

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

**For the six months ended
September 30, 2018**

**Panasonic Corporation
Osaka, Japan**

CONTENTS

Page

Disclaimer Regarding Forward-Looking Statements	1
I Corporate Information	2
(1) Consolidated Financial Summary	2
(2) Principal Businesses	3
II The Business Overview	4
1. Risk Factors.....	4
2. Management Analysis of Consolidated Financial Position, Operating Results and Cash Flows.....	4
(1) Operating Results	4
(2) Operating Results by Segment	5
(3) Consolidated Financial Conditions	5
(4) Cash Flows	6
(5) Research and Development	6
(6) Capital Investment	6
(7) Depreciation	6
(8) Number of Employees	6
III Shares and Shareholders	7
(1) Shares of Common Stock Issued	7
(2) Amount of Common Stock (Stated Capital)	7
IV Financial Statements	8

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 financial assets in which the Panasonic Group has holdings or changes in valuation of non-financial assets, including property, plant and equipment, goodwill and deferred tax assets; future changes or revisions to accounting policies or accounting rules; the possibility of incurring expenses resulting from a leakage of customers' or confidential information from Panasonic Group systems due to unauthorized access or a detection of vulnerability of network-connected products of the Panasonic Group; as well as natural disasters including earthquakes, prevalence of infectious diseases throughout the world, disruption of supply chain and other events that may negatively impact business activities of the Panasonic Group. The factors listed above are not all-inclusive and further information is contained in the most recent English translated version of Panasonic's securities reports under the FIEA and any other documents which are disclosed on its website.

I Corporate Information

(1) Consolidated Financial Summary

	Yen (millions), except per share amounts		
	Six months ended September 30, 2018	Six months ended September 30, 2017	Year ended March 31, 2018
Net sales	4,008,178	3,857,864	7,982,164
Profit before income taxes	197,260	194,785	378,590
Net profit attributable to Panasonic Corporation stockholders	113,619	118,911	236,040
Comprehensive income attributable to Panasonic Corporation stockholders	160,618	226,674	292,381
Panasonic Corporation stockholders' equity	1,827,126	1,686,610	1,707,551
Total equity	1,995,128	1,875,631	1,882,285
Total assets	6,462,583	6,283,021	6,291,148
Earnings per share attributable to Panasonic Corporation stockholders, basic (yen)	48.71	50.98	101.20
Earnings per share attributable to Panasonic Corporation stockholders, diluted (yen)	48.68	50.96	101.15
Panasonic Corporation stockholders' equity / total assets (%)	28.3	26.8	27.1
Net cash provided by operating activities	31,440	142,040	423,182
Net cash used in investing activities	(115,102)	(251,146)	(458,828)
Net cash provided by (used in) financing activities	34,428	(143,870)	(128,763)
Cash and cash equivalents at end of period	1,071,595	1,035,216	1,089,585

	Three months ended September 30, 2018	Three months ended September 30, 2017
Net sales	1,999,443	1,992,589
Net profit attributable to Panasonic Corporation stockholders	56,259	70,152
Earnings per share attributable to Panasonic Corporation stockholders, basic (yen)	24.12	30.08

Notes: 1. The Company's condensed quarterly consolidated financial statements and consolidated financial statements are prepared in conformity with International Financial Reporting Standards (IFRS).

2. Net sales do not include consumption tax, etc.

(2) Principal Businesses

The Panasonic Group is comprised primarily of the parent Panasonic Corporation and 588 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 full spectrum of electric/electronic equipment and related products, which is categorized into the four reportable segments and other business activities not belonging to the reportable segments. Four reportable segments are Appliances, Eco Solutions, Connected Solutions, and Automotive & Industrial Systems. Certain businesses were transferred among segments from the fiscal year ending March 31, 2019 (fiscal 2019). Details for segments and business transfers are described in notes of the Condensed Quarterly Consolidated Financial Statements, "3. Segment Information."

The Company's consolidated financial statements are prepared in conformity with IFRS and the scope of affiliates is disclosed based on the definition of those accounting principles. The same applies to "II The Business Overview."

During the six months ended September 30, 2018, there was no change in major affiliated companies.

II The Business Overview

1. Risk Factors

There was no risk newly identified during the six months ended September 30, 2018.

There were no significant changes with regard to the "Risk Factors" stated in the annual securities report of the prior fiscal year.

2. Management Analysis of Consolidated Financial Position, Operating Results and Cash Flows

(1) Operating Results

During the six months ended September 30, 2018 (fiscal 2019) under review, the global economy continued to moderately recover as the U.S. economy performed favorably, with stable personal spending and capital expenditures. The Chinese economy saw a stable trend despite slowdowns such as in investment. The Japanese economy showed a recovery mainly in exports and capital expenditures. Regarding the outlook for the global economy, risk factors such as the politics and financial situation of various countries, the spread of protectionism, and downward economic swings in emerging countries can be seen.

Under such business conditions, Panasonic is promoting its strategies for sustainable growth, identifying the areas where the Company will concentrate its management resources.

As one of the initiatives taken during the six months ended September 30, 2018, for the rechargeable battery business, which shows rapid expansion mainly spurred by automotive lithium-ion batteries, the Company reorganized the business based on customers and industries on April 1, 2018. This new structure allows the efficient use of development resources and the Company is accelerating its growth strategy.

In July 2018, Panasonic came to an agreement with Honda Motor Co., Ltd., to jointly conduct a research experiment on battery sharing using detachable mobile batteries and electric motorcycles in Indonesia. Panasonic is striving to create new demand for batteries.

In India, one of the Company's strategic markets for its home appliances business along with China and Southeast Asia, Panasonic started to release made-in-India refrigerators in April 2018. Panasonic continues to expand its home appliances business in this fast-growing market.

In June 2018, the Company came to an agreement with Nitto Kogyo Corporation to study comprehensive collaboration on businesses such as distribution boards. Looking to the domestic and overseas markets, both companies will cooperate in the areas of production, development, and technology, aiming to offer solutions that bring yet higher customer satisfaction.

Furthermore, in September 2018, the Company agreed to collaborate with two Chinese companies in the solutions businesses for the building industry. In China, where the construction market is rapidly expanding, the Company strives to accelerate the growth of solutions businesses to offer comfortable and high-quality spaces, such as improving the workers' living environment at construction site.

The Company's consolidated group sales increased by 4% to 4,008.2 billion yen from fiscal 2018 (a year ago), continuing a year-on-year sales increase following the previous year. Domestic sales increased year on year due mainly to favorable sales of automotive-related products and Panasonic Homes Co., Ltd., despite a sales decline for consumer products in Appliances. Overseas sales increased due mainly to favorable sales of the automotive-related business including Energy and Automotive, electrical construction materials business of Energy Systems, and the electronic component mounting equipment business of Process Automation.

Operating profit slightly decreased by 1% to 195.2 billion yen from a year ago. Increased sales and improved other income (expenses) such as recording a gain on the sale of land were unable to offset fixed-costs increase

and raw material cost hikes. Profit before income taxes increased by 1% to 197.3 billion yen, and net profit attributable to Panasonic Corporation stockholders decreased by 4% to 113.6 billion yen from a year ago.

(2) Operating Results by Segment

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

Certain businesses were transferred among segments from fiscal 2019. The figures for segment information in fiscal 2018 have been reclassified to conform to the presentation for fiscal 2019.

Appliances

Sales were 1,408.8 billion yen, almost in line with a year ago. While sales through e-commerce in China and Commercial Refrigeration & Food Equipment in North America were favorable, sales mainly in air-conditioners and AVC products were weak.

Operating profit decreased by 17% to 61.7 billion yen from a year ago due mainly to the negative effects of exchange rate fluctuations and raw material cost hikes.

Eco Solutions

Sales increased by 6% to 951.1 billion yen from a year ago. This increase was driven by the favorable results from the ready-built housing business of Panasonic Homes Co., Ltd., growth in the electrical construction materials business mainly for India and Southeast Asia, and the new consolidation of Matsumura-Gumi Corporation.

Operating profit increased by 11% to 22.8 billion yen from a year ago due to sales increase and rebound from temporary expenses recorded in the previous year, despite the negative effects of raw material cost hikes and upfront expenses to expand overseas electrical construction materials business.

Connected Solutions

Sales increased by 4% to 549.1 billion yen from a year ago. Sales increased at the Process Automation Business with mounting equipment and welding equipment for automotive industries showing strong results. Panasonic System Solutions Japan Co., Ltd. also achieved sales growth for retail and logistics industries as well as public services and local governments.

Operating profit increased by 31% to 51.8 billion yen due mainly to the impact of sales increase in Process Automation Business and the improved product mix of Media Entertainment.

Automotive & Industrial Systems

Sales increased by 9% to 1,469.6 billion yen from a year ago. This increase was driven by Automotive Business, with sales increase of infotainment systems in Japan, Europe, and the U.S., and Energy Business with significant sales growth in automotive batteries.

Despite profit increase by sales expansion, operating profit decreased by 26% to 29.0 billion yen from a year ago due mainly to increased ramp-up expenses for the automotive battery factory in North America and sales decrease of Electromechanical Control.

(3) Consolidated Financial Conditions

The Company's consolidated total assets as of September 30, 2018 increased by 171.4 billion yen to 6,462.6 billion yen from March 31, 2018. This was due mainly to increases in trade receivables and contracts assets, and inventory, due to B2B business expansion.

The Company's consolidated total liabilities as of September 30, 2018 increased by 58.6 billion yen, compared with March 31, 2018, to 4,467.5 billion yen.

Panasonic Corporation stockholders' equity increased by 119.6 billion yen, compared with March 31, 2018, to 1,827.1 billion yen. This was due mainly to recording of net profit attributable to Panasonic Corporation stockholders. Adding non-controlling interests to Panasonic Corporation stockholders' equity, total equity was 1,995.1 billion yen.

(4) Cash Flows

Cash flows from operating activities

Net cash provided by operating activities for the six months ended September 30, 2018, amounted to 31.4 billion yen, compared with an inflow of 142.0 billion yen a year ago. This was due mainly to the one-time payment of legal costs this year, in spite of an improvement of increase (decrease) in inventories.

Cash flows from investing activities

Net cash used in investing activities amounted to 115.1 billion yen, compared with an outflow of 251.1 billion yen a year ago. This was due mainly to a decrease in capital expenditures, an increase in proceeds from the sale of land, and collection of lease receivables.

Accordingly, free cash flow (net cash provided by operating activities and investing activities) improved by 25.4 billion yen from a year ago to an outflow of 83.7 billion yen.

Cash flows from financing activities

Net cash provided by financing activities amounted to 34.4 billion yen, compared with an outflow of 143.9 billion yen a year ago. This was due mainly to an issuance of short-term bonds of 90.0 billion yen this year, and acquisition of additional equity interest in PanaHome Corporation in the same period of last year.

Taking exchange rate movement into consideration, cash and cash equivalents totaled 1,071.6 billion yen as of September 30, 2018, decreased by 18.0 billion yen compared with March 31, 2018.

(5) Research and Development

Panasonic's R&D expenditures for the six months ended September 30, 2018 totaled 236.7 billion yen, up 6% 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, 2018 totaled 125.3 billion yen, down 32% from a year ago.

(7) Depreciation

Panasonic's depreciation for the six months ended September 30, 2018 totaled 111.6 billion yen, down 1% from a year ago.

(8) Number of Employees

Number of employees at the end of the second quarter of fiscal 2019 was 273,461, a decrease of 682, compared with the end of the fiscal 2018.

III Shares and Shareholders

(1) Shares of Common Stock Issued as of September 30, 2018: 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, 2018: 258,740 million yen

CONTENTS

IV Financial Statements

Index of Condensed Quarterly Consolidated Financial Statements of Panasonic Corporation and Subsidiaries:

	<u>Page</u>
Condensed Quarterly Consolidated Statements of Financial Position of September 30 and March 31, 2018	9
Condensed Quarterly Consolidated Statements of Profit or Loss and Condensed Quarterly Consolidated Statements of Comprehensive Income for the six and three months ended September 30, 2018 and 2017.....	11
Condensed Quarterly Consolidated Statements of Changes in Equity for the six months ended September 30, 2018 and 2017	15
Condensed Quarterly Consolidated Statements of Cash Flows for the six months ended September 30, 2018 and 2017	16
Notes to Condensed Quarterly Consolidated Financial Statements	18

**PANASONIC CORPORATION
AND SUBSIDIARIES**

**Condensed Quarterly Consolidated Statements of Financial Position
September 30 and March 31, 2018**

	Yen (millions)	
	September 30, 2018	March 31, 2018
<u>Assets</u>		
Current assets:		
Cash and cash equivalents.....	1,071,595	1,089,585
Trade receivables (Note 2).....	-	1,038,984
Trade receivables and contract assets (Note 2).....	1,150,722	-
Other financial assets.....	197,447	203,557
Inventories.....	1,078,259	988,609
Other current assets.....	187,103	165,223
	<hr/>	<hr/>
Total current assets.....	3,685,126	3,485,958
	<hr/>	<hr/>
Non-current assets:		
Investments accounted for using the equity method.....	149,547	147,959
Other financial assets.....	158,415	166,466
Property, plant and equipment.....	1,341,278	1,374,066
Goodwill and intangible assets.....	751,629	738,251
Deferred tax assets.....	315,804	325,255
Other non-current assets.....	60,784	53,193
	<hr/>	<hr/>
Total non-current assets.....	2,777,457	2,805,190
	<hr/>	<hr/>
Total assets.....	6,462,583	6,291,148
	<hr/>	<hr/>

**PANASONIC CORPORATION
AND SUBSIDIARIES**

**Condensed Quarterly Consolidated Statements of Financial Position
September 30 and March 31, 2018**

	Yen (millions)	
	September 30, 2018	March 31, 2018
<u>Liabilities and Equity</u>		
Current liabilities:		
Short-term debt, including current portion of long-term debt.....	500,774	375,392
Trade payables.....	1,184,687	1,146,476
Other financial liabilities.....	271,727	304,977
Income taxes payable.....	90,753	77,380
Provisions (Note 2).....	223,132	285,954
Contract liabilities (Note 2).....	118,292	-
Other current liabilities (Note 2).....	820,684	907,756
Total current liabilities.....	3,210,049	3,097,935
Non-current liabilities:		
Long-term debt.....	831,229	864,052
Other financial liabilities	17,507	18,623
Retirement benefit liabilities.....	330,152	349,873
Provisions.....	9,727	10,217
Deferred tax liabilities.....	55,734	56,447
Contract liabilities (Note 2).....	5,374	-
Other non-current liabilities (Note 2).....	7,683	11,716
Total non-current liabilities.....	1,257,406	1,310,928
Total liabilities.....	4,467,455	4,408,863
Equity:		
Panasonic Corporation stockholders' equity :		
Common stock.....	258,740	258,740
Capital surplus.....	525,844	527,408
Retained earnings.....	1,378,752	1,300,336
Other components of equity (Note 4).....	(125,607)	(168,259)
Treasury stock.....	(210,603)	(210,674)
Total Panasonic Corporation stockholders' equity (Note 5).....	1,827,126	1,707,551
Non-controlling interests.....	168,002	174,734
Total equity.....	1,995,128	1,882,285
Total liabilities and equity.....	6,462,583	6,291,148

**PANASONIC CORPORATION
AND SUBSIDIARIES**

**Condensed Quarterly Consolidated Statements of Profit or Loss
Six months ended September 30, 2018 and 2017**

	Yen (millions)	
	Six months ended September 30	
	2018	2017
Net sales (Note 7).....	4,008,178	3,857,864
Cost of sales.....	(2,887,977)	(2,720,955)
Gross profit.....	1,120,201	1,136,909
Selling, general and administrative expenses.....	(946,371)	(934,208)
Share of profit of investments accounted for using the equity method.....	3,263	3,993
Other income (expenses), net (Note 8).....	18,147	(10,143)
Operating profit.....	195,240	196,551
Finance income.....	13,396	12,366
Finance expenses.....	(11,376)	(14,132)
Profit before income taxes.....	197,260	194,785
Income taxes.....	(75,560)	(68,750)
Net profit.....	121,700	126,035
Net profit attributable to:		
Panasonic Corporation stockholders.....	113,619	118,911
Non-controlling interests.....	8,081	7,124
Earnings per share attributable to Panasonic Corporation stockholders (Note 5)		
Basic.....	48.71	50.98
Diluted.....	48.68	50.96

**PANASONIC CORPORATION
AND SUBSIDIARIES**

**Condensed Quarterly Consolidated Statements of Comprehensive Income
Six months ended September 30, 2018 and 2017**

	Yen (millions)	
	Six months ended September 30	
	2018	2017
Net Profit.....	121,700	126,035
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans.....	1,927	40,035
Financial assets measured at fair value through other comprehensive income.....	(2,032)	14,504
Subtotal.....	(105)	54,539
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations.....	49,071	60,825
Net changes in fair value of cash flow hedges.....	(3,181)	(802)
Subtotal.....	45,890	60,023
Total other comprehensive income.....	45,785	114,562
Comprehensive income.....	167,485	240,597
Comprehensive income attributable to:		
Panasonic Corporation stockholders.....	160,618	226,674
Non-controlling interests.....	6,867	13,923

Condensed Quarterly Consolidated Statements of Profit or Loss
Three months ended September 30, 2018 and 2017

	Yen (millions)	
	Three months ended September 30	
	2018	2017
Net sales (Note 7).....	1,999,443	1,992,589
Cost of sales.....	(1,440,335)	(1,403,664)
Gross profit.....	559,108	588,925
Selling, general and administrative expenses.....	(466,860)	(466,015)
Share of profit of investments accounted for using the equity method.....	2,067	2,187
Other income (expenses), net	969	(12,471)
Operating profit.....	95,284	112,626
Finance income.....	5,642	5,737
Finance expenses.....	(5,912)	(5,550)
Profit before income taxes.....	95,014	112,813
Income taxes.....	(34,836)	(38,969)
Net profit.....	60,178	73,844
Net profit attributable to:		
Panasonic Corporation stockholders.....	56,259	70,152
Non-controlling interests.....	3,919	3,692
Earnings per share attributable to Panasonic Corporation stockholders (Note 5)		
Basic.....	24.12	30.08
Diluted.....	24.10	30.06

Condensed Quarterly Consolidated Statements of Comprehensive Income
Three months ended September 30, 2018 and 2017

	Yen (millions)	
	Three months ended September 30	
	2018	2017
Net Profit.....	60,178	73,844
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans.....	53	32
Financial assets measured at fair value through other comprehensive income.....	(12,816)	955
Subtotal.....	(12,763)	987
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations.....	33,435	33,483
Net changes in fair value of cash flow hedges.....	(1,730)	451
Subtotal.....	31,705	33,934
Total other comprehensive income.....	18,942	34,921
Comprehensive income.....	79,120	108,765
Comprehensive income attributable to:		
Panasonic Corporation stockholders.....	74,734	101,767
Non-controlling interests.....	4,386	6,998

**PANASONIC CORPORATION
AND SUBSIDIARIES**

Condensed Quarterly Consolidated Statements of Changes in Equity

Six months ended September 30, 2018 and 2017

Six months ended September 30, 2018								Yen (millions)
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Panasonic Corporation stockholders' equity	Non- controlling interests	Total equity
Balances as of April 1, 2018.....	258,740	527,408	1,300,336	(168,259)	(210,674)	1,707,551	174,734	1,882,285
Comprehensive income:								
Net profit.....	-	-	113,619	-	-	113,619	8,081	121,700
Remeasurements of defined benefit plans.....	-	-	-	1,830	-	1,830	97	1,927
Financial assets measured at fair value through other comprehensive income.....	-	-	-	(2,074)	-	(2,074)	42	(2,032)
Exchange differences on translation of foreign operations.....	-	-	-	50,417	-	50,417	(1,346)	49,071
Net change in fair value of cash flow hedges.....	-	-	-	(3,174)	-	(3,174)	(7)	(3,181)
Total comprehensive income.....	-	-	113,619	46,999	-	160,618	6,867	167,485
Transfer to hedged non-financial assets.....	-	-	-	(53)	-	(53)	-	(53)
Transfer from other components of equity to retained earnings.....	-	-	4,294	(4,294)	-	-	-	-
Cash dividends (Note 4).....	-	-	(46,647)	-	-	(46,647)	(12,942)	(59,589)
Purchase of treasury stock.....	-	-	-	-	(30)	(30)	-	(30)
Disposal of treasury stock.....	-	(42)	-	-	101	59	-	59
Transactions with non-controlling interests and other.....	-	(1,522)	-	-	-	(1,522)	(657)	(2,179)
Cumulative effects of a new accounting standard applied (Note 2).....	-	-	7,150	-	-	7,150	-	7,150
Balances as of September 30, 2018.....	258,740	525,844	1,378,752	(125,607)	(210,603)	1,827,126	168,002	1,995,128
Six months ended September 30, 2017								Yen (millions)
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Panasonic Corporation stockholders' equity	Non- controlling interests	Total equity
Balances as of April 1, 2017.....	258,740	636,905	1,051,445	(164,632)	(210,569)	1,571,889	188,046	1,759,935
Comprehensive income:								
Net profit.....	-	-	118,911	-	-	118,911	7,124	126,035
Remeasurements of defined benefit plans.....	-	-	-	40,117	-	40,117	(82)	40,035
Financial assets measured at fair value through other comprehensive income.....	-	-	-	14,482	-	14,482	22	14,504
Exchange differences on translation of foreign operations.....	-	-	-	53,952	-	53,952	6,873	60,825
Net change in fair value of cash flow hedges.....	-	-	-	(788)	-	(788)	(14)	(802)
Total comprehensive income.....	-	-	118,911	107,763	-	226,674	13,923	240,597
Transfer to hedged non-financial assets.....	-	-	-	(94)	-	(94)	-	(94)
Transfer from other components of equity to retained earnings.....	-	-	43,981	(43,981)	-	-	-	-
Cash dividends (Note 4).....	-	-	(34,986)	-	-	(34,986)	(16,417)	(51,403)
Purchase of treasury stock.....	-	-	-	-	(60)	(60)	-	(60)
Disposal of treasury stock.....	-	(1)	-	-	6	5	-	5
Purchase of subsidiaries (Note 9).....	-	-	-	-	-	-	22,414	22,414
Transactions with non-controlling interests and other (Note 8).....	-	(83,503)	-	6,685	-	(76,818)	(18,945)	(95,763)
Balances as of September 30, 2017.....	258,740	553,401	1,179,351	(94,259)	(210,623)	1,686,610	189,021	1,875,631

**PANASONIC CORPORATION
AND SUBSIDIARIES**

Condensed Quarterly Consolidated Statements of Cash Flows

Six months ended September 30, 2018 and 2017

	Yen (millions)	
	Six months ended September 30	
	2018	2017
Cash flows from operating activities :		
Net profit.....	121,700	126,035
Depreciation and amortization.....	143,967	142,085
Impairment losses on property, plant and equipment, goodwill and intangible assets.....	610	6,460
Income tax expenses.....	75,560	68,750
(Increase) decrease in trade receivables.....	-	(132,904)
(Increase) decrease in trade receivables and contract assets.....	(69,052)	-
(Increase) decrease in inventories.....	(81,018)	(133,520)
Increase (decrease) in trade payables.....	39,557	94,867
Increase (decrease) in provisions.....	(25,885)	1,776
Increase (decrease) in contract liabilities.....	14,810	-
Increase (decrease) in retirement benefit liabilities.....	(19,980)	(11,396)
Other - net (Note 8).....	(109,523)	24,655
Subtotal.....	90,746	186,808
Interests received.....	11,271	10,566
Dividend income received.....	2,125	1,800
Interest expenses paid.....	(10,780)	(11,869)
Income taxes paid.....	(61,922)	(45,265)
Net cash provided by operating activities.....	31,440	142,040
Cash flows from investing activities :		
Purchase of property, plant and equipment.....	(164,192)	(206,681)
Proceeds from sale of property, plant and equipment.....	28,777	10,840
Purchase of intangible assets.....	(37,517)	(37,178)
Collection of lease receivables.....	57,143	-
Purchase of investments accounted for using the equity method and other financial assets.....	(18,060)	(14,892)
Proceeds from investments accounted for using the equity method and other financial assets.....	20,618	4,832
Proceeds from sales of shares of subsidiaries.....	-	183
Purchase of shares of subsidiaries, net of cash acquired (Note 9).....	(500)	(4,588)
Other - net.....	(1,371)	(3,662)
Net cash used in investing activities.....	(115,102)	(251,146)

**PANASONIC CORPORATION
AND SUBSIDIARIES**

Condensed Quarterly Consolidated Statements of Cash Flows

Six months ended September 30, 2018 and 2017

	Yen (millions)	
	Six months ended September 30	
	2018	2017
Cash flows from financing activities :		
Increase (decrease) in short-term debt.....	96,683	(2,522)
Proceeds from long-term debt.....	863	2,995
Repayments of long-term debt.....	(5,364)	(5,430)
Dividends paid to Panasonic Corporation stockholders (Note 4).....	(46,647)	(34,986)
Dividends paid to non-controlling interests.....	(12,942)	(16,417)
Purchase of treasury stocks.....	(30)	(60)
Proceeds from sales of treasury stocks.....	59	5
Transactions with non-controlling interests (Note 8).....	(2,144)	(84,616)
Other - net.....	3,950	(2,839)
Net cash provided by (used in) financing activities.....	34,428	(143,870)
Effect of exchange rate changes on cash and cash equivalents.....	31,244	17,405
Net decrease in cash and cash equivalents.....	(17,990)	(235,571)
Cash and cash equivalents at beginning of period.....	1,089,585	1,270,787
Cash and cash equivalents at end of period.....	1,071,595	1,035,216

**PANASONIC CORPORATION
AND SUBSIDIARIES**

Notes to Condensed Quarterly Consolidated Financial Statements

1. Reporting Entity

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

The details of principal businesses and activities of the Company are stated in "3. Segment Information."

2. Basis of Preparation

- (1) Compliance of condensed quarterly consolidated financial statements with International Accounting Standard 34 "Interim Financial Reporting" (hereinafter, "IAS 34")

Pursuant to the provision of Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, the condensed quarterly consolidated financial statements of the Company have been prepared in compliance with IAS 34 since the Company qualifies as a "Specified Company under Designated International Accounting Standards" prescribed in Article 1-2 of the Ordinance.

The Company's condensed quarterly consolidated financial statements do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with IFRS, and should be used in conjunction with the financial statements and the notes included in the Company's annual consolidated financial statements for the year ended March 31, 2018.

The condensed quarterly consolidated financial statements were approved on November 13, 2018 by Representative Director, President, Kazuhiro Tsuga and Director (CFO) Hirokazu Umeda.

- (2) Functional currency and presentation currency

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

- (3) Significant accounting policies

Significant accounting policies applied in preparation of the condensed quarterly consolidated financial statements are consistent with those used in the preparation of the Company's annual consolidated financial statements for the year ended March 31, 2018 except for the following (5).

- (4) Significant accounting estimates and judgments involving estimations

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

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

The estimates and judgments that have a material effect on the Company's condensed quarterly consolidated financial statements, are consistent with those used in the preparation of the Company's annual consolidated financial statements for the year ended March 31, 2018.

(5) Application of new standards and interpretations

The Company applied IFRS 15, "Revenue from Contracts with Customers" from April 1, 2018 to contracts that were not completed at the date of initial application, using the method recognizing the cumulative effect of applying IFRS 15 at the date of initial application.

In accordance with the adoption of IFRS 15, revenue is recognized based on the following five-step model.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations

Step 5: Recognize revenue when or as the entity satisfies a performance obligation

The Company principally has sales transactions of products such as consumer and industrial products, equipment, and supplies. For such sales transactions, revenue is principally recognized on delivery of the products, because a customer obtains control over the products and the performance obligation is determined to have been satisfied on delivery of the products. The Company has also sales transactions involving rendering of services and construction contracts. For such sales transactions, revenue is principally recognized according to the progress towards complete satisfaction, because the performance obligation has been satisfied over time.

The Company deducts certain price adjustment expenses that are appropriated to payments to compensate for the decline in product prices in association with sales to its consumer business distributors and sales rebates under incentive programs offered to distributors, from net sales as a part of variable consideration.

Cumulative effects of applying IFRS 15 on the opening balance of the Company's "Retained earnings" as of April 1, 2018 are an increase by 7,150 million yen. Effects on "Net sales," "Net profit," "Basic earnings per share" and "Diluted earnings per share" for the six months and the three months ended September 30, 2018, are insignificant.

In accordance with the adoption of IFRS 15 from April 1, 2018, deposits and deferred revenue previously included in "Current liabilities" and "Non-current liabilities" are presented as "Contract liabilities." As a result, compared with the application of the former accounting standard, as of April 1 and September 30, 2018, "Other current liabilities" decreased by 105,287 million yen and 118,292 million yen, respectively and "Contract liabilities" (current liabilities) increased by the same amount; and "Other non-current liabilities" decreased by 6,116 million yen and 5,374 million yen, respectively and "Contract liabilities" (non-current liabilities) increased by the same amount.

In addition, provision for sales promotion expenses (estimated total expenses related to sales promotion of products, etc. in the distribution process based on sales policies), which was previously included in "Provision" (current liabilities), is recognized as a part of refund liabilities and presented in "Other current liabilities." As a result, compared with the application of the former accounting standard, as of April 1 and September 30, 2018, "Provision" (current liabilities) decreased by 36,937 million yen and 39,363 million yen, respectively and "Other current liabilities" increased by the same amount.

Receivables from construction contracts in progress which were previously included in "Trade receivables," etc. are recognized as contract assets. Accordingly, "Trade receivables" have been changed to "Trade receivables and contract assets."

3. Segment Information

(1) The reportable segments outline

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

The Company is divided into four Divisional Companies for business management, and they support the autonomy of each business division and execute businesses in their respective area on a global scale. The results of their performance are classified and disclosed in the four reportable segments of "Appliances," "Eco Solutions," "Connected Solutions" and "Automotive & Industrial Systems."

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

"Other" includes business activities not belonging to the reportable segments, such as sales of raw materials.

Starting from April 1, 2018, Panasonic Homes Co., Ltd. (formerly PanaHome Corporation), which was allocated to "Other," has been transferred to "Eco Solutions." Additionally, certain sales departments of consumer products in North America, Europe and Asia which were previously not allocated to any reportable segments have been transferred to "Appliances."

Accordingly, segment information for the six months and the three months ended September 30, 2017 has been reclassified to conform to the presentation for the six months and the three months ended September 30, 2018.

(2) By Segment

Information by segment for the six months ended September 30, 2018 and 2017 is shown in the tables below.

(i) For the six months ended September 30, 2018

	Yen (millions)						
	The reportable segments					Eliminations and adjustments	Consolidated Total
	Appliances	Eco Solutions	Connected Solutions	Automotive & Industrial Systems	Other		
Sales:							
Customers.....	1,296,297	862,069	486,397	1,407,493	113,661	(157,739)	4,008,178
Intersegment.....	112,504	88,992	62,735	62,121	3,916	(330,268)	-
Total.....	<u>1,408,801</u>	<u>951,061</u>	<u>549,132</u>	<u>1,469,614</u>	<u>117,577</u>	<u>(488,007)</u>	<u>4,008,178</u>
Segment profit.....	61,666	22,788	51,820	28,961	1,632	28,373	195,240

(ii) For the six months ended September 30, 2017

	Yen (millions)						
	The reportable segments					Eliminations and adjustments	Consolidated Total
	Appliances	Eco Solutions	Connected Solutions	Automotive & Industrial Systems	Other		
Sales:							
Customers.....	1,302,763	813,851	465,075	1,271,469	129,449	(124,743)	3,857,864
Intersegment.....	111,603	87,584	62,279	71,654	3,085	(336,205)	-
Total.....	<u>1,414,366</u>	<u>901,435</u>	<u>527,354</u>	<u>1,343,123</u>	<u>132,534</u>	<u>(460,948)</u>	<u>3,857,864</u>
Segment profit.....	74,399	20,503	39,493	39,350	2,973	19,833	196,551

The accounting policies for reportable segments are the same as the Company's accounting policies that are provided in Note 2 "(3) Significant accounting policies" except for management accounting adjustments below. Transactions between segments have been conducted at arm's length prices. Profit of the reportable segments is calculated on an operating profit basis.

The figures in "Eliminations and Adjustments" include revenues and expenses which are not attributable to any reportable segments, consolidation adjustments, and eliminations of intersegment transactions.

Adjustments to segment sales to customers for the six months ended September 30, 2018 and 2017 mainly include price differences between sales prices to external customers and the internal sales prices adopted for performance measurement purposes for the sales of consumer products through certain sales departments, management accounting adjustments for sales price and revenue of corporate headquarters, etc.

Adjustments to segment profit for the six months ended September 30, 2018 and 2017 include profit of corporate headquarters (including gain on sales of fixed assets for the six months ended September 30, 2018), etc. and profit which is attributable to certain sales departments of consumer products. Consolidation adjustments also include amortization of certain intangible assets acquired in business combination, and share of profit of investments accounted for using the equity method which are not attributable to any specific segments. The amount of share of profit of investments accounted for using the equity method which is attributable to each segment is immaterial.

Information by segment for the three months ended September 30, 2018 and 2017 is shown in the tables below.

(i) For the three months ended September 30, 2018

	Yen (millions)						
	The reportable segments					Eliminations and adjustments	Consolidated Total
	Appliances	Eco Solutions	Connected Solutions	Automotive & Industrial Systems	Other		
Sales:							
Customers.....	630,765	461,544	243,827	704,154	43,929	(84,776)	1,999,443
Intersegment.....	57,884	45,167	30,974	31,658	2,247	(167,930)	-
Total.....	688,649	506,711	274,801	735,812	46,176	(252,706)	1,999,443
Segment profit.....	22,553	22,839	29,382	13,606	1,558	5,346	95,284

(ii) For the three months ended September 30, 2017

	Yen (millions)						
	The reportable segments					Eliminations and adjustments	Consolidated Total
	Appliances	Eco Solutions	Connected Solutions	Automotive & Industrial Systems	Other		
Sales:							
Customers.....	634,824	435,342	247,202	651,362	68,044	(44,185)	1,992,589
Intersegment.....	52,925	45,143	33,188	35,250	1,947	(168,453)	-
Total.....	687,749	480,485	280,390	686,612	69,991	(212,638)	1,992,589
Segment profit.....	28,473	19,439	23,742	21,244	52	19,676	112,626

The accounting policies for reportable segments are the same as the Company's accounting policies that are provided in Note 2 "(3) Significant accounting policies" except for management accounting adjustments below. Transactions between segments have been conducted at arm's length prices. Profit of the reportable segments is calculated on an operating profit basis.

The figures in "Eliminations and Adjustments" include revenues and expenses which are not attributable to any reportable segments, consolidation adjustments, and eliminations of intersegment transactions.

Adjustments to segment sales to customers for the three months ended September 30, 2018 and 2017 mainly include price differences between sales prices to external customers and the internal sales prices adopted for performance measurement purposes for the sales of consumer products through certain sales departments, management accounting adjustments for sales price and revenue of corporate headquarters, etc.

Adjustments to segment profit for the three months ended September 30, 2018 and 2017 include profit of corporate headquarters, etc. and profit which is attributable to certain sales departments of consumer products. Consolidation adjustments also include amortization of certain intangible assets acquired in business combination, and share of profit of investments accounted for using the equity method which are not attributable to any specific segments. The amount of share of profit of investments accounted for using the equity method which is attributable to each segment is immaterial.

4. Equity

(1) Other components of equity

A breakdown of other components of equity is as follows:

	Yen (millions)	
	September 30, 2018	March 31, 2018
Remeasurements of defined benefit plans (*).....	-	-
Financial assets measured at fair value through other comprehensive income.....	42,741	47,279
Exchange differences on translation of foreign operations.....	(165,938)	(216,355)
Net changes in fair value of cash flow hedges.....	(2,410)	817
Total.....	(125,607)	(168,259)

(*) As the result of remeasurements of defined benefit plans, Other components of equity increased by 1,830 million yen (net of tax), which is directly transferred from other components of equity to retained earnings for the six months ended September 30, 2018.

(2) Dividends

1) Dividends for the six months ended September 30, 2018 is summarized as follows:

(i) Amount of cash dividends paid

Resolution date	Class	Cash dividends (millions of yen)	Dividends resource	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors meeting held on May 10, 2018	Common stock	46,647	Retained Earnings	20.0	March 31, 2018	June 8, 2018

(ii) Cash dividends resolved in the six months ended September 30, 2018 but effective after the period

Resolution date	Class	Cash dividends (millions of yen)	Dividends resource	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors meeting held on October 31, 2018	Common stock	34,986	Retained Earnings	15.0	September 30, 2018	November 30, 2018

2) Dividends for the six months ended September 30, 2017 is summarized as follows:

(i) Amount of cash dividends paid

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

(ii) Cash dividends resolved in the six months ended September 30, 2017 but effective after the period

Resolution date	Class	Cash dividends (millions of yen)	Dividends resource	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors meeting held on October 31, 2017	Common stock	23,324	Retained Earnings	10.0	September 30, 2017	November 30, 2017

5. Per share information

Panasonic Corporation stockholders' equity per share is as follows:

	Yen	
	September 30, 2018	March 31, 2018
Panasonic Corporation stockholders' equity per share.....	783.38	732.12

The reconciliation for the basic and diluted earnings per share attributable to Panasonic Corporation stockholders for the six months ended September 30, 2018 and 2017 are as follows:

	Yen (millions)	
	2018	2017
Net profit attributable to Panasonic Corporation stockholders.....	113,619	118,911
Number of shares		
Average common shares outstanding.....	2,332,359,114	2,332,384,484
Dilutive effect:		
Stock acquisition rights.....	1,446,635	1,077,273
Diluted common shares outstanding.....	2,333,805,749	2,333,461,757
Yen		
Earnings per share attributable to Panasonic Corporation stockholders:	2018	2017
Basic.....	48.71	50.98
Diluted.....	48.68	50.96

The reconciliation for the basic and diluted earnings per share attributable to Panasonic Corporation stockholders for the three months ended September 30, 2018 and 2017 are as follows:

	Yen (millions)	
	2018	2017
Net profit attributable to Panasonic Corporation stockholders.....	56,259	70,152
Number of shares		
Average common shares outstanding.....	2,332,373,955	2,332,374,362
Dilutive effect:		
Stock acquisition rights.....	1,620,094	1,195,922
Diluted common shares outstanding.....	2,333,994,049	2,333,570,284
Yen		
Earnings per share attributable to Panasonic Corporation stockholders:	2018	2017
Basic.....	24.12	30.08
Diluted.....	24.10	30.06

6. Fair values of financial instruments

(1) Comparison between fair values and carrying amounts is as follows:

	Yen (millions)			
	September 30, 2018		March 31, 2018	
	Book value	Fair value	Book value	Fair value
Long-term debt, including current portion of long-term debt.....	977,367	985,223	980,129	990,684

Fair values shown above are estimated, based on the market price or its present value of the market price or the future cash flow, which is calculated using the observable discount rate at September 30 and March 31, 2018. They are all categorized as level 2 (refer to "(2) Fair value measurement hierarchy").

With regard to financial assets and financial liabilities measured at amortized cost other than the above, their fair values approximate their carrying amounts.

(2) Fair value measurement hierarchy

IFRS 13 "Fair Value Measurement" provides that fair values shall be categorized into the following three levels according to the extent to which the input information used in the measurement is observable from the outside:

- Level 1: Fair value measured by quoted prices in active markets
- Level 2: Fair value measured directly or indirectly using inputs other than quoted prices included within Level 1 that are observable
- Level 3: Fair value measured through valuation techniques which include inputs that are not based on observable market data

The fair value measurement hierarchy level used in the measurement is determined by the lowest-level of significant input in the measurement of fair value.

The breakdown of financial instruments measured at fair value as of September 30 and March 31, 2018 is as follows:

Yen (millions)				
September 30, 2018				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL				
Derivative assets				
Foreign exchange contracts.....	-	5,349	-	5,349
Commodity futures.....	10,363	1,502	-	11,865
Subtotal.....	10,363	6,851	-	17,214
Financial assets measured at FVTOCI				
Equity securities.....	91,498	-	33,481	124,979
Others.....	-	2,355	-	2,355
Subtotal.....	91,498	2,355	33,481	127,334
Total financial assets.....	101,861	9,206	33,481	144,548
Financial liabilities:				
Financial liabilities measured at FVTPL.....				
Derivative liabilities				
Foreign exchange contracts.....	-	6,519	-	6,519
Cross currency swaps.....	-	78	-	78
Commodity futures.....	12,923	4,625	-	17,548
Total financial liabilities.....	12,923	11,222	-	24,145
Yen (millions)				
March 31, 2018				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL				
Derivative assets				
Foreign exchange contracts.....	-	8,029	-	8,029
Commodity futures.....	6,710	1,346	-	8,056
Subtotal.....	6,710	9,375	-	16,085
Financial assets measured at FVTOCI				
Equity securities.....	96,416	-	32,634	129,050
Others.....	-	2,622	-	2,622
Subtotal.....	96,416	2,622	32,634	131,672
Total financial assets.....	103,126	11,997	32,634	147,757
Financial liabilities:				
Financial liabilities measured at FVTPL				
Derivative liabilities				
Foreign exchange contracts.....	-	3,046	-	3,046
Cross currency swaps.....	-	16	-	16
Commodity futures.....	7,791	4,952	-	12,743
Total financial liabilities.....	7,791	8,014	-	15,805

The Company's existing marketable equity securities and commodity futures are included in Level 1, which are valued using an unadjusted quoted market price in active markets with sufficient volume and frequency of transactions. Level 2 derivatives including foreign exchange contracts, cross currency swaps and commodity futures are valued using quotes obtained from brokers, which are periodically validated by pricing models using observable market inputs, such as foreign currency exchange rates and market prices for commodity futures.

Equity securities classified as Level 3 are unlisted stocks, and their fair values are measured by an appropriate valuation method that comprehensively takes into account the outlook for future profitability of the investee and quantitative information such as net asset value and major assets held by the investee, in accordance with the policy and procedures set by the Company for using the most appropriate and highly relevant, available data. The reasonableness of this assessment is verified by the department in charge of accounting using various methods and approved by the manager of the department. Specific methods of verification include use of external assessment organizations.

For financial instruments classified as Level 3, significant changes in fair value occurring when unobservable inputs are changed to reasonably possible alternative assumptions are not expected.

Transfers between levels are recognized on the day when the event or change in circumstances that caused the transfer occurred. In the six months ended September 30 and financial year ended March 31, 2018, there were no financial instruments of which a significant transfer was made between levels.

For the six months ended September 30, 2018, significant movements of the financial instruments, categorised as level 3, have not occurred.

7. Revenue

Disaggregation of revenue

The Company disaggregates revenue arising from contracts with customers by product category and geographical area where customers are located for reflecting its nature properly. Revenue by product and geographical area is further disaggregated by the reportable segments. The disaggregated revenue is as follows:

(i)For the six months ended September 30, 2018

Yen (millions)			
By product category	Sales	By geographical area	Sales
The reportable segments			
Appliances			
B2C.....	839,930	Japan.....	469,784
B2B.....	257,804	North and South America.....	139,743
		Europe.....	128,446
		Asia, China and others.....	359,761
Total.....	1,097,734	Total.....	1,097,734
Eco Solutions			
Electrical construction materials.....	375,776	Japan.....	709,912
Architecture.....	203,832	North and South America.....	29,602
Other (including home building products)..	284,506	Europe.....	23,704
		Asia, China and others.....	100,896
Total.....	864,114	Total.....	864,114
Connected Solutions			
Vertical solutions.....	239,503	Japan.....	153,184
Product solutions.....	288,993	North and South America.....	205,552
		Europe.....	63,019
		Asia, China and others.....	106,741
Total.....	528,496	Total.....	528,496
Automotive & Industrial Systems			
Automotive.....	472,782	Japan.....	423,189
Energy.....	358,086	North and South America.....	368,563
Industrial.....	474,525	Europe.....	174,615
Other.....	84,441	Asia, China and others.....	423,467
Total.....	1,389,834	Total.....	1,389,834
Other.....	128,000	Other.....	128,000
Consolidated total.....	4,008,178	Consolidated total.....	4,008,178

(ii)For the three months ended September 30, 2018

Yen (millions)

By product category	Sales	By geographical area	Sales
The reportable segments			
Appliances			
B2C.....	393,185	Japan.....	228,749
B2B.....	129,665	North and South America.....	72,334
		Europe.....	60,378
		Asia, China and others.....	161,389
Total.....	522,850	Total.....	522,850
Eco Solutions			
Electrical construction materials.....	191,609	Japan.....	385,411
Architecture.....	129,107	North and South America.....	15,703
Other (including home building products)..	140,293	Europe.....	12,315
		Asia, China and others.....	47,580
Total.....	461,009	Total.....	461,009
Connected Solutions			
Vertical solutions.....	118,516	Japan.....	78,829
Product solutions.....	144,684	North and South America.....	102,409
		Europe.....	30,340
		Asia, China and others.....	51,622
Total.....	263,200	Total.....	263,200
Automotive & Industrial Systems			
Automotive.....	233,508	Japan.....	213,835
Energy.....	201,092	North and South America.....	194,168
Industrial.....	229,960	Europe.....	81,637
Other.....	31,672	Asia, China and others.....	206,592
Total.....	696,232	Total.....	696,232
Other.....	56,152	Other.....	56,152
Consolidated total.....	1,999,443	Consolidated total.....	1,999,443

The products of Appliances are categorized into "B2B" and "B2C." "B2C" includes products such as room air-conditioners, TVs, digital cameras, video equipment, home audio equipment, fixed-phones, refrigerators, washing machines, vacuum cleaners, microwave ovens, rice cookers and personal-care products. "B2B" includes products such as large-sized air-conditioners, compressors, fuel cells and showcases.

The products of Eco Solutions are categorized into "Electrical construction materials," "Architecture" and "Other (including home building products)." "Electrical construction materials" includes products such as lighting fixtures, lamps, wiring devices, solar photovoltaic systems, ventilation and air-conditioning equipment and air purifiers. "Architecture" includes products such as detached housing, rental apartment housing, land and buildings for sale and home remodeling. "Other (including home building products)" includes products such as water-related products, interior furnishing materials, exterior furnishing materials, bicycles, and nursing-care-related products.

The products of Connected Solutions are categorized into "Vertical solutions" and "Product solutions." "Vertical solutions" is the solution business provided directly by business divisions where development, production and sales are integrated and it includes products such as aircraft in-flight entertainment systems and communications services, electronic-components-mounting machines and welding equipment. "Product

solutions" is the solution business provided by manufacturing business divisions through sales departments, and it includes products such as projectors, professional AV systems, PCs and tablets and surveillance cameras.

The products of Automotive & Industrial Systems are categorized into "Automotive," "Energy," "Industrial" and "Other." "Automotive" includes products such as automotive-use infotainment systems, electrical components and automotive mirrors. "Energy" includes products such as automotive-use batteries, lithium-ion batteries and dry batteries. "Industrial" includes products such as automation controls, electric motors, semiconductors, electronic components, electronic materials and LCD panels. "Other" mainly includes products that third parties manufacture.

The relationship between "Disaggregation of revenue" of each reportable segment and "Sales to customers" in Note 3. "(2) Information by Segments" is as follows.

(i)For the six months ended September 30, 2018

	Yen (millions)			
	Appliances	Eco Solutions	Connected Solutions	Automotive & Industrial Systems
Disaggregation of revenue.....	1,097,734	864,114	528,496	1,389,834
Adjustments for management accounting.....	160,050	20,833	3,240	16,462
Cross-selling.....	49,094	(23,255)	(44,103)	1,831
Sales of third party's products, etc.	(10,581)	377	(1,236)	(634)
Note 3 "(2) Information by Segments"				
Sales to customers.....	1,296,297	862,069	486,397	1,407,493

(ii)For the three months ended September 30, 2018

	Yen (millions)			
	Appliances	Eco Solutions	Connected Solutions	Automotive & Industrial Systems
Disaggregation of revenue.....	522,850	461,009	263,200	696,232
Adjustments for management accounting.....	79,879	11,166	1,703	8,493
Cross-selling.....	29,354	(10,860)	(20,449)	(5)
Sales of third party's products, etc.	(1,318)	229	(627)	(566)
Note 3 "(2) Information by Segments"				
Sales to customers.....	630,765	461,544	243,827	704,154

"Disaggregation of revenue" of each reportable segment with the adjustments of "Adjustments for management accounting," "Cross-selling" and "Sales of third party's products, etc." matches "Sales to customers" in Note 3 "(2) Information by Segments." "Adjustments for management accounting" mainly includes the adjustment for sales price in management accounting. "Cross-selling" mainly includes the adjustment of sales when own products are sold through other segments. "Sales of third party's products, etc." mainly includes the adjustment for sales of products manufactured by third parties which are not included in sales on management accounting.

8. Supplementary Information

(1) Other income (expenses)

"Other income (expenses), net" for the six months ended September 30, 2018 includes gain on sales of fixed assets of 25,224 million yen. The Company did not disclose supplementary information of "Other income (expenses), net" as each item was immaterial for the six months ended September 30, 2017. Gain on sales of fixed assets is presented in "Other - net" of cash flows from operating activities on condensed quarterly consolidated statements of cash flows.

The Company did not disclose supplementary information of other income (expenses) as each item was immaterial both for the three months ended September 30, 2018 and 2017.

(2) Acquisitions of "Property, plant and equipment"

The increases in book value of "Property, plant and equipment" due to acquisitions in the six months ended September 30, 2018 and 2017 are 125,348 million yen and 185,437 million yen, respectively.

(3) Sales or disposal of "Property, plant and equipment"

The decrease in book value of "Property, plant and equipment" due to sales or disposal in the six months ended September 30, 2018 is 54,999 million yen, including a decrease of book value due to recognition of finance lease as a lessor.

The Company did not disclose supplementary information of the decrease in book value of "Property, plant and equipment" due to sales or disposal in the six months ended September 30, 2017 as it was immaterial.

(4) Acquisition of non-controlling interest

The Company did not disclose supplementary information of "Transactions with non-controlling interests" as each item was immaterial for the six months ended September 30, 2018.

The Company additionally acquired the shares of PanaHome Corporation (currently Panasonic Homes Co., Ltd.), the Company's consolidated subsidiary, through tender offer in the six months ended September 30, 2017. The value of additionally acquired shares is 52,675 million yen, and as the result of acquisition, "Capital surplus" has decreased by 31,124 million yen, and "Other components of equity" has increased by 6,685 million yen, both presented as "Transactions with non-controlling interests." In addition, the Company acquired the remaining shares of Panasonic Liquid Crystal Display Co., Ltd. ("PLD"), the Company's consolidated subsidiary, and made PLD a wholly-owned subsidiary during the six months ended September 30, 2017. As a result of the acquisition, "Capital surplus" has decreased by 20,718 million yen, presented as "Transactions with non-controlling interests."

9. Business Combinations

Material business combinations for the period ended September 30, 2017 are described below. Business combinations for the period ended September 30, 2018 and business combinations for the period ended September 30, 2017 other than below are immaterial individually or collectively.

(1) Consolidation of Ficosa International S. A.

With regard to Ficosa International S.A. (hereinafter, collectively including their subsidiaries, referred to as "Ficosa"), 49% of whose shares were owned by the Company and accounted for using the equity method, the terms and conditions to exercise call options to acquire additional 20% shares were satisfied on April 19, 2017, and Ficosa became a consolidated subsidiary due to the potential voting rights set in the call options.

Ficosa is involved in research and development, manufacturing, and marketing of system and components in automotive business. As a result of this alliance, Panasonic and Ficosa accelerate the expansion of businesses, which show great potential growth, such as next generation cockpit systems and ADAS.

The fair value of consideration paid for the acquisition of control, which were measured based on discounted cash flow method classified in Level 3, and non-controlling interests, which were measured at their proportionate share of net identifiable assets, were as follows:

	Yen (million)
Fair value of total consideration:	
Equity interests held by Panasonic immediately before the date of acquisition.....	22,818
Non-controlling interests.....	11,383
Total.....	34,201

As a result of remeasuring the equity interest held by Panasonic immediately before the acquisition date, the valuation gain or loss recognized was not material. Acquisition cost was also not material.

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

	Yen (millions)
Cash and cash equivalents.....	15,442
Trade receivables.....	27,521
Property, plant and equipment.....	23,250
Goodwill.....	11,881
Intangible assets.....	17,991
Other acquired assets.....	20,098
Total assets acquired.....	116,183
Current liabilities and non-current liabilities.....	32,462
Trade Payables.....	27,129
Other assumed liabilities.....	22,391
Total liabilities assumed.....	81,982
Total net assets acquired.....	34,201

The total amount of goodwill was included in "Automotive and Industrial Systems" segment, and was not deductible for tax purpose. All intangible assets were subject to amortization, including technology and customer, and their useful lives were 5 to 10 years.

Net sales and profit before income taxes of Ficosa that were included in the condensed consolidated statements of profit or loss for the six months ended September 30, 2017 were 72,493 million yen and 1,234 million yen, respectively. Net sales and profit before income taxes of Ficosa that were included in the condensed consolidated statements of profit or loss for the three months ended September 30, 2017 were 36,109 million yen and 786 million yen, respectively.

Pro forma information has been omitted as the amounts excluded in the condensed consolidated statements of profit or loss for the six months ended September 30, 2017 were not material.

(2) Acquisition of control of Zetes Industries S. A.

On April 27, 2017, the Company acquired 56.66% of shares excluding treasury stock to obtain control of Zetes Industries S.A., which is incorporated in Belgium (hereinafter, collectively including their subsidiaries, referred to as "Zetes").

Zetes is involved in the businesses of goods and people identification and mobility solutions in Europe. As a result of this acquisition, both Panasonic and Zetes will be able to satisfy the global customers' needs by combining Zetes' identification and mobility solutions and Panasonic's advanced research and development capabilities, technological expertise, and global customer network, to expand the solution and service in the area of supply chain solutions and security solutions.

The fair value of consideration paid for the controlling interests of Zetes as of the acquisition date and non-controlling interests, which were measured at their proportionate share of net identifiable assets, were as follows:

	Yen (millions)
Fair value of total consideration:	
Cash.....	20,044
Non-controlling interests.....	8,247
Total.....	28,291

Costs incurred for acquisition of control were not material.

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

	Yen (millions)
Cash and cash equivalents.....	2,427
Goodwill.....	9,263
Intangible assets.....	20,062
Other acquired assets.....	16,412
Total assets acquired.....	48,164
Current liabilities and non-current liabilities.....	1,567
Deferred tax liabilities.....	6,935
Other assumed liabilities.....	11,371
Total liabilities assumed.....	19,873
Total net assets acquired.....	28,291

The total amount of goodwill was included in "Connected Solutions" segment, and was not deductible for tax purpose. Intangible assets with the amount of 18,605 million yen were subject to amortization, including customer of 15,299 million yen, whose useful life was 25 to 29 years.

Net sales and profit before income taxes of Zetes that were included in the condensed consolidated statements of profit or loss for the period ended September 30, 2017 were not material.

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

10. Contingent Liabilities

Litigation, etc.

The Company and certain of its subsidiaries are subject to a number of legal proceedings including civil litigations related to trade, tax, products or intellectual properties, or governmental investigations. The Company has been dealing with the various litigations and investigations. Depending upon the outcome of these different proceedings, the Company and certain of its subsidiaries may be subject to an uncertain amount of fines, and accordingly the Company has accrued for certain probable and reasonable estimated amounts for the fines.

The Company and one of its U.S. subsidiaries, Panasonic Avionics Corporation (PAC), have entered into agreements with the United States Securities and Exchange Commission and the United States Department of Justice (U.S. Government Agencies), respectively in May, 2018. The agreements resolve investigations by the U.S. Government Agencies under the Foreign Corrupt Practices Act and other securities laws regarding activities at PAC with respect to certain contracts with airline customers, and the use of sales agents and consultants pertaining to such contracts. In connection with these resolutions, the Company and PAC paid a fine to the U.S. Government Agencies. Effects on profit or loss for the six months ended September 30, 2018, are insignificant.

The Company and one of its subsidiaries, SANYO Electric Co., Ltd., are also subject to relevant litigations mainly in the U.S.

Other than those above, there are a number of legal actions against the Company and certain subsidiaries. Management is of the opinion that damages, if any, resulting from these actions, will not have a material effect on the Company's consolidated financial statements.

The ability to predict the outcome of these actions and proceedings is difficult to assess given that certain of the investigations and legal proceedings are still at an early stage, present novel legal theories, involving a large number of parties or taking place in jurisdictions outside of Japan where the laws are complex or unclear. Accordingly, the Company is unable to estimate the losses or range of losses for the actions and proceedings where there is only a reasonable possibility that a loss exceeding the amounts already recognized may have been incurred.