

Consolidated Financial Results**1. Fiscal 2016 ended March 31, 2016****A. Operating Results**

	Yen (billions)		
	Fiscal 2016	Fiscal 2015	Percentage 2016/2015
Net sales	7,553.7	7,715.0	98%
Operating profit ¹	415.7	381.9	109%
Income before income taxes	217.0	182.5	119%
Net income attributable to Panasonic Corporation	193.3	179.5	108%

During the year ended March 31, 2016 (fiscal 2016) under review, the global economy continued to recover mildly overall, while the economic environment changes have been seen, such as changes in the monetary policies in several countries, the fall in resource prices, and geopolitical instability. While the economy has been slowed down in China and some resource-rich countries, the economy in the U.S. and Europe continued to show a slow recovery supported by their internal demands. In Japan, while the recovery in consumption was weak, the employment situation continued to improve.

The Company achieved its Cross-Value Innovation 2015 (the mid-term management plan from fiscal 2014 to 2016) financial targets one year ahead of schedule in fiscal 2015 with operating profit of 350.0 billion yen or more, operating profit to sales ratio of 5% or more and cumulative free cash flow of 600.0 billion yen or more. Panasonic set its fiscal 2016 as a year of transition to sustainable growth by shifting to generating profit from sales expansion. In particular, the Company has focused on large-scale six Business Divisions (BDs) with Air-Conditioner, Lighting, Housing Systems, Automotive Infotainment Systems, Rechargeable Battery and PanaHome, to prepare and take steps to improve net sales and operating profit and to structure and execute strategic investments.

¹ For information about operating profit, see Note 1 of the Notes to consolidated financial statements on page 9.

The Company, however, was unable to respond properly to business environment changes such as slow down of Chinese economy, and as a result, large-scale six BDs failed to lead corporate-wide growth. The Company was unable to increase profit through sales expansion as originally planned.

Consolidated group sales for fiscal 2016 decreased by 2% to 7,553.7 billion yen from fiscal 2015 (a year ago). Domestic sales decreased year on year due mainly to sales decrease of solar photovoltaic systems for house-use, while sales in home appliances were stable. Overseas sales also decreased year on year due mainly to downsizing TV business to focus on profitability, while sales in BtoB solutions business increased. Operating profit increased by 9% to 415.7 billion yen from a year ago. The Company secured the profit increase year on year due mainly to fixed-cost reduction including restructuring benefit, streamlining of material-related process and improvements in the business structure, without sales expansion.

In Other income (deductions), the Company recorded business restructuring expenses including impairment losses, and some legal cost. Accordingly, Income before income taxes was 217.0 billion yen, increased by 19% from a year ago.

Net income attributable to Panasonic Corporation increased by 8% to 193.3 billion yen from a year ago. Deferred tax asset (DTA) of 132.8 billion yen was recorded to Panasonic Corporation (parent-alone) on a consolidated basis and provision for income taxes was decreased, since profitability improved this year and stability of profit improved by introducing the consolidated tax system in Japan.

B. Breakdown by Segment

Appliances

	Yen (billions)		
	Fiscal 2016	Fiscal 2015	Percentage 2016/2015
Sales	2,269.4	2,334.8	97%
Segment profit	72.2	49.8	145%

Sales decreased by 3% to 2,269.4 billion yen from a year ago due mainly to sales decrease in TV business as a result of downsizing marketing activities, while sales in home appliances were favorable in Japan. Segment profit increased to 72.2 billion yen from a year ago due mainly to profit improvement in TVs and sales increase in home appliances, offsetting the negative impact of exchange rate movement such as yen depreciation.

Eco Solutions

	Yen (billions)		
	Fiscal 2016	Fiscal 2015	Percentage 2016/2015
Sales	1,610.8	1,666.0	97%
Segment profit	78.4	95.3	82%

Sales decreased by 3% to 1,610.8 billion yen from a year ago due mainly to sales decrease in solar photovoltaic systems for house-use in Japan. Segment profit decreased to 78.4 billion yen from a year ago due to sales decrease in solar photovoltaic systems for house-use, although the Company strengthened its profit structure with streamlining of material-related process and business restructuring.

AVC Networks

	Yen (billions)		
	Fiscal 2016	Fiscal 2015	Percentage 2016/2015
Sales	1,169.8	1,154.3	101%
Segment profit	74.7	51.8	144%

Sales increased by 1% to 1,169.8 billion yen from a year ago. Sales decrease from last year's business restructuring was offset by sales increase in Vertical Solution Business and Visual and Imaging Business and positive impact from yen

depreciation. Segment profit increased to 74.7 billion yen from a year ago due to sales increase in Vertical Solution Business and restructuring benefit from the previous years.

Automotive & Industrial Systems

	Yen (billions)		
	Fiscal 2016	Fiscal 2015	Percentage 2016/2015
Sales	2,708.6	2,796.8	97%
Segment profit	102.7	116.4	88%

Sales decreased by 3% to 2,708.6 billion yen from a year ago due to negative impact from demand decline for ICT related business, and withdrawal and downsizing businesses, while the Company's sales for automobile industry increased led by favorable automobile sales in North America. Segment profit decreased to 102.7 billion yen from a year ago due mainly to sales decrease in Energy and Industrial Businesses and upfront investment towards future growth mainly for automotive and storage battery businesses.

Other

	Yen (billions)		
	Fiscal 2016	Fiscal 2015	Percentage 2016/2015
Sales	661.4	764.5	87%
Segment profit	16.1	14.6	111%

Sales decreased by 13% to 661.4 billion yen from a year ago. While sales in PanaHome Corporation increased due to favorable sales in high value-added products, multistory houses and apartment housing, and promotion of remodeling business, overall sales decreased due mainly to business transfers. Segment profit increased to 16.1 billion yen from a year ago due mainly to profit improvement in PanaHome Corporation.

C. Consolidated Financial Condition

Net cash provided by operating activities for fiscal 2016 amounted to 398.7 billion yen and net cash used in investing activities amounted to 274.3 billion yen. Free cash flow (net cash provided by operating activities plus net cash provided by

investing activities) decreased by 229.1 billion yen from a year ago to an inflow of 124.4 billion yen. This result is due mainly to the acquisition of shares of subsidiaries and associated companies as its strategic investment and increase in capital expenditures. In addition, the large-scale proceeds from business transfers and the disposals of investments in equity and property, plant and equipment were recorded a year ago. Net cash used in financing activities amounted to 308.0 billion yen, compared with an inflow of 257.6 billion yen a year ago due mainly to redemption of 240.0 billion yen straight bonds as total this year, while issuing 400.0 billion yen straight bonds as total a year ago. Taking exchange rate movement into consideration, cash and cash equivalents totaled 1,014.3 billion yen as of March 31, 2016, decreased by 266.1 billion yen compared with the end of the fiscal 2015.

The Company's consolidated total assets as of March 31, 2016 decreased by 360.0 billion yen to 5,597.0 billion yen from March 31, 2015 due mainly to decrease in cash and cash equivalents by redemption of straight bonds and decrease in account receivables in addition to yen appreciation, while deferred tax assets were recorded. The Company's consolidated total liabilities as of March 31, 2016 decreased by 221.7 billion yen to 3,742.7 billion yen from March 31, 2015 due mainly to redemption of straight bonds, while retirement and severance benefit increased due to its discount rate decrease. Panasonic Corporation shareholders' equity decreased by 118.2 billion yen, compared with March 31, 2015, to 1,705.1 billion yen due mainly to a significant decrease in accumulated other comprehensive income by worsening the cumulative translation adjustments due to yen appreciation and worsening pension liability adjustments due to its discount rate decrease, while net income attributable to Panasonic Corporation was recorded. Adding noncontrolling interests to Panasonic Corporation shareholders' equity, total equity was 1,854.3 billion yen.

2. Forecast for Fiscal 2017

The consolidated financial forecasts for fiscal 2017 (IFRS) as of April 28, 2016 are:

Sales: 7,600.0 billion yen

Operating profit: 310.0 billion yen

Income before income taxes: 300.0 billion yen

Net income attributable to owners of the parent company: 145.0 billion yen

Notes:

1. The consolidated financial forecasts for fiscal 2017 above are based on International Financial Reporting Standards (IFRS).
2. Operating profit includes business restructuring expenses of 17.5 billion yen.

3. Basic Policy on Appropriation of Retained Earnings

Since its foundation, Panasonic has managed its businesses under the concept that returning profits to shareholders is one of its most important policies. From the perspective of return on the capital investment made by shareholders, Panasonic, in principle, distributes profits to shareholders based on its business performance and is aiming for stable and continuous growth in dividends, targeting a dividend payout ratio of between 30% and 40% with respect to consolidated net income attributable to Panasonic Corporation. Regarding the repurchase of treasury stock, the Company is fundamentally repurchasing its own shares as it considers appropriate, taking comprehensively into consideration strategic investments and the Company's financial condition, with the aim of increasing shareholder value per share and return on capital. In view of this basic policy as well as its current financial position, Panasonic expects to pay an annual dividend of 25 yen per share for fiscal 2016, which includes the interim dividend of 10 yen per share paid on December 1, 2015 combined with a year-end dividend of 15 yen per share.

In fiscal 2016, the Company did not repurchase its treasury stock, except for acquiring shares of less than one trading unit and other minor transactions.