

Consolidated Financial Results**1. Fiscal 2016 first quarter (from April 1, 2015 to June 30, 2015)****A. Operating Results**

	Yen (billions)		
	Fiscal 2016 First quarter	Fiscal 2015 First quarter	Percentage 2016/2015
Net sales	1,857.8	1.852.3	100%
Operating profit ¹	76.6	82.3	93%
Income before income taxes	72.7	55.1	132%
Net income attributable to Panasonic Corporation	59.5	37.9	157%

During the fiscal 2016 first quarter under review, the economic expansion was even slower in China and sluggish in some ASEAN countries. In Japan, personal spending was moderately weak, despite the improvement of the employment environment and signs of recovery in capital investment. In Europe and the U.S., economic recovery was slow but continuing.

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

As one of the initiatives during the fiscal 2016 first quarter, for housing business, the company decided capital investment to boost capacity of solar cells at its production sites in Japan to meet growing demand in the global solar market. For automotive business, Ficosa International, S.A. (Ficosa) in Spain and the company announced the agreement on their capital and business alliance in September 2014 to launch electronic mirror systems business in a timely manner. Completing

¹ For information about operating profit, see Note 1 of the Notes to consolidated financial statements on page 8.

approval procedures from related authorities, Panasonic took a 49% stake in Ficosa in June 2015. Accordingly the company started business alliance with Ficosa, involved in its management.

Consolidated group sales for the fiscal 2016 first quarter were 1,857.8 billion yen in line with the same period of fiscal 2015 (a year ago). Domestic sales decreased year on year due mainly to slower recovery in housing market and the effect of demand surge before the tax hike remaining for some products in the same period of last year. Overseas sales increased year on year due mainly to a positive effect from yen depreciation and sales increases in BtoB solutions, automotive electronic and LCD panel businesses, although sales in TVs decreased significantly due mainly to downsizing market activities to pursue better profitability.

Operating profit decreased by 7% to 76.6 billion yen from a year ago due mainly to the negative impact on profitability such as sales decrease excluding the effect of exchange rate, despite streamlining of material-related process and the restructuring.

Income before income taxes increased by 32% to 72.7 billion yen comparing with the same period of last year. This was due mainly to the expenses for preventing further accidents with the residential water heating systems incurred a year ago and the improvement in the financial income (loss) in fiscal 2016.

Net income attributable to Panasonic Corporation significantly increased by 57% to 59.5 billion yen from a year ago, due to the benefit from the revaluation of deferred tax assets as a result of the board resolution to introduce the consolidated tax.

B. Breakdown by Segment

Appliances

	Yen (billions)		
	Fiscal 2016 First quarter	Fiscal 2015 First quarter	Percentage 2016/2015
Sales	599.0	616.9	97%
Segment profit	23.8	31.0	77%

Sales decreased by 3% to 599.0 billion yen from a year ago. This was due mainly to sales decreases in TV business as a result of downsizing marketing activities. However, sales in laundry systems and vacuum cleaner, and cold chain businesses were favorable mainly in Japan. Segment profit decreased to 23.8 billion yen from a year ago due mainly to Japanese yen depreciation and Brazilian real depreciation. Another impact from sales decreases also dragged down profitability.

Eco Solutions

	Yen (billions)		
	Fiscal 2016 First quarter	Fiscal 2015 First quarter	Percentage 2016/2015
Sales	370.2	384.4	96%
Segment profit	9.2	16.2	57%

Sales decreased by 4% to 370.2 billion yen compared with the previous year. This was due mainly to the backlog orders associated with undelivered products due to the winter storms posted and the demand surge prior to the consumption tax hike in Japan occurred a year ago. Flagging sales in housing system and energy system businesses because of slower recovery in Japanese housing market and weakening solar panel market also resulted in the overall sales decrease. Segment profit decreased significantly to 9.2 billion yen from a year ago due mainly to sales decrease, product price declines and negative impact of exchange rate fluctuation, despite the positive impact of rationalization in materials and others.

AVC Networks

	Yen (billions)		
	Fiscal 2016 First quarter	Fiscal 2015 First quarter	Percentage 2016/2015
Sales	271.2	257.7	105%
Segment profit (loss)	5.1	(3.1)	- %

Sales increased by 5% to 271.2 billion yen from a year ago. This result was due mainly to favorable sales of the vertical solution business in North America, and visual and imaging business including security system business in Japan. In addition, solutions business sales expanded especially in Japan. Segment profit was 5.1

billion yen, due to profit improvement by sales increase mainly in vertical solution business.

Automotive & Industrial Systems

	Yen (billions)		
	Fiscal 2016 First quarter	Fiscal 2015 First quarter	Percentage 2016/2015
Sales	696.6	682.7	102%
Segment profit	28.5	21.1	135%

Sales increased by 2% to 696.6 billion yen from a year ago. Favorable sales in automotive electronics business such as cameras for automotive-use, LCD panels business and FA business, as well as the positive impact of exchange rate fluctuation, contributed to overall increase. Segment profit grew to 28.5 billion yen from a year ago due mainly to rationalization in materials, fixed-cost reductions and the positive impact of exchange rate fluctuation, although R&D costs mainly in automotive business increased.

Other

	Yen (billions)		
	Fiscal 2016 First quarter	Fiscal 2015 First quarter	Percentage 2016/2015
Sales	123.1	143.2	86%
Segment profit (loss)	(5.2)	(2.0)	- %

Sales decreased by 14% to 123.1 billion yen from a year ago due mainly to the business transfers. Segment loss was 5.2 billion yen, worsened from a year ago.

C. Consolidated Financial Condition

Net cash provided by operating activities for the first quarter ended June 30, 2015 amounted to 86.7 billion yen, compared with an inflow of 127.6 billion yen a year ago. This was due mainly to worsening in working capital including inventories. Net cash used in investing activities amounted to 72.8 billion yen, compared with an outflow of 42.0 billion yen a year ago. This was due mainly to purchase of associated companies' shares. Accordingly, free cash flow (net cash provided by

operating activities plus net cash provided by investing activities) decreased by 71.7 billion yen from a year ago to 13.9 billion yen. Net cash used in financing activities amounted to 69.1 billion yen, compared with an outflow of 37.7 billion yen a year ago. This was due mainly to redemption of unsecured straight bonds. Taking into consideration exchange rate fluctuations, cash and cash equivalents totaled 1,247.5 billion yen as of June 30, 2015, down 32.9 billion yen compared with the end of the fiscal 2015.

The company's consolidated total assets as of June 30, 2015 increased by 80.6 billion yen to 6,037.6 billion yen from March 31, 2015. This was due mainly to yen depreciation and the seasonal increase in its inventory, despite decreases in cash and cash equivalent and account receivables. The company's consolidated total liabilities as of June 30, 2015 decreased by 33.9 billion yen to 3,930.5 billion yen from March 31, 2015. This was due mainly to redemption of unsecured straight bonds. Panasonic Corporation shareholders' equity increased by 117.2 billion yen, compared with March 31, 2015, to 1,940.5 billion yen. This was due mainly to recording net income attributable to Panasonic Corporation and improvement in accumulated other comprehensive income (loss) along with yen depreciation. Adding Noncontrolling interests to Panasonic Corporation shareholders' equity, total equity was 2,107.1 billion yen.

2. Forecast for Fiscal 2016

The business performance forecast for fiscal 2016 remains unchanged from the previous forecast announced on April 28, 2015.

Disclaimer Regarding Forward-Looking Statements

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