［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, 2015

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 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934), as amended about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this 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 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 or incurring unexpected losses in connection with the alliances or mergers and acquisitions; the possibility of not being able to achieve its business objectives through joint ventures and other collaborative agreements with other companies, including due to the pressure of price reduction exceeding that which can be achieved by its effort and decrease in demand for products from business partners which Panasonic highly depends on in BtoB business areas; the possibility of the Panasonic Group not being able to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Panasonic Group; the possibility that the Panasonic Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; fluctuations in market prices of securities and other 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; the possibility of incurring expenses resulting from a leakage of customers’ or confidential information from Panasonic’s systems due to unauthorized access or a detection of vulnerability of network-connected products of the Panasonic Group; as well as natural disasters including earthquakes, prevalence of infectious diseases throughout the world, disruption of supply chain and other events that may negatively impact business activities of the Panasonic Group. The factors listed above are not all-inclusive and further information is contained in the most recent English translated version of Panasonic’s securities reports under the FIEA and any other documents which are disclosed on its website.

Ⅰ Corporate Information

(1) Consolidated Financial Summary

	Yen (millions), except per share amounts		
	Six months ended September 30, 2015	Six months ended September 30, 2014	Year ended March 31, 2015
Net sales	3,760,428	3,722,883	7,715,037
Income before income taxes	164,140	121,902	182,456
Net income attributable to Panasonic Corporation	111,333	80,933	179,485
Comprehensive income attributable to Panasonic Corporation	97,477	183,675	437,933
Total Panasonic Corporation shareholders' equity	1,908,073	1,590,251	1,823,293
Total equity	2,061,170	1,747,985	1,992,552
Total assets	5,872,060	5,344,525	5,956,947
Net income per share attributable to Panasonic Corporation common shareholders, basic (yen)	48.11	35.01	77.65
Net income per share attributable to Panasonic Corporation common shareholders, diluted (yen)	48.11	35.01	77.64
Panasonic Corporation shareholders' equity / total assets (%)	32.5	29.8	30.6
Net cash provided by operating activities	126,801	167,300	491,463
Net cash used in investing activities	(149,922)	(80,025)	(138,008)
Net cash provided by (used in) financing activities	(72,532)	(78,172)	257,615
Cash and cash equivalents at end of period	1,156,050	634,555	1,280,408

	Three months ended September 30, 2015	Three months ended September 30, 2014
Net sales	1,902,585	1,870,603
Net income attributable to Panasonic Corporation	51,814	43,004
Net income per share attributable to Panasonic Corporation common shareholders, Basic (yen)	22.37	18.60

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

(2) Principal Businesses

The Panasonic Group is comprised primarily of the parent Panasonic Corporation and 485 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, 2015, there were changes in principal businesses and major affiliated companies as follows.

Consolidated subsidiary:
As of April 1, 2015, SANYO North America Corporation (Automotive & Industrial Systems and Other) was merged to Panasonic Corporation of North America.

As of August 7, 2015, the Company acquired 100% of shares in ITC Global Inc. in the U.S. and ITC Global Netherlands Cooperatief U.A. in the Netherland. Accordingly, both of companies and subsidiaries of both companies (collectively, "ITC Global") became consolidated subsidiaries of the Company (AVC Networks). ITC Global is a provider of satellite communication service company for the ocean energy industry.

Associated company under the equity method:
As of June 30, 2015, Panasonic acquired 49% of shares in Ficosa International S.A. (Ficosa) which is a mirror manufacture for automotive-use in Spain classifying it as an associated company under the equity method.

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, 2015 under review, the economic slowdown was seen in emerging countries including China. In the U.S., both employment environment and personal spending continued to improve. In Japan, economic recovery was slow due to weak personal spending and exports, although employment environment improved.

Under such business circumstances, Panasonic positions its fiscal 2016 as a year to make a major change towards generating profit from sales growth. In its recent business conditions, Panasonic has determined its business fields for sustainable growth and has been promoting various initiatives.

The Company has implemented the following business initiatives during six months ended September 30, 2015.
The initiatives during the fiscal 2016 first quarter, for housing business, the Company decided on capital investment to boost capacity of solar cells at its production sites in Japan to meet growing demand in the global solar market. For automotive business, Ficosa in Spain and the Company announced the agreement on their capital and business alliance in September 2014 to launch electronic mirror systems business in a timely manner. After completing approval procedures from related authorities, Panasonic has a 49% stake in Ficosa in June 2015. Accordingly the Company forged a business alliance with Ficosa and is involved in its management.
The initiatives during the second quarter, for “Age-free” (elderly care) business, the Company opened an elderly housing with supportive service site in September 2015, for the first time in the neighborhood of Tokyo. Adopting Panasonic Group’s housing equipment and electronic products, this is established with Panasonic’s skills and experiences in nursing care facilities and services. For consumer electronics business, Panasonic exhibited Lifestyle Showcase at the Internationale Funkausstellung Berlin (IFA) 2015, one of the biggest trade shows for consumer electronics in the world. The Company presented its idea of “lifestyles we all desire,” with a wide range of products from audio-visual equipment to home appliances and personal-care products.

Consolidated group sales for six months ended September 30, 2015 under review increased by 1% to 3,760.4 billion yen from the same period of fiscal 2015 (a year ago). Domestic sales decreased year on year due mainly to sales decrease of solar photovoltaic systems, although sales in consumer electronics were stable. Overseas sales increased year on year due mainly to a positive effect from yen depreciation and sales increase in BtoB solutions business, although sales in TVs decreased due mainly to downsizing marketing activities to focus on profit generation.

Operating profit* increased by 13% to 200.5 billion yen from a year ago, due to withdrawing or downsizing unprofitable businesses and improvements in the business through restructuring. The Company has strategically focused on high value-added products, which contributed to the operating profit growth as well.
Income before income taxes increased by 35% to 164.1 billion yen compared with the same period last year. This was due mainly to the reduction of expenses for preventing further accidents with the residential water heating systems in other income (deductions) incurred a year ago.
Net income attributable to Panasonic Corporation increased by 38% to 111.3 billion yen from a year ago, due to the benefit from the revaluation of deferred tax assets as a result of the board resolution to introduce the consolidated tax in the first quarter of fiscal 2016.

* 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, 2015. Accordingly, the figures for segment information in fiscal 2015 have been reclassified to conform to the presentation for fiscal 2016.

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

Appliances

Sales decreased by 2% to 1,171.9 billion yen from a year ago. This was due mainly to sales decrease in TV business as a result of downsizing marketing activities, and worse market condition in China. However, sales in home appliances and personal-care products were favorable mainly in Japan.

Segment profit increased by 9% to 43.5 billion yen from a year ago due mainly to the impact by the sales increase offsetting the negative impact of exchange rate movement.

Eco Solutions

Sales decreased by 2% to 772.3 billion yen compared with the previous year. Sales decreased significantly in solar photovoltaic systems business due to worsened market condition in Japan. However, businesses such as wiring devices and circuit breakers were favorable.

Segment profit decreased significantly by 27% to 30.4 billion yen from a year ago, since rationalization initiatives were unable to offset the impact from sales decrease in solar photovoltaic systems and exchange rate movement.

AVC Networks

Sales increased by 7% to 570.8 billion yen from a year ago. Sales in Vertical Solution Business remained strong, leading segment-wide sales growth. Sales also increased in Visual and Imaging Business, including favorable sales in security system in Japan.

Segment profit increased significantly by 710% to 31.9 billion yen from a year ago, due to sales increase mainly in Vertical Solution Business.

Automotive& Industrial Systems

Sales were 1,386.6 billion yen compared with 1,386.2 billion yen, in line with the same period a year ago. Sales increases in LCD panels due to favorable non-TV application and automotive electronics businesses were unable to offset the impact from termination of some Industrial businesses and sales decrease in Factory Solution Business compared to the previous year when demand was temporarily strong.

Segment profit grew by 5% to 61.1 billion yen from a year ago due mainly to streamlining of material-related process, fixed-cost reductions and the positive impact of exchange rate movement, although R&D costs mainly in automotive business increased.

Other

Sales decreased by 6% to 280.2 billion yen from a year ago due mainly to the business transfers, despite sales increase in PanaHome.

Segment profit decreased by 49% to 1.0 billion yen from a year ago.

(3) Assets, Liabilities and Equity

The Company's consolidated total assets as of September 30, 2015 decreased by 84.9 billion yen to 5,872.1 billion yen from March 31, 2015. This was due mainly to decreases in cash and cash equivalent and account receivables, and some currency depreciation in emerging countries, despite the seasonal increase in its inventory.

The Company's consolidated total liabilities as of September 30, 2015 decreased by 153.5 billion yen to 3,810.9 billion yen from March 31, 2015. This was due mainly to redemption of unsecured straight bonds and decrease in retirement and severance benefits.

Panasonic Corporation shareholders' equity increased by 84.8 billion yen, compared with March 31, 2015, to 1,908.1 billion yen. Adding Noncontrolling interests to Panasonic Corporation shareholders' equity, total equity was 2,061.2 billion yen.

(4) Cash Flows

Cash flows from operating activities

Net cash provided by operating activities for the six months ended September 30, 2015 amounted to 126.8 billion yen, a decrease of 40.5 billion yen from a year ago. This was due mainly to an increase of working capital (trade receivables, inventories and trade payables).

Cash flows from investing activities

Net cash used in investing activities amounted to 149.9 billion yen, an increase of 69.9 billion yen from a year ago. This was due mainly to purchase of subsidiaries' and associated companies' shares, and an increase in capital expenditures.

Accordingly, free cash flow (net cash provided by operating activities plus net cash provided by investing activities) decreased by 110.4 billion yen from a year ago to an outflow of 23.1 billion yen.

Cash flows from financing activities

Net cash used in financing activities amounted to 72.5 billion yen, a decrease of 5.6 billion yen from a year ago.

Taking into consideration exchange rate movement, cash and cash equivalents totaled 1,156.1 billion yen as of September 30, 2015, a decrease of 124.4 billion yen compared with the end of the fiscal 2015.

(5) Research and Development

Panasonic's R&D expenditures for the six months ended September 30, 2015 totaled 227.8 billion yen, up 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, 2015 totaled 104.3 billion yen, an increase of 11% from a year ago.

(7) Depreciation

Panasonic's depreciation (tangible assets) for the six months ended September 30, 2015 totaled 117.0 billion yen, an increase of 2% from a year ago.

(8) Number of Employees

Number of employees at the end of the second quarter of fiscal 2016 was 254,606, an increase of 522, compared with the end of the fiscal 2015.

(9) Risk Factors

There were no risks newly identified during the six months ended September 30, 2015.
During the six months ended September 30, 2015, 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, 2015: 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, 2015: 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, 2015

Assets	Yen (millions) September 30, 2015	Yen (millions) March 31, 2015
Current assets:		
Cash and cash equivalents	1,156,050	1,280,408
Time deposits	3,000	18,470
Trade receivables:		
Notes	81,692	79,055
Accounts	895,863	937,986
Allowance for doubtful receivables	(25,086)	(24,947)
Net trade receivables	952,469	992,094
Inventories (Note 2)	835,143	762,670
Other current assets	397,619	359,098
Total current assets	3,344,281	3,412,740
Investments and advances (Note 3)	346,736	313,669
Property, plant and equipment (Note 5):		
Land	266,588	268,658
Buildings	1,417,442	1,422,561
Machinery and equipment	2,767,470	2,776,617
Construction in progress	48,735	54,358
	4,500,235	4,522,194
Less accumulated depreciation	3,165,307	3,147,363
Net property, plant and equipment	1,334,928	1,374,831
Other assets:		
Goodwill (Note14)	474,688	457,103
Intangible assets (Notes 5 and 14)	174,397	172,898
Other assets	197,030	225,706
Total other assets	846,115	855,707
	5,872,060	5,956,947

See accompanying Notes to Consolidated Financial Statements.

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Balance Sheets

September 30 and March 31, 2015

Liabilities and Equity	Yen (millions) September 30, 2015	March 31, 2015
Current liabilities:		
Short-term debt, including current portion of long-term debt	233,370	260,531
Trade payables:		
Notes	250,075	236,970
Accounts	715,544	746,335
Total trade payables	965,619	983,305
Accrued income taxes	55,925	39,733
Accrued payroll	199,026	206,686
Other accrued expenses	849,052	887,585
Deposits and advances from customers	94,359	79,277
Employees' deposits	92	584
Other current liabilities	263,182	275,099
Total current liabilities	2,660,625	2,732,800
Noncurrent liabilities:		
Long-term debt	709,373	712,385
Retirement and severance benefits	259,363	332,661
Other liabilities	181,529	186,549
Total noncurrent liabilities	1,150,265	1,231,595
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	980,508	984,111
Retained earnings (Note 13)	1,106,665	1,021,241
Accumulated other comprehensive income (loss) (Note 8):		
Cumulative translation adjustments	(45,307)	11,858
Unrealized holding gains of available-for-sale securities (Note 3)	22,950	14,285
Unrealized gains (losses) of derivative instruments	2,367	3,135
Pension liability adjustments	(187,117)	(222,529)
	(207,107)	(193,251)
Treasury stock, at cost: 132,162,221 shares (141,789,018 shares as of March 31, 2015)	(230,733)	(247,548)
Total Panasonic Corporation shareholders' equity	1,908,073	1,823,293
Noncontrolling interests	153,097	169,259
Total equity	2,061,170	1,992,552
Commitments and contingent liabilities (Notes 4 and 11)		
	5,872,060	5,956,947

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, 2015 and 2014

Consolidated Statements of Income

	Yen (millions)	
	Six months ended September 30	
	2015	2014
Revenues, costs and expenses:		
Net sales	3,760,428	3,722,883
Cost of sales (Note 8)	(2,682,023)	(2,683,320)
Selling, general and administrative expenses	(877,955)	(862,584)
Interest income	10,951	6,230
Dividends received	1,390	1,236
Other income (Notes 8 and 9)	9,613	17,625
Interest expense	(9,063)	(9,421)
Impairment losses of long-lived assets (Note 5)	(3,358)	(3,605)
Other deductions (Notes 8 and 9)	(45,843)	(67,142)
Income before income taxes	164,140	121,902
Provision for income taxes (Note 9)	48,424	36,911
Equity in earnings of associated companies	8,134	5,138
Net income	123,850	90,129
Less net income attributable to noncontrolling interests	12,517	9,196
Net income attributable to Panasonic Corporation (Note 7)	111,333	80,933

	Yen	
Net income per share attributable to Panasonic Corporation common shareholders :		
Basic	48.11	35.01
Diluted	48.11	35.01

Consolidated Statements of Comprehensive Income

	Yen (millions)	
	Six months ended September 30	
	2015	2014
Net income	123,850	90,129
Other comprehensive income (loss), net of tax (Note 8)		
Translation adjustments	(63,980)	85,403
Unrealized holding gains of available-for-sale securities	8,538	7,581
Unrealized holding gains of derivative instruments	(784)	1,450
Pension liability adjustments	34,181	13,198
	(22,045)	107,632
Comprehensive income (Note 7)	101,805	197,761
Comprehensive income attributable to noncontrolling interests	4,328	14,086
Comprehensive income attributable to Panasonic Corporation	97,477	183,675

See accompanying Notes to Consolidated Financial Statements.

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (Loss)

Three months ended September 30, 2015 and 2014

Consolidated Statements of Income

	Yen (millions)	
	Three months ended September 30	
	2015	2014
Revenues, costs and expenses:		
Net sales	1,902,585	1,870,603
Cost of sales (Note 8)	(1,347,958)	(1,351,444)
Selling, general and administrative expenses	(430,735)	(424,466)
Interest income	5,021	3,071
Dividends received	332	228
Other income (Notes 8 and 9)	2,488	11,376
Interest expense	(4,407)	(4,616)
Impairment losses of long-lived assets (Note 5)	(2,338)	(2,721)
Other deductions (Notes 8 and 9)	(33,523)	(35,240)
Income before income taxes	91,465	66,791
Provision for income taxes	37,118	21,914
Equity in earnings of associated companies	3,775	3,166
Net income	58,122	48,043
Less net income attributable to noncontrolling interests	6,308	5,039
Net income attributable to Panasonic Corporation	51,814	43,004
	Yen	
Net income per share attributable to Panasonic Corporation common shareholders :		
Basic	22.37	18.60
Diluted	22.37	18.60

Consolidated Statements of Comprehensive Income (Loss)

	Yen (millions)	
	Three months ended September 30	
	2015	2014
Net income	58,122	48,043
Other comprehensive income (loss), net of tax (Note 8)		
Translation adjustments	(101,991)	105,573
Unrealized holding gains of available-for-sale securities	(6,719)	4,031
Unrealized holding gains of derivative instruments	2,232	306
Pension liability adjustments	3,465	3,399
	(103,013)	113,309
Comprehensive income (loss)	(44,891)	161,352
Comprehensive income (loss) attributable to noncontrolling interests	(1,867)	11,700
Comprehensive income (loss) attributable to Panasonic Corporation	(43,024)	149,652

See accompanying Notes to Consolidated Financial Statements.

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Six months ended September 30, 2015 and 2014

	Yen (millions)	
	Six months ended September 30	
	2015	2014
Cash flows from operating activities:		
Net income	123,850	90,129
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	136,658	137,156
Net gain on sale of investments	(1,129)	(1,441)
Provision for doubtful receivables	3,225	1,496
Deferred income taxes (Note 9)	(26,189)	(5,441)
Write-down of investment securities (Note 9)	5	36
Impairment losses on long-lived assets (Note 5)	3,358	3,605
Cash effects of change in:		
Trade receivables	26,126	22,581
Inventories	(86,615)	(69,461)
Other current assets	(6,603)	(11,639)
Trade payables	8,449	35,905
Accrued income taxes	17,645	2,063
Accrued expenses and other current liabilities	(48,640)	(30,701)
Retirement and severance benefits	(23,104)	(19,470)
Deposits and advances from customers	15,211	8,868
Other, net	(15,446)	3,614
Net cash provided by operating activities	126,801	167,300
Cash flows from investing activities:		
Proceeds from disposition of investments and advances	4,137	12,649
Increase in investments and advances	(23,181)	(4,316)
Capital expenditures	(119,764)	(102,219)
Proceeds from disposals of property, plant and equipment	12,383	14,780
Increase (decrease) in time deposits, net	15,470	(1,653)
Proceeds from sales of consolidated subsidiaries	1,997	18,928
Purchase of shares of a newly consolidated subsidiary (Note 14)	(31,666)	-
Other, net	(9,298)	(18,194)
Net cash used in investing activities	(149,922)	(80,025)

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Six months ended September 30, 2015 and 2014

	Yen (millions)	
	Six months ended September 30	
	2015	2014
Cash flows from financing activities:		
Decrease in short-term debt with maturities of three months or less, net	9,525	(9,607)
Proceeds from short-term debt with maturities longer than three months	4,840	13,450
Repayments of short-term debt with maturities longer than three months	(1,060)	(8,674)
Repayments of long-term debt	(45,817)	(37,232)
Dividends paid to Panasonic Corporation shareholders (Notes 7 and 13)	(23,113)	(18,492)
Dividends paid to noncontrolling interests (Note 7)	(12,234)	(16,094)
Repurchase of common stock (Note 7)	(76)	(47)
Sale of treasury stock (Note 7)	4	4
Purchase of noncontrolling interests (Note 7)	(220)	(1,114)
Other, net	(4,381)	(366)
Net cash used in financing activities	(72,532)	(78,172)
Effect of exchange rate changes on cash and cash equivalents	(28,705)	32,985
Net increase (decrease) in cash and cash equivalents	(124,358)	42,088
Cash and cash equivalents at beginning of period	1,280,408	592,467
Cash and cash equivalents at end of period	1,156,050	634,555

See accompanying Notes to Consolidated Financial Statements.

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 485 consolidated subsidiaries and 93 associated companies under equity method as of September 30, 2015.

The Company accounts for the defined 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 defined benefit pension plans (that is the balance of plan assets less benefit obligations) is 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 for the plan described as follows.

The Company and certain domestic subsidiaries made a transition from the defined benefit pension plan to a defined contribution pension plan, effective after the date of transition with respect to employees’ future service. Actuarial net gains and losses related to the defined benefit pension plan that are maintained for employees' past service in excess of the corridor are amortized over the average remaining life expectancy of plan participants.

(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, 2015 were as follows: Appliances—28%, Eco Solutions—18%, AVC Networks—14%, Automotive & Industrial Systems—33% and Other—7%. A sales breakdown by geographical market was as follows: Japan—45%, North and South America—17%, Europe—9%, and Asia and Others—29%.

Sales by segment for the three months ended September 30, 2015 were as follows: Appliances—27%, Eco Solutions—19%, AVC Networks—14%, Automotive & Industrial Systems—33% and Other—7%. A sales breakdown by geographical market was as follows: Japan—46%, North and South America—17%, Europe—9%, and Asia and Others—28%.

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 10, 2015, the issue date of the Company's consolidated financial statements.

(e) **Reclassifications**

Certain reclassifications have been made to the prior years’ consolidated financial statements in order to conform with the presentation used for fiscal 2016.

(2) Inventories

Inventories at September 30 and March 31, 2015 are summarized as follows:

	Yen (millions)	
	September 30, 2015	March 31, 2015
Finished goods	519,524	473,640
Work in process	133,293	121,183
Raw materials	182,326	167,847
	835,143	762,670

(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 September 30 and March 31, 2015 are as follows:

	Yen (millions)		
	September 30, 2015		
	Cost	Fair value	Net unrealized holding gains
Investments and advances:			
Equity securities	22,169	87,690	65,521
Corporate and government bonds	2,342	2,364	22
Other debt securities	2	2	-
	24,513	90,056	65,543

	Yen (millions)		
	March 31, 2015		
	Cost	Fair value	Net unrealized holding gains
Investments and advances:			
Equity securities	21,753	74,556	52,803
Corporate and government bonds	2,355	2,371	16
Other debt securities	2	2	-
	24,110	76,929	52,819

The carrying amounts of the Company's cost method investments totaled 22,434 million yen and 21,877 million yen at September 30 and March 31, 2015, 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, 2015 are as follows:

	Yen (millions)
Due within 1 year	31,289
Due after 1 year within 2 years	16,042
Due after 2 years within 3 years	6,902
Due after 3 years within 4 years	5,439
Due after 4 years within 5 years	4,527
Thereafter	10,332
Total minimum lease payments	74,531

(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 3,358 million yen and 2,338 million yen of long-lived assets for the six months and three months ended September 30, 2015. 629 million yen and 2,210 million yen of impairment losses for the six months ended September 30, 2015 were related to “Eco Solutions,” and “Automotive & Industrial Systems,” segment, respectively. 1,885 million yen of impairment losses for the three months ended September 30, 2015 were related to “Automotive & Industrial Systems” segment.

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.

(6) Per Share Information

Panasonic Corporation Shareholders' Equity per Share

Panasonic Corporation shareholders' equity per share as of September 30 and March 31, 2015 are as follows:

	Yen	
	September 30, 2015	March 31, 2015
Panasonic Corporation shareholders' equity per share	822.13	788.87

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, 2015 and 2014 are as follows:

	Yen (millions)	
	Six months ended September 30	
	2015	2014
Net income attributable to Panasonic Corporation common shareholders	111,333	80,933

	Number of shares	
	Six months ended September 30	
	2015	2014
Average common shares outstanding	2,314,002,156	2,311,540,895
Dilutive effect:		
Stock options	266,260	69,546
Diluted common shares outstanding	2,314,268,416	2,311,610,441

	Yen	
	Six months ended September 30	
	2015	2014
Net income attributable to Panasonic Corporation common shareholders per share:		
Basic	48.11	35.01
Diluted	48.11	35.01

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, 2015 and 2014 are as follows:

	Yen (millions)	
	Three months ended September 30	
	2015	2014
Net income attributable to Panasonic Corporation common shareholders	51,814	43,004

	Number of shares	
	Three months ended September 30	
	2015	2014
Average common shares outstanding	2,316,062,546	2,311,531,865
Dilutive effect:		
Stock options	323,823	139,092
Diluted common shares outstanding	2,316,386,369	2,311,670,957

	Yen	
	Three months ended September 30	
	2015	2014
Net income attributable to Panasonic Corporation common shareholders per share:		
Basic	22.37	18.60
Diluted	22.37	18.60

(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, 2015 and 2014 are as follows:

	Yen (millions)		
	Six months ended September 30, 2015		
	Panasonic Corporation shareholders' equity	Noncontrolling interests	Total equity
Balance at April 1, 2015	1,823,293	169,259	1,992,552
Cash dividends	(23,113)	(12,234)	(35,347)
Repurchase of common stock	(76)	-	(76)
Sale of treasury stock	14,095	-	14,095
Increase (decrease) mainly in capital transactions	(3,603)	(8,256)	(11,859)
Comprehensive income :			
Net income	111,333	12,517	123,850
Other comprehensive income (loss), net of tax	(13,856)	(8,189)	(22,045)
Total comprehensive income	97,477	4,328	101,805
Balance at September 30, 2015	1,908,073	153,097	2,061,170

	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

Net income attributable to Panasonic Corporation and transfers to the noncontrolling interests for the six months ended September 30, 2015 and 2014 are as follows:

	Yen (millions)	
	Six months ended September 30	
	2015	2014
Net income attributable to Panasonic Corporation	111,333	80,933
Transfers to the noncontrolling interests:		
Decrease in capital surplus for purchase of additional shares in consolidated subsidiaries, etc.	(3,797)	(123,261)
Total	(3,797)	(123,261)
Change from net income attributable to Panasonic Corporation and transfers to the noncontrolling interests	107,536	(42,328)

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

On August 1, 2015, Panasonic Information Systems Co., Ltd. became wholly-owned subsidiaries through share exchanges. The difference between the fair value of the treasury stock (9,671,047 shares) of the Company delivered to the noncontrolling interests and the decrease in the carrying amount of the noncontrolling interests was recognized as an adjustment to capital surplus.

Amount of transfers to the noncontrolling interests for the three months ended September 30, 2015 and 2014 are a deduction of 3,648 million yen and a deduction of 123,261 million yen.

(8) Other Comprehensive Income (Loss)

Components of other comprehensive income (loss) for the six months ended September 30, 2015 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, 2015	11,858	14,285	3,135	(222,529)	(193,251)
Arising during the period:					
Pre-tax amount	(62,094)	12,679	(2,628)	44,700	(7,343)
Tax expense	-	(4,104)	925	(13,865)	(17,044)
Net-of-tax amount	(62,094)	8,575	(1,703)	30,835	(24,387)
Reclassification adjustment for (gains) losses included in net income:					
Pre-tax amount	(1,886)	(55)	1,662	4,999	4,720
Tax expense	-	18	(743)	(1,653)	(2,378)
Net-of-tax amount	(1,886)	(37)	919	3,346	2,342
Other comprehensive income (loss), net of tax:	(63,980)	8,538	(784)	34,181	(22,045)
Other comprehensive income (loss) attributable to noncontrolling interests, net-of-tax amount	(6,815)	(127)	(16)	(1,231)	(8,189)
Accumulated other comprehensive income (loss) ー Balance at September 30, 2015	(45,307)	22,950	2,367	(187,117)	(207,107)

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 (867)million yen ー Other income (deductions)
  Commodity derivatives (795)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, 2015 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	(100,478)	(9,882)	398	(2,435)	(112,397)
Tax expense	-	3,163	(73)	1,195	4,285
Net-of-tax amount	(100,478)	(6,719)	325	(1,240)	(108,112)
Reclassification adjustment for (gains) losses included in net income:					
Pre-tax amount	(1,513)	-	2,689	6,938	8,114
Tax expense	-	-	(782)	(2,233)	(3,015)
Net-of-tax amount	(1,513)	-	1,907	4,705	5,099
Other comprehensive income (loss), net of tax:	(101,991)	(6,719)	2,232	3,465	(103,013)
Other comprehensive income (loss) attributable to noncontrolling interests, net-of-tax amount	(8,115)	(74)	-	14	(8,175)
Net change in accumulated other comprehensive income (loss)	(93,876)	(6,645)	2,232	3,451	(94,838)

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 derivative instruments

Foreign exchange contract (2,186)million yen ー Other income (deductions)

Commodity derivatives (503)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, 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

(9) Supplementary Information

Included in other deductions for the six months and three months ended September 30, 2015 and 2014 are as follows:

	Yen (millions)	
	Six months ended September 30	
	2015	2014
Expenses associated with the implementation of the early retirement programs in the domestic and overseas subsidiaries	4,228	5,094
Write-down of investment securities	5	36
Foreign exchange losses	2,340	-

	Yen (millions)	
	Three months ended September 30	
	2015	2014
Expenses associated with the implementation of the early retirement programs in the domestic and overseas subsidiaries	4,036	1,310
Write-down of investment securities	3	34
Foreign exchange losses	4,917	-

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, 2015 and 2014 are a gain of 2,361 million yen and a loss of 14,082 million yen, respectively. Net periodic benefit costs of the defined benefit pension plan for the three months ended September 30, 2015 and 2014 are a loss of 3,140 million yen and a loss of 8,637 million yen, respectively.

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.

Included in provision for income taxes for the six months ended September 30, 2015 was an income tax benefit (gain) associated with decreases in valuations allowance on deferred tax assets of 17,039 million yen in Panasonic Corporation on consolidation. This change in the judgement is a result of applying consolidated tax resolved on July 29, 2015 by Panasonic's Board of Directors.

(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, 2015:

	Yen (millions)			
	September 30, 2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Available-for-sale securities:				
Equity securities	87,690	-	-	87,690
Corporate and government bonds	-	2,364	-	2,364
Other debt securities	-	2	-	2
Total available-for-sale securities	87,690	2,366	-	90,056
Derivatives:				
Foreign exchange contracts	-	4,252	-	4,252
Cross currency swaps	-	245	-	245
Commodity futures	6,344	6,818	-	13,162
Total derivatives	6,344	11,315	-	17,659
Liabilities:				
Derivatives:				
Foreign exchange contracts	-	7,428	-	7,428
Cross currency swaps	-	8	-	8
Commodity futures	15,711	2,350	-	18,061
Total derivatives	15,711	9,786	-	25,497

	Yen (millions)			
	March 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Available-for-sale securities:				
Equity securities	74,556	-	-	74,556
Corporate and government bonds	-	2,371	-	2,371
Other debt securities	-	2	-	2
Total available-for-sale securities	74,556	2,373	-	76,929
Derivatives:				
Foreign exchange contracts	-	5,820	-	5,820
Cross currency swaps	-	141	-	141
Commodity futures	7,487	594	-	8,081
Total derivatives	7,487	6,555	-	14,042
Liabilities:				
Derivatives:				
Foreign exchange contracts	-	3,371	-	3,371
Cross currency swaps	-	629	-	629
Commodity futures	11,193	4,085	-	15,278
Total derivatives	11,193	8,085	-	19,278

The Company's existing marketable equity securities and commodity futures are included in Level 1, which are valued using an unadjusted quoted market price in active markets with sufficient volume and frequency of transactions.

Level 2 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, 2015 and 2014, 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, 2015 are 919,158 million yen and 931,527 million yen, respectively. The carrying amount and fair value at March 31, 2015 are 962,029 million yen and 974,671 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, 2015, the maximum amount of undiscounted payments the Company would have to make in the event of default was 26,299 million yen. The carrying amount of the liabilities recognized for the Company's obligations as a guarantor under those guarantees at September 30, 2015 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, 2015, the maximum amount of undiscounted payments the Company would have to make in the event that these conditions were met was 1,472 million yen. The carrying amount of the liabilities recognized for the Company's obligations as guarantors under those guarantees at September 30, 2015 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). For the year ended March 31, 2010, the Japan Fair Trade Commission (JFTC) issued a cease and desist order against MTPD and assessed a fine against its three subsidiaries in South East Asia, but each named company challenged the orders. In May 2015, JFTC made a decision to revoke a part of the orders and sustain the other, but MTPD and its subsidiaries appealed to the Tokyo High Court because they believe the decision is factually and legally erroneous. For the year ended March 31, 2013, the Company and MTPD received notification of a European Commission Decision in violation of EU competition law and appealed to the European General Court against the decision because the Company believes this decision is factually and legally erroneous as it applies to the Company and MTPD. In September 2015, the European General Court rendered the judgment to accept some of the arguments but reject the other arguments made by the Company and MTPD. The Company will appeal to the European Court of Justice. Since June 2012, the Company and Sanyo Electric Co., Ltd., a subsidiary of the Company, have been subjected to investigations by the European Commission, in respect of alleged antitrust violations relating to the rechargeable battery. Other than those above, there are a number of legal actions against the Company and certain subsidiaries. Management is of the opinion that damages, if any, resulting from these actions, will not have a material effect on the Company's consolidated financial statements.

The ability to predict the outcome of these actions and proceedings is difficult to assess given that certain of the investigations and legal proceedings are still at an early stage, present novel legal theories, 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 (such as flat panel TVs, refrigerators, washing machines, personal-care products, microwave ovens, home audio equipment, video equipment, vacuum cleaners, rice cookers), air-conditioners (such as room air-conditioners, large-sized air-conditioners), cold chain (such as showcases), devices (such as compressors, fuel cells) and bicycle related products.

"Eco Solutions" is comprised of development, manufacture and sales of products such as lighting fixtures, lamps, wiring devices, solar photovoltaic systems, water-related products, interior furnishing materials, ventilation and air-conditioning equipment, air purifiers, and nursing-care-related products.

"AVC Networks" is comprised of development, manufacture and sales of products such as aircraft in-flight entertainment systems, PCs, projectors, digital cameras, mobile phones, surveillance cameras, fixed phones and faxes, and social infrastructure systems equipment.

"Automotive & Industrial Systems" is comprised of development, manufacture and sales of automotive products (such as car-use-multimedia-related equipment, electrical components), energy products (such as lithium-ion batteries, storage batteries, dry batteries), industrial devices (such as electronic components, electronic materials, automation controls, semiconductors, LCD panels, optical devices) and factory solutions (such as electronic-component-mounting machines, welding equipment, electric motors).

"Other" consists of PanaHome Corporation and others.

By Segment:

As of April 1 2015, motor businesses were transferred from Appliances to Automotive & Industrial Systems. In addition to this, sales departments of consumer products in Japan and China which were previously not allocated to any reportable segments were transferred to Appliances. Accordingly, segment information for the six months and three months ended September 30, 2014 has been reclassified to conform to the presentation at April 1, 2015.

Information by segment for the six months ended September 30, 2015 and 2014 is shown in the tables below:

	Yen (millions)	
	Six months ended September 30	
	2015	2014
Sales:		
Appliances:		
Customers	1,046,354	1,078,837
Intersegment	125,571	114,250
Total	1,171,925	1,193,087
Eco Solutions:		
Customers	656,083	668,669
Intersegment	116,201	121,739
Total	772,284	790,408
AVC Networks:		
Customers	508,798	470,399
Intersegment	61,952	61,247
Total	570,750	531,646
Automotive & Industrial Systems:		
Customers	1,301,259	1,298,564
Intersegment	85,343	87,597
Total	1,386,602	1,386,161
Other:		
Customers	275,870	273,609
Intersegment	4,346	24,293
Total	280,216	297,902
Eliminations and Adjustments:		
Customers	(27,936)	(67,195)
Intersegment	(393,413)	(409,126)
Total	(421,349)	(476,321)
Consolidated total	3,760,428	3,722,883

	Yen (millions)	
	Six months ended September 30	
	2015	2014
Segment profit (loss):		
Appliances	43,499	39,928
Eco Solutions	30,376	41,843
AVC Networks	31,938	3,942
Automotive & Industrial Systems	61,126	58,004
Other	995	1,943
Eliminations and Adjustments	32,516	31,319
Total segment profit	200,450	176,979
Interest income	10,951	6,230
Dividends received	1,390	1,236
Other income	9,613	17,625
Interest expense	(9,063)	(9,421)
Impairment losses of long-lived assets	(3,358)	(3,605)
Other deductions	(45,843)	(67,142)
Consolidated income before income taxes	164,140	121,902

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, 2015 and 2014 mainly include price differences between sales prices to external customers and the internal sales prices adopted for performance measurement purposes for the sales of consumer products through sales departments, and consolidation adjustments for sales price of 15,950 million yen and a deduction of 13,751 million yen, respectively. Adjustments also include the sales of certain associated companies under the equity method, amounting to a deduction of 47,689 million yen and a deduction of 49,555 million yen, respectively, included in segment sales solely for the purpose of assessing segment performance.

Adjustments to segment profit for the six months ended September 30, 2015 and 2014 mainly include 17,686 million yen and 24,276 million yen, respectively, of profit and (loss) of corporate headquarters and sales departments of consumer products which are not allocated to any reportable segments. The adjustments also include 14,830 million yen and 7,043 million yen of consolidation adjustments, respectively, mainly related to amortization of finite-lived intangible assets recognized upon 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, 2015 and 2014.

Information by segment for the three months ended September 30, 2015 and 2014 is shown in the tables below:

	Yen (millions)	
	Three months ended September 30	
	2015	2014
Sales:		
Appliances:		
Customers	512,176	522,874
Intersegment	60,758	53,346
Total	572,934	576,220
Eco Solutions:		
Customers	343,910	344,314
Intersegment	58,164	61,654
Total	402,074	405,968
AVC Networks:		
Customers	266,146	243,146
Intersegment	33,453	30,809
Total	299,599	273,955
Automotive & Industrial Systems:		
Customers	646,234	659,016
Intersegment	43,721	44,414
Total	689,955	703,430
Other:		
Customers	154,775	143,658
Intersegment	2,294	11,068
Total	157,069	154,726
Eliminations and Adjustments:		
Customers	(20,656)	(42,405)
Intersegment	(198,390)	(201,291)
Total	(219,046)	(243,696)
Consolidated total	1,902,585	1,870,603

	Yen (millions)	
	Three months ended September 30	
	2015	2014
Segment profit (loss):		
Appliances	19,727	8,955
Eco Solutions	21,164	25,633
AVC Networks	26,837	7,002
Automotive & Industrial Systems	32,636	36,925
Other	6,225	3,980
Eliminations and Adjustments	17,303	12,198
Total segment profit	123,892	94,693
Interest income	5,021	3,071
Dividends received	332	228
Other income	2,488	11,376
Interest expense	(4,407)	(4,616)
Impairment losses of long-lived assets	(2,338)	(2,721)
Other deductions	(33,523)	(35,240)
Consolidated income before income taxes	91,465	66,791

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, 2015 and 2014 mainly include price differences between sales prices to external customers and the internal sales prices adopted for performance measurement purposes for the sales of consumer products through sales departments, and consolidation adjustments for sales price of 1,873 million yen and a deduction of 13,204 million yen, respectively. Adjustments also include the sales of certain associated companies under the equity method, amounting to a deduction of 23,995 million yen and a deduction of 24,489 million yen, respectively, included in segment sales solely for the purpose of assessing segment performance.

Adjustments to segment profit for the three months ended September 30, 2015 and 2014 mainly include 9,245 million yen and 8,305 million yen, respectively, of profit and (loss) of corporate headquarters and sales departments of consumer products which are not allocated to any reportable segments. The adjustments also include 8,058 million yen and 3,893 million yen of consolidation adjustments, respectively, mainly related to amortization of finite-lived intangible assets recognized upon 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, 2015 and 2014.

By Geographical Area:

Sales attributed to countries based upon the customer's location for the six months ended September 30, 2015 and 2014 are as follows:

	Yen (millions)	
	Six months ended September 30	
	2015	2014
Sales:		
Japan	1,708,896	1,749,938
North and South America	621,382	561,246
Europe	347,483	343,864
Asia and Others	1,082,667	1,067,835
Consolidated total	3,760,428	3,722,883
United States included in North and South America	554,747	483,560
China included in Asia and Others	535,353	536,920

Sales attributed to countries based upon the customer's location for the three months ended September 30, 2015 and 2014 are as follows:

	Yen (millions)	
	Three months ended September 30	
	2015	2014
Sales:		
Japan	883,762	892,521
North and South America	313,904	278,984
Europe	177,810	164,139
Asia and Others	527,109	534,959
Consolidated total	1,902,585	1,870,603
United States included in North and South America	281,257	241,386
China included in Asia and Others	270,862	273,553

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, 2015, the board of directors approved a year-end dividend of 10.0 yen per share, totaling 23,113 million yen on outstanding common stock as of March 31, 2015. The dividends, which became effective on June 4, 2015, were sourced out of retained earnings.

On October 29, 2015, the board of directors approved an interim dividend of 10.0 yen per share, totaling 23,209 million yen on outstanding common stock as of September 30, 2015. The dividends, which will become effective on December 1, 2015, were sourced out of retained earnings.

(14) Acquisition

On August 7, 2015, the Company acquired all equity interest of ITC Global Inc. (USA) and ITC Global Netherlands Cooperatief U.A. (hereinafter, collectively including their subsidiaries, referred to as “ITC Global”) and accordingly, had a controlling interest of ITC Global from the acquisition date.

ITC Global is in the business of providing satellite communication services for the ocean energy industry. As a result of this acquisition, the Company expands its satellite communication services in addition to inflight system and enhances its competitiveness by expanding the scale of the business operations. The market of satellite communication services for the ocean energy industry has a sizable demand with the potential for long-term growth and high profitability, as its customers emphasize quality rather than price. Satellite communication services for the ocean energy industry also highly complements the existing inflight system business as satellite communication services for the ocean energy industry has huge demand in developing countries where satellite communication services for inflight system has fewer demand. Furthermore, the Company is expected to absorb the ITC Global's highly-reliable technology and business know-how’s of satellite communication services and enjoy synergy as ITC Global uses the same satellite band frequency and transmission method as the Company's satellite communication services for inflight system.

The fair value of the provisional consideration paid (cash) for the controlling interests of ITC Global as of the acquisition date is 31,300 million yen. Acquisition-related cost was not material for the six and three months ended September 30, 2015.

Assets acquired and liabilities assumed are provisionally reflected in the Company's consolidated balance sheets as of the acquisition date (the Company is currently evaluating the fair values of assets acquired and liabilities assumed at the acquisition date, and therefore the below amounts are subject to change) as follows:

	Yen (millions)
Cash and cash equivalents	539
Goodwill	21,656
Intangible assets	11,052
Other assets	5,271
Total assets acquired	38,518
Total liabilities assumed	7,218
Total net assets acquired	31,300

Intangible assets of 7,148 million yen are subject to amortization, which include customer relationship of 4,877 million yen with a 9-year weighted-average useful life. Intangible assets of 3,904 million yen are not subject to amortization, all of which relates to trademark.

The total amount of goodwill is included in “AVC Networks” segment, and is not deductible for tax purpose.

Net sales and income before income taxes of ITC Global that are included in the consolidated statements of operations for the six and three months ended September 30, 2015 are not material.

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