAN countries, economy has continued to recover in Japan, Europe and the U.S. even with a sign of a partial slowdown.

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 six months ended September 30, 2014 were 3,722.9 billion yen, much the same with 3,706.3 billion yen in the same period of fiscal 2014. Demand in Japan overall backed off in consumer electronic products following the surge before the consumption tax hike in April. Meantime, this negative effect was mostly offset thanks to the effect of demand surge before the tax hike in some products carried over in the first quarter. Sales of housing solar business were stable, and sales of automotive business such as car navigation systems and car AVC equipment steadily increased in its global market.

The Company's operating profit* for the first six months increased by 21% to 177.0 billion yen, from 146.6 billion yen a year ago, due mainly to sales increase in real terms excluding the business transfer in fiscal 2014 and fixed-cost reduction. Pre-tax income and net income attributable to Panasonic Corporation decreased to 121.9 billion yen, down by 41% from 207.4 billion yen, and to 80.9 billion yen, down by 52% from 169.3 billion yen, respectively due mainly to one-off gain from pension scheme change and some one-time capital gains in other income in the first quarter ended June 30, 2013.

* 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

Certain businesses were transferred among segments on April 1, 2014 and July 1, 2014. Accordingly, the figures for segment information in fiscal 2014 have been reclassified to conform to the presentation for July 1, 2014.

The Company's six-month consolidated sales and profits by segment comparing with previous year's are summarized as follows:

Appliances

Sales increased by 1% to 916.4 billion yen, compared with 906.3 billion yen a year ago due mainly to favorable sales in air-conditioners and devices, although sales in TVs decreased due mainly to discontinuation of PDP business.

Segment profit significantly increased by 141% to 32.4 billion yen, compared with 13.5 billion yen a year ago due mainly to improved profitability in challenging businesses. The device businesses, such as motor business, also contributed to profit improvement.

Eco Solutions

Sales increased by 2% to 790.4 billion yen from 771.2 billion yen a year ago. In Japan, sales in housing systems decreased due to weakening demand in housing market after the consumption tax hike. Nonetheless, sales in housing solar business and LED lighting business increased. Overseas sales increased due to newly-consolidated VIKO, a Turkish company, as well as sales growth in strategic regions such as India.

Segment profit increased by 6% to 41.8 billion yen from 39.6 billion yen a year ago due mainly to sales increase and rationalization initiatives.

AVC Networks

Sales decreased by 3% to 531.6 billion yen from 549.3 billion yen a year ago. Although sales increased in BtoB business such as ruggedized PCs and tablets, sales decreased due mainly to exit from unprofitable businesses including plasma display panels as well as narrowing down business areas including smartphones and DSCs.

Segment profit was 3.9 billion yen, an improvement from a loss of 2.4 billion yen a year ago due mainly to sales increase in BtoB business and benefits from the restructuring carried out last fiscal year.

Automotive& Industrial Systems

Sales increased by 2% to 1,378.2 billion yen from 1,347.9 billion yen a year ago due mainly to favorable sales for automotive business such as Automotive Infotainment Systems Business Division and electronic component mounting equipment. Yen depreciation also contributed to increase in sales.

Segment profit increased by 9% to 52.2 billion yen from 48.0 billion yen a year ago due mainly to above-mentioned sales increase, restructuring on challenging businesses such as semiconductor business, and other rationalization initiatives.

Other

Sales decreased by 18% to 297.9 billion yen from 364.2 billion yen a year ago, due mainly to the transfer of the healthcare business at the end of fiscal 2014.

Segment profit was 1.9 billion yen, decreased by 71% from 6.6 billion yen a year ago.

(3) Assets, Liabilities and Equity

The Company's consolidated total assets as of September 30, 2014 increased by 131.5 billion yen to 5,344.5 billion yen from March 31, 2014 due mainly to yen depreciation and seasonal increase in its inventory, despite decrease in property, plant and equipment.

The Company's consolidated total liabilities as of September 30, 2014 decreased by 30.0 billion yen to 3,596.5 billion yen, due mainly to repayments of unsecured straight bonds.

Panasonic Corporation shareholders' equity increased by 42.1 billion yen compared with March 31, 2014, to 1,590.3 billion yen. This was due mainly to recording of net income attributable to Panasonic Corporation and an improvement in accumulated other comprehensive income (loss) caused by yen depreciation, despite a decrease in capital surplus resulting from the acquisition of additional interests of its subsidiaries. Adding noncontrolling interests to Panasonic Corporation shareholders' equity, total equity was 1,748.0 billion yen.

(4) Cash Flows

Cash flows from operating activities

Net cash provided by operating activities for six months ended September 30, 2014 amounted to 167.3 billion yen, an increase of 5.8 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 80.0 billion yen, an increase of 33.7 billion yen from a year ago due mainly to decrease in proceeds from disposals of investments in equity.

Accordingly, free cash flow (net cash from operating activities plus net cash from investing activities) amounted to 87.3 billion yen, decreased by 27.9 billion yen from a year ago.

Cash flows from financing activities

Net cash used in financing activities amounted to 78.2 billion yen, a decrease of 92.0 billion yen from a year ago, due mainly to a decrease in repayment of the interest-bearing debt, partially offset by an increase in dividend payment.

Taking into consideration exchange rate fluctuations, cash and cash equivalents totaled 634.6 billion yen as of September 30, 2014, up 42.1 billion yen, compared with the end of the last fiscal year.

(5) Research and Development

Panasonic's R&D expenditures for the six months ended September 30, 2014 totaled 224.1 billion yen, down 2% 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 six months ended September 30, 2014 totaled 94.0 billion yen, up 7% from a year ago.

(7) Depreciation

Panasonic's depreciation (tangible assets) for the six months ended September 30, 2014 totaled 115.1 billion yen, down 17% from a year ago.

(8) Number of Employees

Number of employees at the end of the second quarter of fiscal 2015 was 262,952, a decrease of 8,837, 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 six months ended September 30, 2014.
During the six months ended September 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 September 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 September 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

September 30 and March 31, 2014

Assets	Yen (millions) September 30, 2014	March 31, 2014
Current assets:		
Cash and cash equivalents	634,555	592,467
Time deposits	1,653	-
Trade receivables:		
Notes	98,380	73,458
Accounts	934,542	958,451
Allowance for doubtful receivables	(25,468)	(24,476)
Net trade receivables	1,007,454	1,007,433
Inventories (Note 2)	828,802	750,681
Other current assets	343,901	303,411
Total current assets	2,816,365	2,653,992
Investments and advances (Note 3)	304,676	271,804
Property, plant and equipment (Note 5):		
Land	275,951	283,305
Buildings	1,410,759	1,453,550
Machinery and equipment	2,744,599	2,728,925
Construction in progress	36,151	44,220
	4,467,460	4,510,000
Less accumulated depreciation	3,086,469	3,084,551
Net property, plant and equipment	1,380,991	1,425,449
Other assets (Note 1):		
Goodwill	471,425	473,377
Intangible assets (Note 5)	191,437	203,591
Other assets	179,631	184,781
Total other assets	842,493	861,749
	5,344,525	5,212,994

See accompanying Notes to Consolidated Financial Statements.

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Balance Sheets

September 30 and March 31, 2014

Liabilities and Equity	Yen (millions) September 30, 2014	Yen (millions) March 31, 2014
Current liabilities:		
Short-term debt, including current portion of long-term debt	86,848	84,738
Trade payables:		
Notes	246,704	200,363
Accounts	730,392	736,652
Total trade payables	977,096	937,015
Accrued income taxes	40,329	40,454
Accrued payroll	172,156	217,246
Other accrued expenses	824,737	799,959
Deposits and advances from customers	86,109	75,520
Employees' deposits	4,781	5,146
Other current liabilities	289,798	277,781
Total current liabilities	2,481,854	2,437,859
Noncurrent liabilities:		
Long-term debt	516,089	557,374
Retirement and severance benefits	397,301	430,701
Other liabilities	201,296	200,622
Total noncurrent liabilities	1,114,686	1,188,697
Equity (Note 7):		
Panasonic Corporation shareholders' equity:		
Common stock : Authorized - 4,950,000,000 shares Issued - 2,453,053,497 shares	258,740	258,740
Capital surplus	986,460	1,109,501
Retained earnings (Note 13)	941,182	878,742
Accumulated other comprehensive income (loss) (Note 8):		
Cumulative translation adjustments	(86,993)	(167,219)
Unrealized holding gains of available-for-sale securities (Note 3)	13,582	6,027
Unrealized gains (losses) of derivative instruments	1,357	(237)
Pension liability adjustments	(276,903)	(290,270)
	(348,957)	(451,699)
Treasury stock, at cost: 141,532,404 shares (141,496,296 shares as of March 31, 2014)	(247,174)	(247,132)
Total Panasonic Corporation shareholders' equity	1,590,251	1,548,152
Noncontrolling interests	157,734	38,286
Total equity	1,747,985	1,586,438
Commitments and contingent liabilities (Notes 4 and 11)		
	5,344,525	5,212,994

See accompanying Notes to Consolidated Financial Statements.

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Six months ended September 30, 2014 and 2013

Consolidated Statements of Income

	Yen (millions)	
	Six months ended September 30	
	2014	2013
Revenues, costs and expenses:		
Net sales	3,722,883	3,706,320
Cost of sales (Note 8)	(2,683,320)	(2,719,436)
Selling, general and administrative expenses	(862,584)	(840,295)
Interest income	6,230	4,831
Dividends received	1,236	1,510
Other income (Notes 8 and 9)	17,625	108,075
Interest expense	(9,421)	(11,884)
Other deductions (Notes 5, 8 and 9)	(70,747)	(41,716)
Income before income taxes (Note 9)	121,902	207,405
Provision for income taxes	36,911	37,326
Equity in earnings of associated companies	5,138	3,096
Net income	90,129	173,175
Less net income attributable to noncontrolling interests	9,196	3,841
Net income attributable to Panasonic Corporation (Note 7)	80,933	169,334

	Yen	
Net income per share attributable to Panasonic Corporation common shareholders :		
Basic	35.01	73.25
Diluted	35.01	−

Consolidated Statements of Comprehensive Income

	Yen (millions)	
	Six months ended September 30	
	2014	2013
Net income	90,129	173,175
Other comprehensive income (loss), net of tax (Note 8)		
Translation adjustments	85,403	55,005
Unrealized holding gains of available-for-sale securities	7,581	12,521
Unrealized holding gains of derivative instruments	1,450	2,032
Pension liability adjustments	13,198	(31,074)
	107,632	38,484
Comprehensive income (Note 7)	197,761	211,659
Comprehensive income attributable to noncontrolling interests	14,086	7,868
Comprehensive income attributable to Panasonic Corporation	183,675	203,791

See accompanying Notes to Consolidated Financial Statements.

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Three months ended September 30, 2014 and 2013

Consolidated Statements of Income

	Yen (millions)	
	Three months ended September 30	
	2014	2013
Revenues, costs and expenses:		
Net sales	1,870,603	1,881,805
Cost of sales (Note 8)	(1,351,444)	(1,383,032)
Selling, general and administrative expenses	(424,466)	(416,385)
Interest income	3,071	2,608
Dividends received	228	207
Other income (Notes 8 and 9)	11,376	26,517
Interest expense	(4,616)	(5,784)
Other deductions (Notes 5, 8 and 9)	(37,961)	(21,143)
Income before income taxes	66,791	84,793
Provision for income taxes	21,914	23,284
Equity in earnings of associated companies	3,166	1,822
Net income	48,043	63,331
Less net income attributable to noncontrolling interests	5,039	1,828
Net income attributable to Panasonic Corporation	43,004	61,503

	Yen	
Net income per share attributable to Panasonic Corporation common shareholders :		
Basic	18.60	26.61
Diluted	18.60	−

Consolidated Statements of Comprehensive Income

	Yen (millions)	
	Three months ended September 30	
	2014	2013
Net income	48,043	63,331
Other comprehensive income (loss), net of tax (Note 8)		
Translation adjustments	105,573	(6,417)
Unrealized holding gains (losses) of available-for-sale securities	4,031	(2,272)
Unrealized holding gains of derivative instruments	306	138
Pension liability adjustments	3,399	3,698
	113,309	(4,853)
Comprehensive income	161,352	58,478
Comprehensive income attributable to noncontrolling interests	11,700	1,230
Comprehensive income attributable to Panasonic Corporation	149,652	57,248

See accompanying Notes to Consolidated Financial Statements.

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Six months ended September 30, 2014 and 2013

	Yen (millions)	
	Six months ended September 30	
	2014	2013
Cash flows from operating activities:		
Net income	90,129	173,175
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	137,156	165,976
Net gain on sale of investments	(1,441)	(24,010)
Provision for doubtful receivables	1,496	2,111
Deferred income taxes	(5,441)	(3,235)
Write-down of investment securities (Note 9)	36	45
Impairment losses on long-lived assets (Note 5)	3,605	6,165
Cash effects of change in:		
Trade receivables	22,581	11,539
Inventories	(69,461)	(46,691)
Other current assets	(11,639)	18,741
Trade payables	35,905	(11,150)
Accrued income taxes	2,063	3,185
Accrued expenses and other current liabilities	(30,701)	(43,165)
Retirement and severance benefits	(19,470)	(101,416)
Deposits and advances from customers	8,868	8,177
Other, net	3,614	2,020
Net cash provided by operating activities	167,300	161,467
Cash flows from investing activities:		
Proceeds from disposition of investments and advances	12,649	53,477
Increase in investments and advances	(4,316)	(5,122)
Capital expenditures	(102,219)	(99,830)
Proceeds from disposals of property, plant and equipment	14,780	12,518
Increase (decrease) in time deposits, net	(1,653)	1,642
Proceeds from sales of consolidated subsidiaries	18,928	-
Other, net	(18,194)	(8,937)
Net cash used in investing activities	(80,025)	(46,252)

(Continued)

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Six months ended September 30, 2014 and 2013

	Yen (millions)	
	Six months ended September 30	
	2014	2013
Cash flows from financing activities:		
Decrease in short-term debt with maturities of three months or less, net	(9,607)	(117,202)
Proceeds from short-term debt with maturities longer than three months	13,450	7,191
Repayments of short-term debt with maturities longer than three months	(8,674)	(16,089)
Repayments of long-term debt	(37,232)	(34,958)
Dividends paid to Panasonic Corporation shareholders (Notes 7 and 13)	(18,492)	-
Dividends paid to noncontrolling interests (Note 7)	(16,094)	(8,165)
Repurchase of common stock (Note 7)	(47)	(26)
Sale of treasury stock (Note 7)	4	3
Purchase of noncontrolling interests (Note 7)	(1,114)	(547)
Other, net	(366)	(377)
Net cash used in financing activities	(78,172)	(170,170)
Effect of exchange rate changes on cash and cash equivalents	32,985	17,242
Net increase (decrease) in cash and cash equivalents	42,088	(37,713)
Cash and cash equivalents at beginning of period	592,467	496,283
Cash and cash equivalents at end of period	634,555	458,570

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 481 consolidated subsidiaries and 92 associated companies under equity method as of September 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 six months ended September 30, 2013 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 equipments, and housing business.

Sales by segment for the six months ended September 30, 2014 were as follows: Appliances—23%, Eco Solutions—20%, AVC Networks—14%, Automotive & Industrial Systems—35% and Other—8%. A sales breakdown by geographical market was as follows: Japan—47%, North and South America—15%, Europe—9%, and Asia and Others—29%.

Sales by segment for the three months ended September 30, 2014 were as follows: Appliances—22%, Eco Solutions—21%, AVC Networks—14%, Automotive & Industrial Systems—35% and Other—8%. A sales breakdown by geographical market was as follows: Japan—47%, North and South America—15%, Europe—9%, 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 November 12, 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 ASU 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 September 30 and March 31, 2014 are summarized as follows:

	Yen (millions)	
	September 30, 2014	March 31, 2014
Finished goods	509,415	449,820
Work in process	139,785	128,323
Raw materials	179,602	172,538
	828,802	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 (losses) of available-for-sale securities included in investments and advances at September 30 and March 31, 2014 are as follows:

	Yen (millions)		
	September 30, 2014		
	Cost	Fair value	Net unrealized holding gains
Investments and advances:			
Equity securities	20,959	76,029	55,070
Corporate and government bonds	1,653	1,672	19
Other debt securities	16	16	-
	22,628	77,717	55,089

	Yen (millions)		
	March 31, 2014		
	Cost	Fair value	Net unrealized holding gains
Investments and advances:			
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 20,553 million yen and 20,677 million yen at September 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 September 30, 2014 are as follows:

	Yen (millions)
Due within 1 year	31,004
Due after 1 year within 2 years	15,412
Due after 2 years within 3 years	6,848
Due after 3 years within 4 years	5,508
Due after 4 years within 5 years	4,469
Thereafter	14,308
Total minimum lease payments	77,549

(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 will be sufficient to recover the remaining recorded asset values. Impairment losses 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 3,605 million yen and 2,721 million yen of long-lived assets for the six months and three months ended September 30, 2014. 1,740 million yen, 837 million yen and 719 million yen of impairment losses for the six months ended September 30, 2014 were related to “AVC Networks,” “Automotive & Industrial Systems,” and “Other” segment, respectively. 1,735 million yen and 836 million yen of impairment losses for the three months ended September 30, 2014 were related to “AVC Networks” and “Automotive & Industrial Systems” segment, respectively.

The Company recognized impairment losses in the aggregate of 6,165 million yen and 3,167 million yen of long-lived assets for the six months and three months ended September 30, 2013. 3,616 million yen and 1,199 million yen of impairment losses for the six months ended September 30, 2013 were related to “Eco Solutions” and “AVC Networks” segment, respectively. 887 million yen and 1,199 million yen of impairment losses for the three months ended September 30, 2013 were related to “Eco Solutions” and “AVC Networks” segment, respectively.

(6) Per Share Information

Panasonic Corporation Shareholders' Equity per Share

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

	Yen	
	September 30, 2014	March 31, 2014
Panasonic Corporation shareholders' equity per share	687.97	669.74

Net Income Attributable to Panasonic Corporation Common Shareholders per Share

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

	Yen (millions)	
	Six months ended September 30	
	2014	2013
Net income attributable to Panasonic Corporation common shareholders	80,933	169,334

	Number of shares	
	Six months ended September 30	
	2014	2013
Average common shares outstanding	2,311,540,895	2,311,643,803
Dilutive effect:		
Stock options	69,546	-
Diluted common shares outstanding	2,311,610,441	2,311,643,803

	Yen	
	Six months ended September 30	
	2014	2013
Net income attributable to Panasonic Corporation common shareholders per share:		
Basic	35.01	73.25
Diluted	35.01	-

Diluted net income attributable to Panasonic Corporation common shareholders per share for the six months ended September 30, 2013 has been omitted because the Company did not have potentially dilutive common shares that were outstanding for the period.

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

	Yen (millions)	
	Three months ended September 30	
	2014	2013
Net income attributable to Panasonic Corporation common shareholders	43,004	61,503

	Number of shares	
	Three months ended September 30	
	2014	2013
Average common shares outstanding	2,311,531,865	2,311,636,414
Dilutive effect:		
Stock options	139,092	-
Diluted common shares outstanding	2,311,670,957	2,311,636,414

	Yen	
	Three months ended September 30	
	2014	2013
Net income attributable to Panasonic Corporation common shareholders per share:		
Basic	18.60	26.61
Diluted	18.60	-

Diluted net income attributable to Panasonic Corporation common shareholders per share for the three months ended September 30, 2013 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 six months ended September 30, 2014 and 2013 are as follows:

	Yen (millions)		
	Six months ended September 30, 2014		
	Panasonic Corporation shareholders' equity	Noncontrolling interests	Total equity
Balance at April 1, 2014	1,548,152	38,286	1,586,438
Cash dividends	(18,492)	(16,094)	(34,586)
Repurchase of common stock	(47)	-	(47)
Sale of treasury stock	4	-	4
Increase (decrease) mainly in capital transactions	(123,041)	121,456	(1,585)
Comprehensive income :			
Net income	80,933	9,196	90,129
Other comprehensive income, net of tax	102,742	4,890	107,632
Total comprehensive income	183,675	14,086	197,761
Balance at September 30, 2014	1,590,251	157,734	1,747,985

	Yen (millions)		
	Six months ended September 30, 2013		
	Panasonic Corporation shareholders' equity	Noncontrolling interests	Total equity
Balance at April 1, 2013	1,264,032	40,241	1,304,273
Cash dividends	−	(8,165)	(8,165)
Repurchase of common stock	(26)	-	(26)
Sale of treasury stock	3	-	3
Increase (decrease) mainly in capital transactions	(850)	236	(614)
Comprehensive income :			
Net income	169,334	3,841	173,175
Other comprehensive income, net of tax	34,457	4,027	38,484
Total comprehensive income	203,791	7,868	211,659
Balance at September 30, 2013	1,466,950	40,180	1,507,130

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

	Yen (millions)	
	Six months ended September 30	
	2014	2013
Net income attributable to Panasonic Corporation	80,933	169,334
Transfers to the noncontrolling interests:		
Decrease in capital surplus for purchase of additional shares in consolidated subsidiaries	(123,261)	(850)
Total	(123,261)	(850)
Change from net income attributable to Panasonic Corporation and transfers to the noncontrolling interests	(42,328)	168,484

The company purchased additional shares of Panasonic Plasma Display Co., Ltd etc. for the six months ended September 30, 2014.

Amount of transfers to the noncontrolling interests for the three months ended September 30, 2014 and 2013 are a deduction of 123,261 million yen and a deduction of 1 million yen.

(8) Other Comprehensive Income (Loss)

Components of other comprehensive income (loss) for the six months ended September 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) ー Balance at April 1, 2014	(167,219)	6,027	(237)	(290,270)	(451,699)
Arising during the period:					
Pre-tax amount	80,124	11,777	784	5,868	98,553
Tax expense	-	(3,973)	42	1,050	(2,881)
Net-of-tax amount	80,124	7,804	826	6,918	95,672
Reclassification adjustment for (gains) losses included in net income:					
Pre-tax amount	5,279	(346)	787	5,996	11,716
Tax expense	-	123	(163)	284	244
Net-of-tax amount	5,279	(223)	624	6,280	11,960
Other comprehensive income (loss), net of tax:	85,403	7,581	1,450	13,198	107,632
Other comprehensive income (loss) attributable to noncontrolling interests, net-of-tax amount	5,177	26	(144)	(169)	4,890
Accumulated other comprehensive income (loss) ー Balance at September 30, 2014	(86,993)	13,582	1,357	(276,903)	(348,957)

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

Translation adjustments ー Other income (deductions)
Unrealized holding gains (losses) of available-for-sale securities ー Other income (deductions)
Unrealized holding gains (losses) of derivative instruments
Foreign exchange contract (614)million yen ー Other income (deductions)
Commodity derivatives (173)million yen ー Cost of sales
Pension liability adjustments ー Net periodic pension cost

Components of other comprehensive income (loss) for the three months ended September 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
Arising during the period:					
Pre-tax amount	104,653	6,228	(264)	215	110,832
Tax expense	-	(2,171)	26	44	(2,101)
Net-of-tax amount	104,653	4,057	(238)	259	108,731
Reclassification adjustment for (gains) losses included in net income:					
Pre-tax amount	920	(42)	707	2,998	4,583
Tax expense	-	16	(163)	142	(5)
Net-of-tax amount	920	(26)	544	3,140	4,578
Other comprehensive income (loss), net of tax:	105,573	4,031	306	3,399	113,309
Other comprehensive income (loss) attributable to noncontrolling interests, net-of-tax amount	6,816	10	(156)	(9)	6,661
Net change in accumulated other comprehensive income (loss)	98,757	4,021	462	3,408	106,648

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

Translation adjustments ー Other income (deductions)

Unrealized holding gains (losses) of available-for-sale securities ー Other income (deductions)

Unrealized holding gains (losses) of derivative instruments

Foreign exchange contract (688)million yen ー Other income (deductions)

Commodity derivatives (19)million yen ー Cost of sales

Pension liability adjustments ー Net periodic pension cost

Components of other comprehensive income (loss) for the six months ended September 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	57,413	39,970	(8,442)	37,991	126,932
Tax expense	-	(14,453)	606	(2,021)	(15,868)
Net-of-tax amount	57,413	25,517	(7,836)	35,970	111,064
Reclassification adjustment for (gains) losses included in net income:					
Pre-tax amount	(2,408)	(20,894)	10,502	(69,851)	(82,651)
Tax expense	-	7,898	(634)	2,807	10,071
Net-of-tax amount	(2,408)	(12,996)	9,868	(67,044)	(72,580)
Other comprehensive income (loss), net of tax:	55,005	12,521	2,032	(31,074)	38,484
Other comprehensive income (loss) attributable to noncontrolling interests, net-of-tax amount	2,839	(15)	-	1,203	4,027
Accumulated other comprehensive income (loss) ― Balance at September 30, 2013	(244,849)	12,318	(2,541)	(358,700)	(593,772)

Pre-tax amount of reclassification adjustment for (gains) losses included in net income (loss) 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 (9,264)million yen ― Other income (deductions)
Commodity derivatives (1,238)million yen ― Cost of sales
Pension liability adjustments ― Net periodic pension cost

Components of other comprehensive income (loss) for the three months ended September 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
Arising during the period:					
Pre-tax amount	(6,668)	17,148	(7,822)	(62)	2,596
Tax expense	-	(6,644)	577	27	(6,040)
Net-of-tax amount	(6,668)	10,504	(7,245)	(35)	(3,444)
Reclassification adjustment for (gains) losses included in net income:					
Pre-tax amount	251	(20,540)	7,885	3,652	(8,752)
Tax expense	-	7,764	(502)	81	7,343
Net-of-tax amount	251	(12,776)	7,383	3,733	(1,409)
Other comprehensive income (loss), net of tax:	(6,417)	(2,272)	138	3,698	(4,853)
Other comprehensive income (loss) attributable to noncontrolling interests, net-of-tax amount	(626)	18	-	10	(598)
Net change in accumulated other comprehensive income (loss)	(5,791)	(2,290)	138	3,688	(4,255)

Pre-tax amount of reclassification adjustment for (gains) losses included in net income (loss) 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 (6,909)million yen — Other income (deductions)
Commodity derivatives (976)million yen — Cost of sales
Pension liability adjustments — Net periodic pension cost

(9) Supplementary Information

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

	Yen (millions)	
	Six months ended September 30	
	2014	2013
Expenses associated with the implementation of the early retirement programs in the domestic and overseas subsidiaries	5,094	1,813
Write-down of investment securities	36	45
Foreign exchange losses	-	5,120

	Yen (millions)	
	Three months ended September 30	
	2014	2013
Expenses associated with the implementation of the early retirement programs in the domestic and overseas subsidiaries	1,310	1,615
Write-down of investment securities	34	42
Foreign exchange losses	-	2,372

Foreign exchange gains included in other income for the six and three months ended September 30, 2014 are 3,388 million yen and 3,573 million yen, respectively.

Net periodic benefit costs of the defined benefit pension plan for the six months ended September 30, 2014 and 2013 are a loss of 14,082 million yen and a gain of 55,167 million yen, respectively. Net periodic benefit costs of the defined benefit pension plan for the three months ended September 30, 2014 and 2013 are a loss of 8,637 million yen and a loss of 5,748 million yen, 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 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" in the consolidated statement of income for the six months ended September 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 employee's 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 caused an increase in income before income taxes by 20,133 million yen on the consolidated statement of income for the six months ended September 30, 2013.

The expense to prevent further accident included in other deductions for the six and three months ended September 30, 2014 are 17,177 million yen and 7,964 million yen, respectively.

(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 September 30 and March 31, 2014:

	Yen (millions)			
	September 30, 2014			
	Level 1	Level 2	Level 3	Total
Assets:				
Available-for-sale securities:				
Equity securities	76,029	-	-	76,029
Corporate and government bonds	-	1,672	-	1,672
Other debt securities	-	16	-	16
Total available-for-sale securities	76,029	1,688	-	77,717
Derivatives:				
Foreign exchange contracts	-	9,116	-	9,116
Cross currency swaps	-	872	-	872
Commodity futures	610	482	-	1,092
Total derivatives	610	10,470	-	11,080
Liabilities:				
Derivatives:				
Foreign exchange contracts	-	5,552	-	5,552
Cross currency swaps	-	85	-	85
Commodity futures	3,746	3,338	-	7,084
Total derivatives	3,746	8,975	-	12,721

	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 six months ended September 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 September 30, 2014 are 565,597 million yen and 580,940 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 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.

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 September 30, 2014, the maximum amount of undiscounted payments the Company would have to make in the event of default was 26,750 million yen. The carrying amount of the liabilities recognized for the Company's obligations as a guarantor under those guarantees at September 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 September 30, 2014, the maximum amount of undiscounted payments the Company would have to make in the event that these conditions were met was 4,345 million yen. The carrying amount of the liabilities recognized for the Company's obligations as guarantors under those guarantees at September 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 the above, there are a number of other 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.

“Appliances” is comprised of development, manufacture and sales of consumer electronics (flat panel TVs, home audio equipment, video equipment, refrigerators, microwave ovens, rice cookers, washing machines, vacuum cleaners, personal-care products, etc.), air-conditioners (room air-conditioners, large-sized air-conditioners, etc.), cold chain (showcases, etc.), devices (compressors, electric motors, fuel cells, etc.) and bicycle related products.

“Eco Solutions” is comprised of development, manufacture and sales of lighting fixtures, electric lamps (including LED lighting), wiring devices, solar photovoltaic systems, interior furnishing materials, water-related products, ventilation and air-conditioning equipment, air purifiers, etc.

“AVC Networks” is comprised of visual and imaging business (surveillance cameras, projectors, digital cameras, etc.), mobility business (PCs, etc.), communication business (IP-related equipment, etc.) and vertical solution business (aircraft in-flight entertainment systems, social infrastructure systems equipment, etc.).

“Automotive & Industrial Systems” is comprised of development, manufacture and sales of automotive related products (car-use-multimedia-related equipment, electrical components, etc.), industrial related devices (electronic components, electronic materials, automation controls, semiconductors, optical devices, dry batteries, lithium-ion batteries, storage batteries, etc.) and manufacturing related systems (electronic-component-mounting machines, welding equipment, etc.).

“Other” consists of PanaHome Corporation and others.

By Segment:

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

	Yen (millions)	
	Six months ended September 30	
	2014	2013
Sales:		
Appliances:		
Customers	767,796	765,949
Intersegment	148,574	140,351
Total	916,370	906,300
Eco Solutions:		
Customers	668,669	647,574
Intersegment	121,739	123,653
Total	790,408	771,227
AVC Networks:		
Customers	505,654	485,102
Intersegment	25,992	64,195
Total	531,646	549,297
Automotive & Industrial Systems:		
Customers	1,296,106	1,271,477
Intersegment	82,073	76,459
Total	1,378,179	1,347,936
Other:		
Customers	273,609	309,299
Intersegment	24,293	54,939
Total	297,902	364,238
Eliminations and Adjustments:		
Customers	211,049	226,919
Intersegment	(402,671)	(459,597)
Total	(191,622)	(232,678)
Consolidated total	3,722,883	3,706,320

	Yen (millions)	
	Six months ended September 30	
	2014	2013
Segment profit (loss):		
Appliances	32,384	13,450
Eco Solutions	41,843	39,577
AVC Networks	3,942	(2,351)
Automotive & Industrial Systems	52,237	48,049
Other	1,943	6,605
Eliminations and Adjustments	44,630	41,259
Total segment profit	176,979	146,589
Interest income	6,230	4,831
Dividends received	1,236	1,510
Other income	17,625	108,075
Interest expense	(9,421)	(11,884)
Other deductions	(70,747)	(41,716)
Consolidated income before income taxes	121,902	207,405

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 six months ended September 30, 2014 and 2013 mainly include price differences of 273,804 million yen and 283,720 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 a deduction of 49,555 million yen and a deduction of 50,518 million yen, respectively, solely for the purpose of assessing segment performance.

Adjustments of profit for the six months ended September 30, 2014 and 2013 mainly include 37,615 million yen and 32,673 million yen of profit and loss of corporate headquarters and sales departments of consumer products which are not allocated to any reportable segments, respectively. The adjustments also include 7,015 million yen and 8,586 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 six months ended September 30, 2014 and 2013.

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

	Yen (millions)	
	Three months ended September 30	
	2014	2013
Sales:		
Appliances:		
Customers	373,138	370,879
Intersegment	71,563	70,243
Total	444,701	441,122
Eco Solutions:		
Customers	344,314	341,692
Intersegment	61,654	59,861
Total	405,968	401,553
AVC Networks:		
Customers	260,033	253,139
Intersegment	13,922	37,714
Total	273,955	290,853
Automotive & Industrial Systems:		
Customers	657,894	645,439
Intersegment	42,132	42,625
Total	700,026	688,064
Other:		
Customers	143,658	165,573
Intersegment	11,068	26,270
Total	154,726	191,843
Eliminations and Adjustments:		
Customers	91,566	105,083
Intersegment	(200,339)	(236,713)
Total	(108,773)	(131,630)
Consolidated total	1,870,603	1,881,805

	Yen (millions)	
	Three months ended September 30	
	2014	2013
Segment profit (loss):		
Appliances	9,759	2,221
Eco Solutions	25,633	24,343
AVC Networks	7,002	6,592
Automotive & Industrial Systems	33,901	25,892
Other	3,980	8,239
Eliminations and Adjustments	14,418	15,101
Total segment profit	94,693	82,388
Interest income	3,071	2,608
Dividends received	228	207
Other income	11,376	26,517
Interest expense	(4,616)	(5,784)
Other deductions	(37,961)	(21,143)
Consolidated income before income taxes	66,791	84,793

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 September 30, 2014 and 2013 mainly include price differences of 125,242 million yen and 135,097 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 a deduction of 24,489 million yen and a deduction of 25,948 million yen, respectively, solely for the purpose of assessing segment performance.

Adjustments of profit for the three months ended September 30, 2014 and 2013 mainly include 10,527 million yen and 8,720 million yen of profit and loss of corporate headquarters and sales departments of consumer products which are not allocated to any reportable segments, respectively. The adjustments also include 3,891 million yen and 6,381 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 September 30, 2014 and 2013.

By Geographical Area:

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

	Yen (millions)	
	Six months ended September 30	
	2014	2013
Sales:		
Japan	1,749,938	1,787,332
North and South America	561,246	553,909
Europe	343,864	354,255
Asia and Others	1,067,835	1,010,824
Consolidated total	3,722,883	3,706,320
United States included in North and South America	483,560	471,831
China included in Asia and Others	536,920	510,646

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

	Yen (millions)	
	Three months ended September 30	
	2014	2013
Sales:		
Japan	892,521	922,463
North and South America	278,984	281,584
Europe	164,139	177,048
Asia and Others	534,959	500,710
Consolidated total	1,870,603	1,881,805
United States included in North and South America	241,386	239,134
China included in Asia and Others	273,553	258,455

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 a year-end 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.

On October 31, 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 September 30, 2014. The dividends, which will become effective on December 4, 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.