［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, 2016

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). Panasonic discloses its consolidated financial forecasts for fiscal 2017 based on International Financial Reporting Standards (IFRS). 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, 2016	Six months ended September 30, 2015	Year ended March 31, 2016
Net sales	3,495,491	3,760,428	7,553,717
Income before income taxes	153,185	164,140	217,048
Net income attributable to Panasonic Corporation	119,902	111,333	193,256
Comprehensive income (loss) attributable to Panasonic Corporation	(77,988)	97,477	(81,821)
Total Panasonic Corporation shareholders' equity	1,592,631	1,908,073	1,705,056
Total equity	1,727,857	2,061,170	1,854,314
Total assets	5,731,952	5,872,060	5,596,982
Net income per share attributable to Panasonic Corporation common shareholders, basic (yen)	51.66	48.11	83.40
Net income per share attributable to Panasonic Corporation common shareholders, diluted (yen)	51.65	48.11	83.39
Panasonic Corporation shareholders' equity / total assets (%)	27.8	32.5	30.5
Net cash provided by operating activities	29,389	126,801	398,680
Net cash used in investing activities	(256,433)	(149,922)	(274,274)
Net cash provided by (used in) financing activities	331,544	(72,532)	(308,031)
Cash and cash equivalents at end of period	1,022,012	1,156,050	1,014,264

	Three months ended September 30, 2016	Three months ended September 30, 2015
Net sales	1,746,978	1,902,585
Net income attributable to Panasonic Corporation	98,161	51,814
Net income per share attributable to Panasonic Corporation common shareholders, Basic (yen)	42.29	22.37

Note: 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 508 consolidated subsidiaries in and outside of Japan, operating in close cooperation with each other. As a comprehensive electronics manufacturer, Panasonic is engaged in development, production, sales and service activities in a broad array of business areas.

Panasonic supplies a spectrum of electric/electronic equipment and related products, which is categorized into the following five segments: Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems, and Other. As of April 1, 2016, there were some changes in the structure of its internal organization of the reportable segments.

During the six months ended September 30, 2016, there was a change in one of the principal businesses and major affiliated companies as follows.

Appliances:
Panasonic acquired all the shares of Hussmann Parent Inc., which had all the shares of Hussmann Corporation in the U.S., as of April 1, 2016. Both Hussmann Parent Inc. and Hussmann Corporation and their subsidiaries became subsidiaries of Panasonic.

Automotive & Industrial Systems:
As of September 30, 2016, Panasonic transferred 85.1% of all the shares in Panasonic Storage Battery Co., Ltd., a wholly-owned subsidiary of Panasonic, to GS Yuasa International Ltd.

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, 2016 under review, a global economy gradually recovered, as an excessive concern for economic slowdown in China was eased and the U.S. economy moderately recovered driven by its domestic demand. In Japan, while its personal consumption remained weak, employment and income environment continued to improve. Meantime, the outlook for global economy remains uncertain, such as economic downward swing in both emerging countries in Asia and resource-rich countries, impact from U.K leaving European Union, and drastic fluctuations in exchange rates.

Under such business circumstances, Panasonic positions its fiscal 2017 as a “year to lay a solid foundation for growth” toward its management targets in fiscal 2019 and focuses on its growth business. The Company has been executing various initiatives.

As one of the initiatives introduced during the six months ended September 30, 2016, for housing business, in order to expand the remodeling business, Panasonic and PanaHome Corporation unified their brands into Panasonic Reform as of April 1, 2016. In July, the Company renovated and reopened Panasonic Center Osaka to promote housing related services, such as remodeling, real estates, financing and elderly-care.

For B2B business, the Company announced that it will implement organizational restructuring under the AVC Networks Company and establish a new internal company named the "Connected Solutions Company" on April 1, 2017 with the aim of developing a structure for the customer-oriented business that will play a major role in expansion of its B2B solutions business.

Consolidated group sales for six months ended September 30, 2016 under review decreased by 7% to 3,495.5 billion yen from the same period of fiscal 2016 (a year ago). Domestic sales decreased year on year due mainly to sales decrease of solar photovoltaic systems for household-use, while sales in home appliances and automotive-related products were stable. Overseas sales also decreased year on year due mainly to a considerable impact from yen appreciation, while the sales of Hussmann Corporation (Hussmann) were newly-consolidated and home appliance sales in Asia were favorable.

Operating profit* decreased by 28% to 144.6 billion yen from a year ago due mainly to profit decrease of solar photovoltaic systems for household-use and ICT-related device businesses, a fixed-cost increase such as an upfront investment toward future growth and a negative impact of exchange rate fluctuations, while rationalization and other initiatives continued to be implemented.

Income before income taxes decreased by 7% to 153.2 billion yen comparing with the same period of last year, due mainly to gains from business transfers and decrease of business restructuring expenses.

Net income attributable to Panasonic Corporation increased by 8% to 119.9 billion yen from a year ago due mainly to the additional deferred-tax assets (a decrease in provision for income taxes) as a result of the board resolution to liquidate a consolidated subsidiary.

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

(2) Operating Results by Segment

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

As of April 1, 2016, there were some changes in the structure of its internal organization of the reportable segments. Accordingly, the figures for segment information in fiscal 2016 have been reclassified to conform to the presentation for fiscal 2017.

The measure of segment profit of reportable segment was changed, from sales minus cost of sales and selling, general and administrative expenses which was the previous measure, to above-mentioned profit plus other income (deductions) excluding financial income (expenses) and exchange gains (losses) in fiscal 2017. The segment profit of reportable segment in fiscal 2016 has been restated to conform to the new measurement used in fiscal 2017.

Appliances

Sales increased by 1% to 1,185.1 billion yen from a year ago due mainly to newly-consolidated Hussmann as well as ongoing favorable situation in home appliances in Japan and Asia.

Segment profit increased by 67% to 71.5 billion yen from a year ago due mainly to Hussmann and profit improvement by shifting to 4K TVs and high value-added products such as air-conditioners.

Eco Solutions

Sales decreased by 5% to 725.9 billion yen compared with the previous year due mainly to sales decrease in business of solar photovoltaic systems for household-use due to significant market shrinkage in Japan and decline in price.

Segment profit decreased by 37% to 20.9 billion yen from a year ago due mainly to sales decrease in solar photovoltaic systems for household-use.

AVC Networks

Sales decreased by 15% to 492.4 billion yen from a year ago. This was due mainly to overseas sales decrease in communication business such as fixed-line phones and a negative impact from exchange rate fluctuation. In addition, the Kumamoto Earthquake in April 2016 in Japan affected the device procurement in Visual and Imaging Business.

Segment profit decreased by 24% to 25.7 billion yen from a year ago due mainly to impacts from exchange rate fluctuation and the Kumamoto Earthquake, as well as special demand in solutions business a year ago.

Automotive& Industrial Systems

Sales decreased by 10% to 1,250.4 billion yen from a year ago due to a significant impact from exchange rate fluctuation, sales decrease in the Industrial Business with downsizing LCD panel business and ICT-related device business in its stagnant demand, while sales of automotive-related business increased.

Segment profit decreased by 9% to 65.1 billion yen from a year ago due mainly to impact of exchange rate fluctuation and sales decrease, and a fixed-cost increase by upfront investment for automotive business such as rechargeable batteries.

Other

Sales decreased by 4% to 261.5 billion yen from a year ago.

Segment profit decreased by 88% to 0.6 billion yen from a year ago due mainly to a negative impact from fixed-cost increase in PanaHome Corporation.

(3) Assets, Liabilities and Equity

The Company's consolidated total assets as of September 30, 2016 increased by 135.0 billion yen to 5,732.0 billion yen from March 31, 2016. This was due mainly to an increase in other assets including recording goodwill on acquisition of Hussmann and a seasonal increase in inventory, despite an impact from yen appreciation.

The Company's consolidated total liabilities as of September 30, 2016 increased by 261.4 billion yen to 4,004.1 billion yen from March 31, 2016 due mainly to an issuance of unsecured straight bonds of total 400.0 billion yen.

Panasonic Corporation shareholders' equity decreased by 112.4 billion yen, compared with March 31, 2016, to 1,592.6 billion yen due mainly to worsening accumulated other comprehensive income (loss) due to the situation of yen appreciation, despite recording net income attributable to Panasonic Corporation. Adding Noncontrolling interests to Panasonic Corporation shareholders' equity, total equity was 1,727.9 billion yen.

(4) Cash Flows

Cash flows from operating activities

Net cash provided by operating activities for the six months ended September 30, 2016 amounted to 29.4 billion yen, decreased by 97.4 billion yen compared with a year ago due mainly to an increase of trade receivables.

Cash flows from investing activities

Net cash used in investing activities amounted to 256.4 billion yen, increased by 106.5 billion yen compared with a year ago due mainly to the acquisition of Hussmann.

Accordingly, free cash flow (net cash provided by operating activities plus net cash provided by investing activities) decreased by 203.9 billion yen from a year ago to an outflow of 227.0 billion yen.

Cash flows from financing activities

Net cash provided by financing activities amounted to 331.5 billion yen, decreased by 72.5 billion yen compared with a year ago due mainly to an issuance of unsecured straight bonds of total 400.0 billion yen.

Taking into consideration exchange rate movement, cash and cash equivalents totaled 1,022.0 billion yen as of September 30, 2016, increased by 7.7 billion yen compared with the end of the fiscal 2016.

(5) Research and Development

Panasonic's R&D expenditures for the six months ended September 30, 2016 totaled 226.3 billion yen, down 0.7% 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, 2016 totaled 112.2 billion yen, an increase of 8% from a year ago.

(7) Depreciation

Panasonic's depreciation (tangible assets) for the six months ended September 30, 2016 totaled 108.4 billion yen, a decrease of 7% from a year ago.

(8) Number of Employees

Number of employees at the end of the second quarter of fiscal 2017 was 256,133, an increase of 6,613, compared with the end of the fiscal 2016.

(9) Risk Factors

There were no risks newly identified during the six months ended September 30, 2016.
During the six months ended September 30, 2016, 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, 2016: 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, 2016: 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, 2016

Assets	Yen (millions) September 30, 2016	March 31, 2016
Current assets:		
Cash and cash equivalents	1,022,012	1,014,264
Time deposits	―	146
Trade receivables:		
Notes	64,453	58,715
Accounts	793,712	787,033
Allowance for doubtful receivables	(20,864)	(22,196)
Net trade receivables	837,301	823,552
Inventories (Note 2)	786,943	756,448
Other current assets	443,956	459,949
Total current assets	3,090,212	3,054,359
Investments and advances (Note 3)	323,049	344,499
Property, plant and equipment (Note 5):		
Land	249,609	252,661
Buildings	1,365,079	1,396,046
Machinery and equipment	2,565,023	2,659,483
Construction in progress	88,647	74,360
	4,268,358	4,382,550
Less accumulated depreciation	3,010,710	3,081,375
Net property, plant and equipment	1,257,648	1,301,175
Other assets:		
Goodwill (Note14)	544,461	461,992
Intangible assets (Notes 5 and 14)	229,487	155,700
Other assets	287,095	279,257
Total other assets	1,061,043	896,949
	5,731,952	5,596,982

See accompanying Notes to Consolidated Financial Statements.

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Balance Sheets

September 30 and March 31, 2016

Liabilities and Equity	Yen (millions) September 30, 2016	March 31, 2016
Current liabilities:		
Short-term debt, including current portion of long-term debt	24,531	21,728
Trade payables:		
Notes	233,222	230,065
Accounts	667,393	712,179
Total trade payables	900,615	942,244
Accrued income taxes	42,911	41,869
Accrued payroll	192,477	197,179
Other accrued expenses	754,142	835,479
Deposits and advances from customers	104,398	84,651
Employees' deposits	181	81
Other current liabilities	236,050	257,669
Total current liabilities	2,255,305	2,380,900
Noncurrent liabilities:		
Long-term debt	1,100,571	704,191
Retirement and severance benefits	439,859	470,175
Other liabilities	208,360	187,402
Total noncurrent liabilities	1,748,790	1,361,768
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	980,289	979,895
Retained earnings (Note 13)	1,250,367	1,165,282
Accumulated other comprehensive income (loss) (Note 8):		
Cumulative translation adjustments	(343,941)	(138,921)
Unrealized holding gains of available-for-sale securities (Note 3)	13,185	20,205
Unrealized holding gains of derivative instruments	3,480	1,646
Pension liability adjustments	(338,942)	(351,258)
	(666,218)	(468,328)
Treasury stock, at cost: 132,073,412 shares (132,057,190 shares as of March 31, 2016)	(230,547)	(230,533)
Total Panasonic Corporation shareholders'equity	1,592,631	1,705,056
Noncontrolling interests	135,226	149,258
Total equity	1,727,857	1,854,314
Commitments and contingent liabilities (Notes 4 and 11)		
	5,731,952	5,596,982

See accompanying Notes to Consolidated Financial Statements.

PANASONIC CORPORATION
AND SUBSIDIARIES

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

Six months ended September 30, 2016 and 2015

Consolidated Statements of Income

	Yen (millions)	
	Six months ended September 30	
	2016	2015
Revenues, costs and expenses:		
Net sales	3,495,491	3,760,428
Cost of sales (Note 8)	(2,491,857)	(2,682,023)
Selling, general and administrative expenses	(859,007)	(877,955)
Interest income	6,979	10,951
Dividends received	1,464	1,390
Other income (Notes 8 and 9)	43,998	9,613
Interest expense	(6,842)	(9,063)
Impairment losses of long-lived assets (Note 5)	(172)	(3,358)
Other deductions (Notes 8 and 9)	(36,869)	(45,843)
Income before income taxes	153,185	164,140
Provision for income taxes (Note 9)	30,117	48,424
Equity in earnings of associated companies	5,404	8,134
Net income (Note 7)	128,472	123,850
Less net income attributable to noncontrolling interests	8,570	12,517
Net income attributable to Panasonic Corporation	119,902	111,333

	Yen	
Net income per share attributable to Panasonic Corporation common shareholders :		
Basic	51.66	48.11
Diluted	51.65	48.11

Consolidated Statements of Comprehensive Income (Loss)

	Yen (millions)	
	Six months ended September 30	
	2016	2015
Net income	128,472	123,850
Other comprehensive income (loss), net of tax (Note 8)		
Translation adjustments	(219,663)	(63,980)
Unrealized holding gains (losses) of available-for-sale securities	(7,027)	8,538
Unrealized holding gains (losses) of derivative instruments	1,857	(784)
Pension liability adjustments	12,383	34,181
	(212,450)	(22,045)
Comprehensive income (loss) (Note 7)	(83,978)	101,805
Less comprehensive income (loss) attributable to noncontrolling interests	(5,990)	4,328
Comprehensive income (loss) attributable to Panasonic Corporation	(77,988)	97,477

See accompanying Notes to Consolidated Financial Statements.

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

Three months ended September 30, 2016 and 2015

Consolidated Statements of Income

	Yen (millions)	
	Three months ended September 30	
	2016	2015
Revenues, costs and expenses:		
Net sales	1,746,978	1,902,585
Cost of sales (Note 8)	(1,244,923)	(1,347,958)
Selling, general and administrative expenses	(424,360)	(430,735)
Interest income	3,228	5,021
Dividends received	146	332
Other income (Notes 8 and 9)	39,410	2,488
Interest expense	(3,683)	(4,407)
Impairment losses of long-lived assets (Note 5)	(3)	(2,338)
Other deductions (Notes 8 and 9)	(22,443)	(33,523)
Income before income taxes	94,350	91,465
Provision for income taxes	(6,722)	37,118
Equity in earnings of associated companies	2,274	3,775
Net income	103,346	58,122
Less net income attributable to noncontrolling interests	5,185	6,308
Net income attributable to Panasonic Corporation	98,161	51,814
	Yen	
Net income per share attributable to Panasonic Corporation common shareholders :		
Basic	42.29	22.37
Diluted	42.28	22.37

Consolidated Statements of Comprehensive Income (Loss)

	Yen (millions)	
	Three months ended September 30	
	2016	2015
Net income	103,346	58,122
Other comprehensive income (loss), net of tax (Note 8)		
Translation adjustments	(39,527)	(101,991)
Unrealized holding gains (losses) of available-for-sale securities	344	(6,719)
Unrealized holding gains (losses) of derivative instruments	(1,696)	2,232
Pension liability adjustments	3,934	3,465
	(36,945)	(103,013)
Comprehensive income (loss)	66,401	(44,891)
Less comprehensive income (loss) attributable to noncontrolling interests	2,169	(1,867)
Comprehensive income (loss) attributable to Panasonic Corporation	64,232	(43,024)

See accompanying Notes to Consolidated Financial Statements.

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Six months ended September 30, 2016 and 2015

	Yen (millions)	
	Six months ended September 30	
	2016	2015
Cash flows from operating activities:		
Net income	128,472	123,850
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	129,343	136,658
Net gain on sale of investments	(174)	(1,129)
Provision for doubtful receivables	2,040	3,225
Deferred income taxes (Note 9)	(19,050)	(26,189)
Write-down of investment securities (Note 9)	727	5
Impairment losses on long-lived assets (Note 5)	172	3,358
Cash effects of change in:		
Trade receivables	(58,377)	26,126
Inventories	(63,627)	(86,615)
Other current assets	(18,978)	(6,603)
Trade payables	14,630	8,449
Accrued income taxes	4,359	17,645
Accrued expenses and other current liabilities	(77,578)	(48,640)
Retirement and severance benefits	(21,917)	(23,104)
Deposits and advances from customers	20,403	15,211
Other, net	(11,056)	(15,446)
Net cash provided by operating activities	29,389	126,801
Cash flows from investing activities:		
Proceeds from disposition of investments and advances	9,909	4,137
Increase in investments and advances	(4,037)	(23,181)
Capital expenditures	(135,960)	(119,764)
Proceeds from disposals of property, plant and equipment	7,833	12,383
(Increase) decrease in time deposits, net	146	15,470
Proceeds from sales of consolidated subsidiaries	11,973	1,997
Purchase of shares of newly consolidated subsidiaries (Note 14)	(131,627)	(31,666)
Other, net	(14,670)	(9,298)
Net cash used in investing activities	(256,433)	(149,922)

PANASONIC CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Six months ended September 30, 2016 and 2015

	Yen (millions) Six months ended September 30 2016	2015
Cash flows from financing activities:		
Decrease in short-term debt with maturities of three months or less, net	4,658	9,525
Proceeds from short-term debt with maturities longer than three months	3,151	4,840
Repayments of short-term debt with maturities longer than three months	(1,591)	(1,060)
Proceeds from long-term debt (Note 9)	399,956	-
Repayments of long-term debt	(45,788)	(45,817)
Dividends paid to Panasonic Corporation shareholders (Notes 7 and 13)	(34,815)	(23,113)
Dividends paid to noncontrolling interests (Note 7)	(9,794)	(12,234)
Repurchase of common stock (Note 7)	(18)	(76)
Sale of treasury stock (Note 7)	2	4
Purchase of noncontrolling interests (Note 7)	(63)	(220)
Other, net	15,846	(4,381)
Net cash used in financing activities	331,544	(72,532)
Effect of exchange rate changes on cash and cash equivalents	(96,752)	(28,705)
Net increase (decrease) in cash and cash equivalents	7,748	(124,358)
Cash and cash equivalents at beginning of period	1,014,264	1,280,408
Cash and cash equivalents at end of period	1,022,012	1,156,050

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 508 consolidated subsidiaries and 97 associated companies under equity method as of September 30, 2016.

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, 2016 were as follows: Appliances—30%, Eco Solutions—18%, AVC Networks—13%, Automotive & Industrial Systems—32% and Other—7%. A sales breakdown by geographical market was as follows: Japan—48%, North and South America—17%, Europe—9%, and Asia and Others—26%.

Sales by segment for the three months ended September 30, 2016 were as follows: Appliances—29%, Eco Solutions—19%, AVC Networks—12%, Automotive & Industrial Systems—32% and Other—8%. A sales breakdown by geographical market was as follows: Japan—50%, North and South America—17%, Europe—8%, and Asia and Others—25%.

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 11, 2016, 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 2017.

(2) Inventories

Inventories at September 30 and March 31, 2016 are summarized as follows:

	Yen (millions)	
	September 30, 2016	March 31, 2016
Finished goods	479,020	469,306
Work in process	124,047	114,723
Raw materials	183,876	172,419
	786,943	756,448

(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, 2016 are as follows:

	Yen (millions)		
	September 30, 2016		
	Cost	Fair value	Net unrealized holding gains
Investments and advances:			
Equity securities	21,134	72,703	51,569
Corporate and government bonds	2,501	2,542	41
Other debt securities	2	2	-
	23,637	75,247	51,610

	Yen (millions)		
	March 31, 2016		
	Cost	Fair value	Net unrealized holding gains
Investments and advances:			
Equity securities	22,109	83,740	61,631
Corporate and government bonds	2,524	2,566	42
Other debt securities	2	2	-
	24,635	86,308	61,673

The carrying amounts of the Company's cost method investments totaled 28,463 million yen and 27,691 million yen at September 30 and March 31, 2016, 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, 2016 are as follows:

	Yen (millions)
Due within 1 year	34,879
Due after 1 year within 2 years	19,337
Due after 2 years within 3 years	7,764
Due after 3 years within 4 years	5,771
Due after 4 years within 5 years	4,537
Thereafter	6,738
Total minimum lease payments	79,026

(5) Long-Lived Assets

The Company periodically reviews the recorded value of its long-lived assets to determine if the future cash flows to be derived from these assets or related asset group will be sufficient to recover the remaining recorded asset values. The disclosure below has been modified to reflect the revised segments.

The Company recognized impairment losses in the aggregate of 172 million yen and 3 million yen of long-lived assets for the six months and three months ended September 30, 2016, respectively.

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, respectively. 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.

(6) Per Share Information

Panasonic Corporation Shareholders' Equity per Share

Panasonic Corporation shareholders' equity per share as of September 30 and March 31, 2016 are as follows:

	Yen	
	September 30, 2016	March 31, 2016
Panasonic Corporation shareholders' equity per share	686.19	734.62

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, 2016 and 2015 are as follows:

	Yen (millions)	
	Six months ended September 30	
	2016	2015
Net income attributable to Panasonic Corporation common shareholders	119,902	111,333

	Number of shares	
	Six months ended September 30	
	2016	2015
Average common shares outstanding	2,320,988,799	2,314,002,156
Dilutive effect:		
Stock options	572,059	266,260
Diluted common shares outstanding	2,321,560,858	2,314,268,416

	Yen	
	Six months ended September 30	
	2016	2015
Net income attributable to Panasonic Corporation common shareholders per share:		
Basic	51.66	48.11
Diluted	51.65	48.11

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, 2016 and 2015 are as follows:

	Yen (millions)	
	Three months ended September 30	
	2016	2015
Net income attributable to Panasonic Corporation common shareholders	98,161	51,814

	Number of shares	
	Three months ended September 30	
	2016	2015
Average common shares outstanding	2,320,984,453	2,316,062,546
Dilutive effect:		
Stock options	765,219	323,823
Diluted common shares outstanding	2,321,749,672	2,316,386,369

	Yen	
	Three months ended September 30	
	2016	2015
Net income attributable to Panasonic Corporation common shareholders per share:		
Basic	42.29	22.37
Diluted	42.28	22.37

(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, 2016 and 2015 are as follows:

	Yen (millions)		
	Six months ended September 30, 2016		
	Panasonic Corporation shareholders' equity	Noncontrolling interests	Total equity
Balance at April 1, 2016	1,705,056	149,258	1,854,314
Cash dividends	(34,815)	(9,794)	(44,609)
Repurchase of common stock	(18)	-	(18)
Sale of treasury stock	2	-	2
Increase (decrease) mainly in capital transactions	394	1,752	2,146
Comprehensive income (loss) :			
Net income	119,902	8,570	128,472
Other comprehensive income (loss), net of tax	(197,890)	(14,560)	(212,450)
Total comprehensive income (loss)	(77,988)	(5,990)	(83,978)
Balance at September 30, 2016	1,592,631	135,226	1,727,857

	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 (loss) :			
Net income	111,333	12,517	123,850
Other comprehensive income (loss), net of tax	(13,856)	(8,189)	(22,045)
Total comprehensive income (loss)	97,477	4,328	101,805
Balance at September 30, 2015	1,908,073	153,097	2,061,170

Net income attributable to Panasonic Corporation and transfers to the noncontrolling interests for the six months ended September 30, 2016 and 2015 are as follows:

	Yen (millions)	
	Six months ended September 30	
	2016	2015
Net income attributable to Panasonic Corporation	119,902	111,333
Transfers to the noncontrolling interests:		
Increase (decrease) in capital surplus for purchase of additional shares in consolidated subsidiaries, etc.	(19)	(3,797)
Total	(19)	(3,797)
Change from net income attributable to Panasonic Corporation and transfers to the noncontrolling interests	119,883	107,536

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, 2016 and 2015 are a deduction of 15 million yen and a deduction of 3,648 million yen.

(8) Other Comprehensive Income (Loss)

Components of other comprehensive income (loss) for the six months ended September 30, 2016 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, 2016	(138,921)	20,205	1,646	(351,258)	(468,328)
Arising during the period:					
Pre-tax amount	(224,397)	(9,892)	3,316	5,393	(225,580)
Tax expense	-	2,981	(1,128)	(1,724)	129
Net-of-tax amount	(224,397)	(6,911)	2,188	3,669	(225,451)
Reclassification adjustment for (gains) losses included in net income:					
Pre-tax amount	4,734	(171)	(566)	12,604	16,601
Tax expense	-	55	235	(3,890)	(3,600)
Net-of-tax amount	4,734	(116)	(331)	8,714	13,001
Other comprehensive income (loss), net of tax:	(219,663)	(7,027)	1,857	12,383	(212,450)
Other comprehensive income (loss) attributable to noncontrolling interests, net-of-tax amount	(14,643)	(7)	23	67	(14,560)
Accumulated other comprehensive income (loss) ー Balance at September 30, 2016	(343,941)	13,185	3,480	(338,942)	(666,218)

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 1,198 million yen ー Other income (deductions)
Commodity derivatives (632) 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, 2016 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	(39,719)	492	(1,895)	(994)	(42,116)
Tax expense	-	(148)	590	266	708
Net-of-tax amount	(39,719)	344	(1,305)	(728)	(41,408)
Reclassification adjustment for (gains) losses included in net income:					
Pre-tax amount	192	-	(615)	6,740	6,317
Tax expense	-	-	224	(2,078)	(1,854)
Net-of-tax amount	192	-	(391)	4,662	4,463
Other comprehensive income (loss), net of tax:	(39,527)	344	(1,696)	3,934	(36,945)
Other comprehensive income (loss) attributable to noncontrolling interests, net-of-tax amount	(3,076)	15	11	34	(3,016)
Net change in accumulated other comprehensive income (loss)	(36,451)	329	(1,707)	3,900	(33,929)

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 847 million yen ― Other income (deductions)
Commodity derivatives (232) million yen ― Cost of sales
Pension liability adjustments ― Net periodic pension cost

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) ― 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) ― 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 ― 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 (867) million yen ― Other income (deductions)
Commodity derivatives (795) 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, 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 available-for-sale securities 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

(9) Supplementary Information

Net periodic benefit costs of the defined benefit pension plan for the six months ended September 30, 2016 and 2015 are a loss of 815 million yen and a gain of 2,361 million yen, respectively. Net periodic benefit costs of the defined benefit pension plan for the three months ended September 30, 2016 and 2015 are a loss of 625 million yen and a loss of 3,140 million yen, respectively.

Foreign exchange gains included in other income for the six and three months ended September 30, 2016 are 3,862 million yen and 1,979 million yen, respectively.

Included in other deductions for the six months and three months ended September 30, 2016 and 2015 are as follows:

	Yen (millions)	
	Six months ended September 30	
	2016	2015
Expenses associated with the implementation of the early retirement programs in the domestic and overseas subsidiaries	1,476	4,228
Write-down of investment securities	727	5
Foreign exchange losses	-	2,340

	Yen (millions)	
	Three months ended September 30	
	2016	2015
Expenses associated with the implementation of the early retirement programs in the domestic and overseas subsidiaries	933	4,036
Write-down of investment securities	696	3
Foreign exchange losses	-	4,917

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.

Included in provision for income taxes for the six and three months ended September 30, 2016 was an income tax benefit (gain) associated with assessment of the recoverability of deferred tax assets of 18,183 million yen in Panasonic Corporation on consolidation. This change in the judgement is a result of liquidation of Panasonic Plasma Display Co., Ltd. ("PPD") and write-off of the loan in Panasonic Corporation towards PPD, which were resolved on October 31, 2016 by Panasonic's Board of Directors.

Panasonic issued Fifteenth, Sixteenth and Seventeenth Series of Unsecured Straight Bond (aggregate principal amount of 400 billion yen) for the six months ended September 30, 2016.

(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, 2016:

	Yen (millions)			
	September 30, 2016			
	Level 1	Level 2	Level 3	Total
Assets:				
Available-for-sale securities:				
Equity securities	72,703	-	-	72,703
Corporate and government bonds	-	2,542	-	2,542
Other debt securities	-	2	-	2
Total available-for-sale securities	72,703	2,544	-	75,247
Derivatives:				
Foreign exchange contracts	-	3,373	-	3,373
Commodity futures	3,803	3,398	-	7,201
Total derivatives	3,803	6,771	-	10,574
Liabilities:				
Derivatives:				
Foreign exchange contracts	-	5,845	-	5,845
Cross currency swaps	-	91	-	91
Commodity futures	8,059	2,761	-	10,820
Total derivatives	8,059	8,697	-	16,756

	Yen (millions)			
	March 31, 2016			
	Level 1	Level 2	Level 3	Total
Assets:				
Available-for-sale securities:				
Equity securities	83,740	-	-	83,740
Corporate and government bonds	-	2,566	-	2,566
Other debt securities	-	2	-	2
Total available-for-sale securities	83,740	2,568	-	86,308
Derivatives:				
Foreign exchange contracts	-	6,014	-	6,014
Commodity futures	6,571	5,619	-	12,190
Total derivatives	6,571	11,633	-	18,204
Liabilities:				
Derivatives:				
Foreign exchange contracts	-	4,822	-	4,822
Cross currency swaps	-	35	-	35
Commodity futures	14,448	3,952	-	18,400
Total derivatives	14,448	8,809	-	23,257

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, 2016 and 2015, 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 or other observable inputs. 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, 2016 are 1,109,921 million yen and 1,126,089 million yen, respectively. The carrying amount and fair value at March 31, 2016 are 713,642 million yen and 731,002 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, 2016, the maximum amount of undiscounted payments the Company would have to make in the event of default was 31,610 million yen. The carrying amount of the liabilities recognized for the Company's obligations as a guarantor under those guarantees at September 30, 2016 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, 2016, the maximum amount of undiscounted payments the Company would have to make in the event that these conditions were met was 533 million yen. The carrying amount of the liabilities recognized for the Company's obligations as guarantors under those guarantees at September 30, 2016 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 upon 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, had been subjected to investigations by government authorities, including the Japan Fair Trade Commission (JFTC) and the European Commission, in respect of alleged antitrust violations relating to cathode ray tubes (CRTs). MTPD and its three subsidiaries appealed the Tokyo High Court to revoke the decisions of the Japan Fair Trade Commission, including the fine assessed in 2010, but the court rendered the judgment to reject the appeal in April, 2016. MPTD and the subsidiaries appealed to the Supreme Court of Japan. For the year ended March 31, 2013, the Company and MTPD received notification of a European Commission Decision in violation of EU competition law and appealed to the European General Court against the decision because the Company believes this decision is factually and legally erroneous as it applies to the Company and MTPD. In September 2015, the European General Court rendered the judgment to accept some of the arguments but reject the other arguments made by the Company and MTPD. The Company appealed to the European Court of Justice. In July 2016, the European Court of Justice issued the order dismissing the Company's appeal, and the sanction against the Company became final. In August 2016, the Company paid the fine to the European Commission. Since June 2012, the Company and Sanyo Electric Co., Ltd., a subsidiary of the Company, have been subjected to investigations by the European Commission, in respect of alleged antitrust violations relating to the rechargeable battery, and also subject to relevant litigations in the US and Europe. 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 developing, manufacturing, selling and providing services of products such as air-conditioners, TVs, refrigerators, washing machines, personal-care products, microwave ovens, home audio equipment, video equipment, vacuum cleaners, rice cookers, bicycles, showcases, large-sized air-conditioners, compressors and fuel cells.

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

"AVC Networks" is comprised of developing, manufacturing, selling and providing services of products such as aircraft in-flight entertainment systems, PCs and tablets, projectors, digital cameras, surveillance cameras, social infrastructure systems equipment, fixed phones, and mobile phones.

"Automotive & Industrial Systems" is comprised of developing, manufacturing, selling and providing services of products such as car-use-multimedia-related equipment, electrical components, lithium-ion batteries, automotive batteries, dry batteries, electronic components, automation controls, electric motors, semiconductors, electronic materials, LCD panels, electronic-component-mounting machines and welding equipment.

"Other" consists of PanaHome Corporation and others.

By Segment:

Information by segment for the six months ended September 30, 2016 and 2015 is shown in the tables below.
As of April 1 2016, there were some changes in the structure of its internal organization of the reportable segments. Accordingly, segment information for the six months ended September 30, 2015 has been reclassified to conform to the presentation at April 1, 2016.

	Yen (millions)	
	Six months ended September 30	
	2016	2015
Sales:		
Appliances:		
Customers	1,073,996	1,051,938
Intersegment	111,110	125,854
Total	1,185,106	1,177,792
Eco Solutions:		
Customers	619,701	649,551
Intersegment	106,174	113,391
Total	725,875	762,942
AVC Networks:		
Customers	437,216	514,101
Intersegment	55,185	61,952
Total	492,401	576,053
Automotive & Industrial Systems:		
Customers	1,181,605	1,301,259
Intersegment	68,792	85,343
Total	1,250,397	1,386,602
Other:		
Customers	257,710	268,354
Intersegment	3,768	4,346
Total	261,478	272,700
Eliminations and Adjustments:		
Customers	(74,737)	(24,775)
Intersegment	(345,029)	(390,886)
Total	(419,766)	(415,661)
Consolidated total	3,495,491	3,760,428

	Yen (millions)	
	Six months ended September 30	
	2016	2015
Segment profit:		
Appliances	71,477	42,875
Eco Solutions	20,916	33,466
AVC Networks	25,718	33,996
Automotive & Industrial Systems	65,089	71,570
Other	641	5,405
Eliminations and Adjustments	(39,214)	13,138
Total segment profit	144,627	200,450
Interest income	6,979	10,951
Dividends received	1,464	1,390
Other income	43,998	9,613
Interest expense	(6,842)	(9,063)
Impairment losses of long-lived assets	(172)	(3,358)
Other deductions	(36,869)	(45,843)
Consolidated income before income taxes	153,185	164,140

The measure of segment profit of each reportable segment was changed, from sales minus cost of sales and selling, general and administrative expenses which was the previous measure, to above-mentioned profit plus other income (deductions) excluding financial income (expenses) and exchange gains (losses) in fiscal 2017. The segment profit of each reportable segment in fiscal 2016 has been restated to conform to the new measurement used in fiscal 2017

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 in addition to the eliminations of other income (deductions) which are part of each segment profit.

Adjustments to segment sales to customers for the six months ended September 30, 2016 and 2015 mainly include price differences between sales prices to external customers and the internal sales prices adopted for performance measurement purposes for the sales of certain consumer products through sales departments, and consolidation adjustments for sales price of a deduction of 31,946 million yen and an addition of 10,784 million yen, respectively. Adjustments also include the sales of certain associated companies under the equity method, amounting to a deduction of 48,669 million yen and a deduction of 47,689 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, 2016 and 2015 include profit (loss) of corporate headquarters and sales departments of certain consumer products amounting a profit of 4,823 million yen and a profit of 13,580 million yen, respectively. Consolidation adjustments also include amortization of certain finite-lived intangible assets and differences in accounting standards in addition to the eliminations of other income (deductions) which are part of each segment profit, amounting to a loss of 44,037 million yen and a loss of 442 million yen, respectively.

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, 2016 and 2015.

Information by segment for the three months ended September 30, 2016 and 2015 is shown in the tables below.
As of April 1 2016, there were some changes in the structure of its internal organization of the reportable segments. Accordingly, segment information for the three months ended September 30, 2015 has been reclassified to conform to the presentation at April 1, 2016.

	Yen (millions)	
	Three months ended September 30	
	2016	2015
Sales:		
Appliances:		
Customers	520,606	510,477
Intersegment	48,169	60,780
Total	568,775	571,257
Eco Solutions:		
Customers	322,624	340,278
Intersegment	53,042	56,663
Total	375,666	396,941
AVC Networks:		
Customers	215,810	266,979
Intersegment	26,735	33,453
Total	242,545	300,432
Automotive & Industrial Systems:		
Customers	595,076	646,234
Intersegment	37,966	43,721
Total	633,042	689,955
Other:		
Customers	142,284	150,916
Intersegment	2,197	2,294
Total	144,481	153,210
Eliminations and Adjustments:		
Customers	(49,422)	(12,299)
Intersegment	(168,109)	(196,911)
Total	(217,531)	(209,210)
Consolidated total	1,746,978	1,902,585

	Yen (millions)	
	Three months ended September 30	
	2016	2015
Segment profit:		
Appliances	27,121	17,079
Eco Solutions	15,928	23,750
AVC Networks	12,865	28,145
Automotive & Industrial Systems	46,853	37,356
Other	4,156	6,721
Eliminations and Adjustments	(29,228)	10,841
Total segment profit	77,695	123,892
Interest income	3,228	5,021
Dividends received	146	332
Other income	39,410	2,488
Interest expense	(3,683)	(4,407)
Impairment losses of long-lived assets	(3)	(2,338)
Other deductions	(22,443)	(33,523)
Consolidated income before income taxes	94,350	91,465

The measure of segment profit of each reportable segment was changed, from sales minus cost of sales and selling, general and administrative expenses which was the previous measure, to above-mentioned profit plus other income (deductions) excluding financial income (expenses) and exchange gains (losses) in fiscal 2017. The segment profit of each reportable segment in fiscal 2016 has been restated to conform to the new measurement used in fiscal 2017

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 in addition to the eliminations of other income (deductions) which are part of each segment profit.

Adjustments to segment sales to customers for the three months ended September 30, 2016 and 2015 mainly include price differences between sales prices to external customers and the internal sales prices adopted for performance measurement purposes for the sales of certain consumer products through sales departments, and consolidation adjustments for sales price of a deduction of 30,387 million yen and a deduction of 454 million yen, respectively. Adjustments also include the sales of certain associated companies under the equity method, amounting to a deduction of 25,220 million yen and a deduction of 23,995 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, 2016 and 2015 include profit (loss) of corporate headquarters and sales departments of certain consumer products amounting a loss of 3,464 million yen and a profit of 210 million yen, respectively. Consolidation adjustments also include amortization of certain finite-lived intangible assets and differences in accounting standards in addition to the eliminations of other income (deductions) which are part of each segment profit, amounting to a loss of 25,764 million yen and a profit of 10,631 million yen, respectively.

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, 2016 and 2015.

By Geographical Area:

Sales attributed to countries based upon the customer's location for the six months ended September 30, 2016 and 2015 are as follows.

	Yen (millions)	
	Six months ended September 30	
	2016	2015
Sales:		
Japan	1,679,868	1,708,896
North and South America	610,177	621,382
Europe	296,601	347,483
Asia and Others	908,845	1,082,667
Consolidated total	3,495,491	3,760,428
United States included in North and South America	552,391	554,747
China included in Asia and Others	418,276	535,353

Sales attributed to countries based upon the customer's location for the three months ended September 30, 2016 and 2015 are as follows:

	Yen (millions)	
	Three months ended September 30	
	2016	2015
Sales:		
Japan	875,243	883,762
North and South America	303,696	313,904
Europe	132,938	177,810
Asia and Others	435,101	527,109
Consolidated total	1,746,978	1,902,585
United States included in North and South America	273,679	281,257
China included in Asia and Others	205,203	270,862

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, 2016, the board of directors approved a year-end dividend of 15.0 yen per share, totaling 34,815 million yen on outstanding common stock as of March 31, 2016. The dividends, which became effective on June 3, 2016, were sourced out of retained earnings.

On October 31, 2016, the board of directors approved an interim dividend of 10.0 yen per share, totaling 23,210 million yen on outstanding common stock as of September 30, 2016. The dividends, which will become effective on November 30, 2016, were sourced out of retained earnings.

(14) Acquisition

On April 1, 2016, the Company acquired all outstanding shares of Hussmann Parent Inc., which in turn owned all shares of Hussmann Corporation of the United States, and accordingly, obtained control in the two companies and their subsidiaries (hereinafter, collectively including their subsidiaries, referred to as “Hussmann Group”) from the acquisition date.

Hussmann Group is in the business of manufacturing, selling, developing and providing services related to commercial-use refrigerated and freezer display cases. This acquisition will enable the combination of Hussmann Group's strengths in customer relationship, maintenance and services with the Company's wide-ranging technology and product lineup. The Company will use this synergy to drive growth and further innovation on a global basis. Hussmann Group will be able to leverage core refrigeration product technology and case platforms including the Company's CO2 systems and foodservice products. Other synergy opportunities include LED's, remote monitoring and other technology platforms that will enhance retail customer's merchandising and consumer connectivity.

The fair value of consideration paid for the controlling interests of Hussmann Group as of the acquisition date was 141,771 million yen and was paid in cash. Acquisition-related cost was not material.

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

	Yen (millions)
Cash and cash equivalents	16,917
Goodwill	91,156
Intangible assets	96,733
Other assets	51,893
Total assets acquired	256,699
Debt	41,371
Deferred tax liabilities	31,523
Other assumed liabilities	42,034
Total liabilities assumed	114,928
Total net assets acquired	141,771

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

Intangible assets of 67,185 million yen are subject to amortization, which include customer relationship of 62,130 million yen with a 21-year useful life. Intangible assets of 29,548 million yen are not subject to amortization, all of which relates to trade name.

Net sales and income before income taxes of Hussmann Group that are included in the consolidated statements of income for the six and three months ended September 30, 2016 were not material.

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