PANASONIC Corp
Form SP 15D2
June 26, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 20-F

(Mark One)

¨ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Special Financial Report Pursuant to Rule 15d-2 of the Securities Exchange Act of 1934, as Amended, reporting Financial Statements for the Fiscal Year Ended March 31, 2015

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

OR

¨ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

PANASONIC KABUSHIKI KAISHA

(Exact name of Registrant as specified in its charter)

PANASONIC CORPORATION

(Translation of Registrant s name into English)

Japan

(Jurisdiction of incorporation or organization)

1006, Oaza Kadoma, Kadoma-shi, Osaka 571-8501, Japan

(Address of principal executive offices)

Yukie Takakuwa, +81-6-6908-1121, takakuwa.yukie@jp.panasonic.com, address is same as above

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)]

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered

None	**None**

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Title of class
Common Stock

Indicate the number of outstanding shares (excluding treasury stock) of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report.

	Outstanding as of	
Title of Class	**March 31, 2015 (Japan Time)**	**March 31, 2015 (New York Time)**
Common Stock	2,311,264,479	
American Depositary Shares, each representing 1 share of Common Stock		21,848,266

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x.

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ¨ No x.

Indicate by check mark whether the Company (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨ Accelerated filer ¨ Non-accelerated filer x.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP x International Financial Reporting Standards as issued by the International Accounting Standards Board ¨ Other ¨

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ¨ Item 18 ¨

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x.

This form contains 83 pages.

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EXPLANATORY NOTE

We are filing this report on Form 20-F as a special report pursuant to Rule 15d-2 under the Securities Exchange Act of 1934. Rule 15d-2 under the Securities and Exchange Act of 1934 provides generally that if a foreign private issuer files a registration statement under the Securities Act of 1933, which does not contain certified financial statements for the company s last full fiscal year, then the company must, within the later of 90 days after the effective date of the registration statement or six months following the end of the company s latest full fiscal year, file a special financial report furnishing certified financial statements for the last full fiscal year.

Our registration statement on Form F-4 (Registration No. 333-203685), declared effective by the Securities and Exchange Commission on May 1, 2015, did not contain certified financial statements for the fiscal year ended March 31, 2015. In accordance with Rule 15d-2, this special report is filed under cover of Form 20-F and contains only financial statements for the fiscal year ended March 31, 2015.

Index of Consolidated Financial Statements of Panasonic Corporation and Subsidiaries:

[1] All other schedules are omitted as permitted by the rules and regulations of the Securities and Exchange Commission as the required information is presented in the consolidated financial statements or notes thereto, or the schedules are not applicable.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Panasonic Corporation:

We have audited the accompanying consolidated balance sheets of Panasonic Corporation and subsidiaries (the Company) as of March 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the years in the three-year period ended March 31, 2015. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule as listed in the accompanying index. These consolidated financial statements and financial statement schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Panasonic Corporation and subsidiaries as of March 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2015, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ KPMG AZSA LLC

Osaka, Japan

June 26, 2015

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PANASONIC CORPORATION

AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2015 and 2014

	Yen (millions)	
	March 31	
Assets	2015	2014
Current assets:		
Cash and cash equivalents (Note 8)	1,280,408	592,467
Time deposits (Note 8)	18,470	
Trade receivables (Note 16):		
Related companies	14,673	18,672
Notes	78,916	73,450
Accounts	923,452	939,787
Allowance for doubtful receivables	(24,947)	(24,476)
Net trade receivables	992,094	1,007,433
Inventories (Note 2)	762,670	750,681
Other current assets (Notes 6, 10 and 17)	359,098	303,411
Total current assets	3,412,740	2,653,992
Investments and advances:		
Associated companies (Note 3)	175,824	156,506
Other investments and advances (Notes 4 and 8)	137,845	115,298
Total investments and advances	313,669	271,804
Property, plant and equipment (Notes 5 and 6):		
Land	268,658	283,305
Buildings	1,422,561	1,453,550
Machinery and equipment	2,776,617	2,728,925
Construction in progress	54,358	44,220

	4,522,194	4,510,000
Less accumulated depreciation	3,147,363	3,084,551
Net property, plant and equipment	1,374,831	1,425,449
Other assets:		
Goodwill (Notes 7 and 21)	457,103	473,377
Intangible assets (Notes 5, 6, 7 and 21)	172,898	203,591
Other assets (Notes 9 and 10)	225,706	184,781
Total other assets	855,707	861,749
	5,956,947	5,212,994

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PANASONIC CORPORATION

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Consolidated Balance Sheets (Continued)

March 31, 2015 and 2014

	Yen (millions)	
	March 31,	
Liabilities and Equity	2015	2014
Current liabilities:		
Short-term debt, including current portion of long-term debt (Notes 5 and 8)	260,531	84,738
Trade payables:		
Related companies	55,500	43,525
Notes	236,958	200,355
Accounts	690,847	693,135
Total trade payables	983,305	937,015
Accrued income taxes (Note 10)	39,733	40,454
Accrued payroll	206,686	217,246
Other accrued expenses (Notes 15 and 19)	887,585	799,959
Deposits and advances from customers	79,277	75,520
Employees deposits	584	5,146
Other current liabilities (Notes 9, 10 and 17)	275,099	277,781
Total current liabilities	2,732,800	2,437,859
Noncurrent liabilities:		
Long-term debt (Notes 5 and 8)	712,385	557,374
Retirement and severance benefits (Note 9)	332,661	430,701
Other liabilities (Note 10)	186,549	200,622
Total noncurrent liabilities	1,231,595	1,188,697
Equity:		

Panasonic Corporation shareholders equity:		
Common stock (Note 12):		
Authorized 4,950,000,000 shares		
Issued 2,453,053,497 shares	258,740	258,740
Capital surplus (Notes 12 and 13)	984,111	1,109,501
Retained earnings (Note 12)	1,021,241	878,742
Accumulated other comprehensive income (loss) (Note 14):		
Cumulative translation adjustments	11,858	(167,219)
Unrealized holding gains of available-for-sale securities (Note 4)	14,285	6,027
Unrealized gains (losses) of derivative instruments (Note 17)	3,135	(237)
Pension liability adjustments (Note 9)	(222,529)	(290,270)
Total accumulated other comprehensive loss	(193,251)	(451,699)
Treasury stock, at cost (Note 12):		
141,789,018 shares as of March 31, 2015, 141,496,296 shares as of March 31, 2014	(247,548)	(247,132)
Total Panasonic Corporation shareholders equity	1,823,293	1,548,152
Noncontrolling interests	169,259	38,286
Total equity	1,992,552	1,586,438
Commitments and contingent liabilities (Notes 5 and 19)		
	5,956,947	5,212,994

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PANASONIC CORPORATION

AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended March 31, 2015, 2014 and 2013

	Yen (millions)		
	Year ended March 31,		
	2015	2014	2013
Revenues, costs and expenses:			
Net sales:			
Related companies	150,832	129,045	135,006
Other	7,564,205	7,607,496	7,168,039
Total net sales	7,715,037	7,736,541	7,303,045
Cost of sales (Notes 14, 16, 17, and 19)	(5,527,213)	(5,638,869)	(5,419,888)
Selling, general and administrative expenses (Note 16 and 22)	(1,805,911)	(1,792,558)	(1,722,221)
Interest income	14,975	10,632	9,326
Dividends received	1,466	1,992	3,686
Other income (Notes 3, 4, 9, 14, 16 and 17)	95,784	243,488	91,807
Interest expense (Note 8)	(17,566)	(21,911)	(25,601)
Impairment losses of long-lived assets (Note 6)	(40,032)	(103,763)	(138,138)
Goodwill impairment (Note 7)	(16,001)	(8,069)	(250,583)
Other deductions (Notes 4, 6, 14, 15, 16 and 17)	(238,083)	(221,258)	(249,819)
Income (loss) before income taxes	182,456	206,225	(398,386)
Provision for income taxes (Note 10):			
Current	106,107	92,817	66,532
Deferred	(108,088)	(3,152)	318,141
	(1,981)	89,665	384,673
Equity in earnings of associated companies (Note 3)	11,929	5,085	7,891
Net income (loss)	196,366	121,645	(775,168)
Less net income (loss) attributable to noncontrolling interests	16,881	1,203	(20,918)

Net income (loss) attributable to Panasonic Corporation	179,485	120,442	(754,250)
		Yen	
Net income (loss) attributable to Panasonic Corporation common shareholders per share (Note 11):			
Basic	77.65	52.10	(326.28)
Diluted	77.64		

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PANASONIC CORPORATION

AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)

Years ended March 31, 2015, 2014 and 2013

	Yen (millions)		
	Year ended March 31,		
	2015	2014	2013
Net income (loss)	196,366	121,645	(775,168)
Other comprehensive income (loss), net of tax (Note 14):			
Translation adjustments	193,690	136,633	198,287
Unrealized holding gains (losses) of available-for-sale securities	8,351	6,201	(13,416)
Unrealized gains (losses) of derivative instruments	3,445	4,300	(845)
Pension liability adjustments	68,027	38,551	(62,481)
	273,513	185,685	121,545
Comprehensive income (loss)	469,879	307,330	(653,623)
Less comprehensive income (loss) attributable to noncontrolling interests	31,946	10,358	(6,299)
Comprehensive income (loss) attributable to Panasonic Corporation	437,933	296,972	(647,324)

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PANASONIC CORPORATION

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Consolidated Statements of Equity

Years ended March 31, 2015, 2014 and 2013

	Yen (millions)		
	Year ended March 31,		
	2015	2014	2013
Common stock:			
Balance at beginning of period	258,740	258,740	258,740
Balance at end of period	258,740	258,740	258,740
Capital surplus:			
Balance at beginning of period	1,109,501	1,110,686	1,117,530
Equity transactions with noncontrolling interests and others (Note 13)	(125,390)	(1,185)	(6,844)
Balance at end of period	984,111	1,109,501	1,110,686
Retained earnings:			
Balance at beginning of period	878,742	769,863	1,535,689
Sale of treasury stock	(1)	(5)	(17)
Cash dividends to Panasonic Corporation stockholders (Note 12)	(36,985)	(11,558)	(11,559)
Net income (loss) attributable to Panasonic Corporation	179,485	120,442	(754,250)
Balance at end of period	1,021,241	878,742	769,863
Accumulated other comprehensive income (loss):			
Balance at beginning of period	(451,699)	(628,229)	(735,155)
Other comprehensive income, net of tax (Note 14)	258,448	176,530	106,926
Balance at end of period	(193,251)	(451,699)	(628,229)

Treasury stock (Note 12):			
Balance at beginning of period	(247,132)	(247,028)	(247,018)
Sale of treasury stock	10	12	25
Repurchase of common stock	(426)	(116)	(35)
Balance at end of period	(247,548)	(247,132)	(247,028)
Noncontrolling interests:			
Balance at beginning of period	38,286	40,241	47,780
Cash dividends paid to noncontrolling interests	(22,244)	(13,628)	(10,549)
Net income (loss) attributable to noncontrolling interests	16,881	1,203	(20,918)
Other comprehensive income, net of tax (Note 14)	15,065	9,155	14,619
Equity transactions with noncontrolling interests and others (Notes 13 and 21)	121,271	1,315	9,309
Balance at end of period	169,259	38,286	40,241

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PANASONIC CORPORATION

AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended March 31, 2015, 2014 and 2013

	Yen (millions)		
	Year ended March 31,		
	2015	2014	2013
Cash flows from operating activities (Note 16):			
Net income (loss)	196,366	121,645	(775,168)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	286,528	331,083	339,367
Net gains on sale of investments (Note 4)	(8,261)	(25,769)	(29,125)
Provision for doubtful receivables	5,918	8,218	6,641
Deferred income taxes (Note 10)	(108,088)	(3,152)	318,141
Write-down of investment securities (Note 4)	1,023	142	4,017
Impairment losses on long-lived assets and goodwill (Notes 6 and 7)	56,033	111,832	388,721
Cash effects of changes in, excluding acquisition:			
Trade receivables	68,901	(34,882)	128,088
Inventories	5,993	64,601	64,625
Other current assets	15,885	35,714	51,168
Trade payables	6,509	124,467	(68,282)
Accrued income taxes	(4,757)	11,572	4,817
Accrued expenses and other current liabilities	52,106	32,875	(117,098)
Retirement and severance benefits	(40,634)	(140,422)	(8,811)
Deposits and advances from customers	2,232	1,363	3,247
Other, net	(44,291)	(57,337)	28,402
Net cash provided by operating activities	491,463	581,950	338,750

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PANASONIC CORPORATION

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Consolidated Statements of Cash Flows (Continued)

Years ended March 31, 2015, 2014 and 2013

	Yen (millions)		
	Year ended March 31,		
	2015	2014	2013
Cash flows from investing activities (Note 16):			
Proceeds from disposals of investments and advances (Note 4)	43,625	63,185	195,401
Increase in investments and advances	(19,647)	(18,226)	(4,144)
Capital expenditures	(224,162)	(201,735)	(320,168)
Proceeds from disposals of property, plant and equipment	80,168	53,321	146,562
(Increase) decrease in time deposits, net	(18,470)	1,674	36,795
Proceeds from sale of consolidated subsidiaries	31,700	176,489	6,685
Purchase of shares of newly consolidated subsidiaries, net of acquired companies cash and cash equivalents (Note 21)	(6,340)	(45,455)	(3,383)
Other, net	(24,882)	(17,125)	(41,342)
Net cash provided by (used in) investing activities	(138,008)	12,128	16,406
Cash flows from financing activities (Note 16):			
Decrease in short-term debt with maturities of three months or less, net	(28,379)	(135,699)	(25,168)
Proceeds from short-term debt with maturities longer than three months	15,106	11,469	433,820
Repayments of short-term debt with maturities longer than three months	(16,958)	(35,163)	(650,938)
Proceeds from long-term debt	402,248		648
Repayments of long-term debt	(46,031)	(342,761)	(226,320)
Dividends paid to Panasonic Corporation shareholders (Note 12)	(36,985)	(11,558)	(11,559)
Dividends paid to noncontrolling interests	(22,244)	(13,628)	(10,549)
Repurchase of common stock (Note 12)	(426)	(116)	(35)
Sale of treasury stock (Note 12)	9	7	8
Purchase of noncontrolling interests	(4,157)	(4,025)	(940)
Other, net	(4,568)	(841)	(25)

Net cash provided by (used in) financing activities	257,615	(532,315)	(491,058)

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PANASONIC CORPORATION

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Consolidated Statements of Cash Flows (Continued)

Years ended March 31, 2015, 2014 and 2013

	Yen (millions)		
	Year ended March 31,		
	2015	2014	2013
Effect of exchange rate changes on cash and cash equivalents	76,871	34,421	57,774
Net increase (decrease) in cash and cash equivalents	687,941	96,184	(78,128)
Cash and cash equivalents at beginning of year	592,467	496,283	574,411
Cash and cash equivalents at end of year	1,280,408	592,467	496,283

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PANASONIC CORPORATION

AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies

(a) **Description of Business**

Panasonic Corporation (hereinafter, the Company, including consolidated subsidiaries, unless the context otherwise requires) is one of the world s leading producers of electronic and electric products. The Company currently offers a comprehensive range of products, systems and components for consumer, business and industrial use based on sophisticated electronics and precision technology, expanding to building materials and equipment, and housing business.

Sales by segment for the year ended March 31, 2015 were as follows: Appliances 22%, Eco Solutions 21%, AVC Networks 14%, Automotive & Industrial Systems 34%, and Other 9%. A sales breakdown for the year ended March 31, 2015 by geographical market was as follows: Japan 48%, North and South America 16%, Europe 9%, and Asia and Others 27%.

The Company is not dependent on a single supplier, and has no significant difficulty in obtaining raw materials from suppliers.

(b) **Basis of Presentation of Consolidated Financial Statements**

The Company and its domestic subsidiaries maintain their books of account in conformity with financial accounting standards of Japan, and its foreign subsidiaries in conformity with those of the countries of their domicile.

The consolidated financial statements presented herein have been prepared in a manner that reflects adjustments which are necessary to conform with U.S. generally accepted accounting principles (U.S. GAAP).

(c) **Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its majority-owned, controlled subsidiaries. The Company also consolidates entities in which controlling interest exists through variable interests in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810, Consolidation. All significant intercompany balances and transactions have been eliminated in consolidation. Investments in companies and joint ventures over which the Company has the ability to exercise significant influence (generally through a 20% to 50% voting interest) are included in Investments and advances Associated companies in the consolidated balance sheets.

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(d) **Revenue Recognition**

The Company generates revenue principally through the sale of consumer and industrial products, equipment, and supplies. The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, and title and risk of loss have been transferred to the customer or services have been rendered, the sales price is fixed or determinable, and collectibility is reasonably assured.

Revenue from sales of products is generally recognized when the products are received by customers. Revenue from sales of certain products with customer acceptance provisions related to their functionality is recognized when the product is received by the customer and the specific criteria of the product functionality are successfully tested and demonstrated.

The Company enters into arrangements with multiple elements, which may include any combination of products or equipment, installation and maintenance. The Company allocates revenue to each element based on its relative selling price if such element meets the criteria for treatment as a separate unit of accounting as prescribed in the provisions of ASC 605, Revenue Recognition. Revenue from sales of products or equipment is generally recognized upon completion of installation or upon acceptance by customers if installation is not required. Maintenance revenue is recognized on a straight-line basis over the term of the maintenance agreement.

The Company s policy is to accept product returns only in the case that the products are defective. The Company issues contractual product warranties under which it guarantees the performance of products delivered and services rendered for a certain period of time. A liability for the estimated product warranty related cost is established at the time revenue is recognized, and is included in Other accrued expenses. Estimates for accrued warranty cost are primarily based on historical experience and current information on repair cost.

Historically, the Company has made certain allowances related to sales to its consumer business distributors. Such allowances are generally provided to compensate the distributors for price adjustments due to a decline in the product s value, and are classified as a reduction of revenue on the consolidated statements of operations. Estimated price adjustments are accrued when the related sales are recognized. The estimate is made based primarily on the historical experience and specific arrangements made with the distributors.

The Company also occasionally offers incentive programs to its distributors in the form of rebates. These rebates are accrued at the latter of the date at which the related revenue is recognized or the date at which the incentive is offered, and are recorded as reductions of sales in accordance with the provisions of ASC 605.

Taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from revenues in the consolidated statements of operations.

(e) **Leases (See Note 5)**

The Company accounts for leases in accordance with the provisions of ASC 840, Leases. Leases of assets under certain conditions are recorded as capital leases in property, plant and equipment in the consolidated balance sheets.

(f) **Inventories (See Note 2)**

Finished goods and work in process are stated at the lower of cost (average) or market. Raw materials are stated at cost, principally on a first-in, first-out basis or average basis, not in excess of current replacement cost.

(g) **Foreign Currency Translation (See Note 14)**

Foreign currency financial statements are translated in accordance with the provisions of ASC 830, Foreign Currency Matters, under which all assets and liabilities are translated into yen at year-end rates and income and expense accounts are translated at weighted-average rates. Adjustments resulting from the translation of financial statements are reflected under the caption, Accumulated other comprehensive income (loss), a separate component of equity.

(h) **Property, Plant and Equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment. Depreciation is computed primarily using the straight-line method based on the following estimated useful lives:

Buildings	5 to 50 years
Machinery and equipment	2 to 10 years

(i) **Goodwill and Other Intangible Assets (See Notes 6 and 7)**

Goodwill represents the excess of costs over the fair value of net assets of businesses acquired. The Company applies the provisions of ASC 350, Intangibles Goodwill and Other. Goodwill and intangible assets determined to have an indefinite useful life are not amortized, and are instead reviewed for impairment at least annually based on an assessment of current estimated fair value. The goodwill impairment test is a two-step test. Under the first step, the fair value of the reporting unit is compared with its carrying value (including goodwill). If the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the enterprise must perform the second step of the impairment test (measurement). If the fair value of the reporting unit exceeds its carrying amount, the second step does not need to be performed. Under the second step, an impairment loss is recognized for any excess of the carrying amount of the reporting unit s goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation in business combinations. The residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using the guideline merged and acquired company method, guideline public company method, and a discounted cash flow analysis. The provisions of ASC 350 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment based on an assessment of the undiscounted cash flows expected to be generated by the asset, whenever impairment indications are presented. An impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(j) **Investments and Advances (See Notes 3, 4 and 14)**

Investments and advances primarily consist of investments in and advances to associated companies, cost method investments, available-for-sale securities, and long-term deposits. Cost method investments and long-term deposits are recorded at historical cost.

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The equity method is used to account for investments in associated companies in which the Company exerts significant influence over operating and financial policies, generally having a 20% to 50% voting interest, and corporate joint ventures. The Company also uses the equity method for certain investees if the minority shareholders have substantive participating rights. Under the equity method of accounting, investments are stated at their underlying net equity value after elimination of intercompany profits. The cost method is used when the Company does not have significant influence.

The excess of cost of the stock of the associated companies over the Company s share of their net assets at the acquisition date, included in the equity investment balance, is recognized as equity method goodwill. Such equity method goodwill is not amortized and is instead tested for impairment as part of the equity method investment.

The Company accounts for debt and marketable equity securities in accordance with the provisions of ASC 320, Investments Debt and Equity Securities.

The provisions of ASC 320 require that certain investments in debt and marketable equity securities be classified as held-to-maturity, trading, or available-for-sale securities. The Company classifies its existing marketable equity securities other than investments in associated companies and all debt securities as available-for-sale. Available-for-sale securities are carried at fair value with unrealized holding gains or losses included as a component of accumulated other comprehensive income (loss), net of applicable taxes.

Realized gains and losses are determined on the average cost method and reflected in earnings.

On a continuous basis, but no less frequently than at the end of each quarter, the Company evaluates the carrying amount of each of the investments in associated companies, cost method investments and available-for-sale securities for possible other-than-temporary impairment. Factors considered in assessing whether an indication of other-than-temporary impairment exists include the period of time the fair value has been below the carrying amount or cost basis of investment, financial condition and prospects of each investee, and other relevant factors.

Investments in associated companies, cost method investments and available-for-sale securities are reduced to fair value by a charge to earnings when impairment is considered to be other than temporary. Impairment is measured based on the amount by which the carrying amount or cost basis of the investment exceeds its fair value. Fair value is determined based on quoted market prices, discounted cash flows or other valuation techniques as appropriate.

(k) **Allowance for Doubtful Receivables**

An allowance for doubtful trade receivables and advances is provided at an amount calculated based on historical experience, while specific allowances for doubtful trade receivables and advances are provided for the estimated amounts considered to be uncollectible after reviewing individual collectibility.

(l) **Income Taxes (See Note 10)**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards.

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Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that the change in tax rate is enacted.

The Company accounts for uncertainty in tax positions in accordance with the provisions of ASC 740, Income Taxes. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest and penalties related to unrecognized tax benefits in Provision for income taxes Current in the consolidated statements of operations.

(m) **Advertising (See Note 16)**

Advertising costs are expensed as incurred.

(n) **Net Income (Loss) per Share (See Note 11)**

The Company accounts for net income (loss) per share in accordance with the provisions of ASC 260, Earnings Per Share. This Codification Section establishes standards for computing net income (loss) per share and requires dual presentation of basic and diluted net income (loss) per share on the face of the statements of operations for all entities with complex capital structures.

Under the provisions of ASC 260, basic net income (loss) per share is computed based on the weighted-average number of common shares outstanding during each period, and diluted net income (loss) per share assumes the dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock.

(o) **Cash Equivalents**

Cash equivalents include all highly liquid debt instruments purchased with a maturity of three months or less.

(p) **Derivative Financial Instruments (See Notes 14 and 17)**

Derivative financial instruments utilized by the Company are comprised principally of foreign exchange contracts, cross currency swaps and commodity futures used to hedge currency risk and commodity price risk.

The Company accounts for derivative instruments in accordance with the provisions of ASC 815, Derivatives and Hedging. On the date the derivative contract is entered into, the Company ordinarily designates the derivative as either a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair-value hedge), a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (cash-flow hedge), or a foreign-currency fair-value or cash-flow hedge (foreign-currency hedge). The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also formally assesses, both at the hedge s inception and on a quarterly basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

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Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a fair-value hedge, along with the loss or gain on the hedged asset or liability or unrecognized firm commitment of the hedged item that is attributable to the hedged risk, are recorded in earnings. Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash-flow hedge are recorded in other comprehensive income (loss), until earnings are affected by the variability in cash flows of the designated hedged item. Changes in the fair value of derivatives that are highly effective as hedges and that are designated and qualify as foreign-currency hedges are recorded in either earnings or other comprehensive income (loss), depending on whether the hedge transaction is a fair-value hedge or a cash-flow hedge. The ineffective portion of the change in fair value of a derivative instrument that qualifies as a cash-flow hedge is reported in earnings.

(q) **Impairment of Long-Lived Assets (See Note 6)**

The Company accounts for impairment or disposition of long-lived assets in accordance with the provisions of ASC 360, Property, Plant, and Equipment. In accordance with the provisions of ASC 360, long-lived assets, such as property, plant and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset or asset group exceeds its fair value.

(r) **Restructuring Charges (See Note 15)**

The Company accounts for costs associated with exit or disposal activities in accordance with the provisions of ASC 420, Exit or Disposal Cost Obligations. Pursuant to the provisions of ASC 420, liabilities for restructuring costs are recognized when the liability is incurred, which may be subsequent to the date when the Company has committed to a restructuring plan.

(s) **Segment Information (See Note 20)**

The Company accounts for segment information in accordance with the provisions of ASC 280, Segment Reporting. Pursuant to the provisions of ASC 280, the 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.

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(t) **Fair Value Measurements (See Note 18)**

The provisions of ASC 820, Fair Value Measurements and Disclosures, define fair value and establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets.
Level 2	Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3	Unobservable inputs for the asset or liability.

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

The Company maintains policies and procedures to value assets and liabilities using the best and most relevant data available. With regards to Level 3 valuations, the Company performs a variety of procedures to assess the reasonableness of the valuations quarterly or annually. These reviews are performed by the accounting section and approved by the President and the Chief Financial Officer of the Company. This detailed review may include the use of a third-party valuation firm.

(u) **Retirement and Severance Benefits (See Note 9)**

The Company accounts for the defined benefit pension plans and the lump-sum payment plans in accordance with the provisions of ASC 715, Compensation-Retirement Benefits. In accordance with the provisions, funded status of defined benefit pension plans (that is the balance of plan assets less benefit obligations) is recognized on the consolidated balance sheets and pension liability adjustments, net of tax, are recorded in the Accumulated other comprehensive income (loss).

Actuarial net gains and losses in excess of the corridor (10% of benefit obligations or fair value of plan assets, whichever is greater) are amortized over the average remaining service period of employees, except for the plan described as follows.

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

(v) **Stock-Based Compensation (See Note 22)**

The Company accounts for stock-based compensation in accordance with the provisions of ASC 718, Compensation Stock Compensation. The provisions of ASC 718, address accounting and disclosure requirements with measurement of the cost of employee service using a fair-value-based method of accounting for stock-based employee compensation plans.

(w) **Use of Estimates**

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions are used in the valuation and disclosure of revenue recognition, allowance for doubtful receivables, valuation of inventories, impairment of long-lived assets, impairment of goodwill, environmental liabilities, valuation of deferred tax assets, uncertain tax positions, employee retirement and severance benefit plans and assets acquired and liabilities assumed in business combinations.

(x) **Subsequent Events**

Management evaluated the subsequent events through June 26, 2015, the issuance date of the Company s consolidated financial statements.

(y) **Adoption of New Accounting Standards**

On April 1, 2014, the Company adopted Accounting Standards Update (ASU) 2013-05, Parent s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity. ASU 2013-05, which amends ASC 830, Foreign Currency Matters, requires a cumulative translation adjustment, to be released into net income when an entity ceases to have a controlling financial interest in a subsidiary or group of assets within a consolidated foreign entity and the sale or transfer results in the complete or substantially complete liquidation of the foreign entity. The adoption of ASU 2013-05 did not have a material effect on the Company s consolidated financial statements.

On April 1, 2014, the Company adopted ASU 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. ASU 2013-11 requires an unrecognized tax benefit, to be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward for tax purposes, a similar tax loss, or a tax credit carryforward. The adoption of ASU 2013-11 did not have a material effect on the Company s consolidated financial statements.

(2) Inventories

Inventories as of March 31, 2015 and 2014 are summarized as follows:

	Yen (millions)	
	March 31,	
	2015	2014
Finished goods	473,640	449,820
Work in process	121,183	128,323
Raw materials	167,847	172,538
	762,670	750,681

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(3) Investments in and Advances to, and Transactions with Associated Companies

The most significant associated companies among Panasonic Group are Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. (SMTPFC), Panasonic Healthcare Holdings Co., Ltd. (PHCHD) and Socionext Inc. As of March 31, 2015, the Company has 15.1% of the voting rights in SMTPFC, 20.0% of the voting rights in PHCHD and 20.0% of the voting rights in Socionext Inc. The Company applies the equity method to account for its investments in SMTPFC as the Company holds significant influence over operating and financial policies of SMTPFC.

On March 31, 2014, Panasonic acquired 20.0% of the voting rights in PHCHD, a company affiliated with investment funds managed by Kohlberg Kravis Roberts & Co. L.P., making PHCHD an associated company accounted for under the equity method. In addition, on the same date, Panasonic sold all of the shares of Panasonic Healthcare Co., Ltd. (PHC), a consolidated subsidiary of Panasonic which manufactures and sells healthcare devices, to PHCHD, which resulted in a gain of 78,699 million yen in other income for the year ended March 31, 2014. By owning 20.0% of the voting rights in PHCHD, Panasonic will fulfill its responsibilities to its customers to a certain extent in respect of a business which is conducted under the brand name of Panasonic.

Certain financial information in respect of associated companies in aggregate as of March 31, 2015 and 2014, and for the years ended March 31, 2015, 2014 and 2013 is as follows:

	Yen (millions)	
	2015	2014
Current assets	1,392,490	1,291,814
Other assets	417,394	372,151
	1,809,884	1,663,965
Current liabilities	680,040	668,126
Other liabilities	542,026	494,400
Net assets	587,818	501,439
Company s equity in net assets	167,878	145,115

Yen (millions)

	2015	2014	2013
Net sales	861,995	828,452	856,307
Gross profit	208,378	186,299	172,443
Net income	41,891	26,031	25,521

Purchases and dividends received from associated companies for the years ended March 31, 2015, 2014 and 2013 are as follows:

	Yen (millions)		
	2015	2014	2013
Purchases	202,318	124,581	105,923
Dividends received	3,136	3,229	3,418

Retained earnings include undistributed earnings of associated companies in the amount of 53,100 million yen and 49,166 million yen as of March 31, 2015 and 2014, respectively.

Investments in associated companies include marketable equity securities which have quoted market values as of March 31, 2015 and 2014 and its comparison with the related carrying amounts is as follows:

	Yen (millions)	
	2015	2014
Carrying amount	3,635	24,293
Market value	5,604	37,992

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(4) Investments in Securities

The Company classifies its existing marketable equity securities, other than investments in associated companies, and all debt securities as available-for-sale.

The cost, fair value, gross unrealized holding gains and gross unrealized holding losses of availanullble-for-sale securities included in other investments and advances as of March 31, 2015 and 2014 are as follows:

	Yen (millions)			
	2015			
	Cost	Fair value	Gross unrealized holding gains	Gross unrealized holding losses
Noncurrent:				
Equity securities	21,753	74,556	52,805	2
Corporate and government bonds	2,355	2,371	16	
Other debt securities	2	2		
	24,110	76,929	52,821	2

	Yen (millions)			
	2014			
	Cost	Fair value	Gross unrealized holding gains	Gross unrealized holding losses
Noncurrent:				
Equity securities	18,825	63,101	44,283	7
Corporate and government bonds	1,674	1,694	20	

Other debt securities	16	16		
	20,515	64,811	44,303	7

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Maturities of investments in available-for-sale securities as of March 31, 2015 and 2014 are as follows:

	Yen (millions)			
	2015		2014	
	Cost	Fair value	Cost	Fair value
Due after one year through five years	2,357	2,373	1,377	1,381
Due after five years through ten years			313	329
Equity securities	21,753	74,556	18,825	63,101
	24,110	76,929	20,515	64,811

Proceeds from sale of available-for-sale securities for the years ended March 31, 2015, 2014 and 2013 were 11,185 million yen, 45,376 million yen and 144,139 million yen, respectively. The gross realized gains on sale of available-for-sale securities for the years ended March 31, 2015, 2014 and 2013 were 1,561 million yen, 23,734 million yen and 32,440 million yen, respectively. Gross realized losses for the years ended March 31, 2015, 2014 and 2013 were 5 million yen, zero and 2,734 million yen, respectively. The cost of securities sold in computing gross realized gains and losses is determined by the average cost method.

During the years ended March 31, 2015 and 2014, the Company did not incur a write-down for other-than-temporary impairment of available-for-sale securities. During the year ended March 31, 2013, the Company incurred a write-down of 4,000 million yen, for other-than-temporary impairment of available-for-sale securities, mainly reflecting the aggravated market condition of certain industries in Japan. The write-down is included in other deductions in the consolidated statements of operations.

Gross unrealized holding losses on investments in available-for-sale securities and the fair value of the related investments, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of March 31, 2015 and 2014 are as follows:

Yen (millions)

	2015					
	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Equity securities	491	2			491	2
	491	2			491	2

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	Yen (millions)					
	2014					
	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Equity securities	89	7			89	7
	89	7			89	7

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The gross unrealized loss position has been continuing for a relatively short period of time. Based on this and other relevant factors, management has determined that these investments are not considered other-than-temporarily impaired. The Company did not have investment securities that had been in a continuous loss position for twelve months or more as of March 31, 2015 and 2014.

The carrying amounts of the Company s cost method investments totaled 21,877 million yen and 20,677 million yen as of March 31, 2015 and 2014, respectively. For substantially all such investments, the Company did not evaluate for impairment losses, as there were no significant events or changes that might have affected the fair value of investments were observed. A part of such investments was considered other-than-temporarily impaired and the Company recorded a write-down of 1,023 million yen, 142 million yen and 17 million yen for the years ended March 31, 2015, 2014 and 2013, respectively.

(5) Leases

The Company has capital and operating leases for certain land, buildings, machinery and equipment, and finite-lived intangible assets with SMTPFC and other third parties.

During the years ended March 31, 2015 and 2014, proceeds from sale of assets subject to subsequent lease-back were not material to the Company. During the years ended March 31, 2013, the Company sold and leased back certain land, buildings, and machinery and equipment for 68,071 million yen. The base lease term ranges up to ten years. The resulting leases are being accounted for as operating leases or capital leases.

The Company has options to purchase certain leased assets, mainly leased machinery and equipment, or to terminate the leases and guarantee a specified value of the leased assets, subject to certain conditions, during or at the end of the lease term. With respect to leased land and buildings, there are no future commitments, obligations, provisions, or circumstances that require or result in the Company s continuing involvement.

As of March 31, 2015 and 2014, the gross book value of land, buildings, machinery and equipment, and finite-lived intangible assets under capital leases, including the above-mentioned sale-leaseback transactions was 35,488 million yen and 32,257 million yen, and the related accumulated amortization recorded was 15,063 million yen and 12,878 million yen, respectively.

Rental expenses for operating leases, including the above-mentioned sale-leaseback transactions were 39,331 million yen, 41,536 million yen and 41,297 million yen for the years ended March 31, 2015, 2014 and 2013, respectively.

Future minimum lease payments under non-cancelable capital leases and operating leases as of March 31, 2015 are as follows:

	Yen (millions)	
Year ending March 31	Capital leases	Operating leases

2016	9,665	31,013
2017	9,094	16,303
2018	8,425	6,758
2019	7,787	5,413
2020	5,695	4,436
Thereafter	2,079	12,325
Total minimum lease payments	42,745	76,248
Less amount representing interest	2,566	
Present value of net minimum lease payments	40,179	
Less current portion	8,857	
Long-term capital lease obligations	31,322	

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(6) Long-Lived Assets

The Company periodically reviews the recorded value of its long-lived assets to determine if the future cash flows to be derived from these assets or related asset group will be sufficient to recover the remaining recorded asset values. Impairment losses are not charged to segment profit. Impairment losses by segment for the years ended March 31 2015, 2014 and 2013 are as follows:

	Yen (millions)		
	2015	2014	2013
Appliances	3,801	6,681	6
Eco Solutions	5,275	7,117	76,995
AVC Networks	3,876	25,563	5,984
Automotive & Industrial Systems	22,556	56,632	50,722
Other	4,364	6,424	3,010
Assets which are not allocated to any operating segments	160	1,346	1,421
Consolidated total	40,032	103,763	138,138

The Company recorded impairment losses of 22,556 million yen for the year ended March 31, 2015 for certain machinery of manufacturing facilities and other assets related to certain device businesses in Automotive & Industrial Systems segment. As a result of downturn in profitability due to decline in demand, the Company estimated that the carrying amounts would not be recoverable through future cash flows. The fair value of machinery was mainly determined through an appraisal based on the repurchase cost.

The Company recorded impairment losses for the year ended March 31, 2014 for certain machinery related to domestic flat TV manufacturing facilities in AVC Networks segment and Automotive & Industrial Systems segment. As a result of continuous substantial decline of product prices, the Company estimated that the carrying amounts would not be recoverable through future cash flows based on of the Company s mid-term financial forecast of the business. The fair value was mainly determined through an appraisal based on the repurchase cost.

The Company recorded impairment losses for the year ended March 31, 2014 for certain machinery of domestic and foreign manufacturing facilities related to the resin-based multi-layer printed circuit board business, and thin and high density interposer business among the printed circuit board business in Automotive & Industrial Systems segment. As a result of the decision to discontinue these businesses, the Company estimated that the carrying amounts would not be recoverable through future cash flows. The fair value of machinery was mainly determined through an appraisal based on the repurchase cost.

The Company recorded impairment losses for the year ended March 31, 2014 for certain land, buildings, and machinery related to domestic and foreign semiconductor business in Automotive & Industrial Systems segment. As a result of the decline in market demand and per unit selling price, the Company estimated that the carrying amounts would not be recoverable through future cash flows through the business restructuring activities. The fair value was mainly determined through an appraisal based on the repurchase cost.

The Company classified certain buildings and other assets related to a domestic flat TV manufacturing plant as assets held for sale in accordance with the provision of ASC 360. These assets are included in other current assets in the consolidated balance sheet as of March 31, 2014. Furthermore, the Company recognized a loss of 31,412 million yen regarding these assets as the carrying amount was higher than fair value less cost to sell. This loss is included in other deductions in the consolidated statement of operations for the year ended March 31, 2014.

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The Company recorded impairment losses for the year ended March 31, 2013 for certain machinery and finite-lived intangible assets, such as patents and know-how and trademark, related to solar battery business in Eco Solutions segment. 73,894 million yen of impairment losses related to finite-lived intangible assets. As a result of the continuous substantial decline of product prices, the Company revised its strategies for sales and investment and estimated that the carrying amounts would not be recoverable through future cash flows. The fair value of finite-lived intangible assets was mainly determined based on the excess earnings method and the relief-from-royalty method. The fair value of machinery was determined through an appraisal based on the repurchase cost.

The Company recorded impairment losses for the year ended March 31, 2013 for certain land, buildings, machinery and finite-lived intangible assets, such as patents and know-how, related to consumer lithium-ion battery business in Automotive & Industrial Systems segment. 13,658 million yen of impairment losses were related to finite-lived intangible assets. As a result of the continuous substantial decline of product prices, the Company revised its strategies for sales and investment and estimated that the carrying amounts would not be recoverable through future cash flows. The fair value of finite-lived intangible assets was mainly determined based on the excess earnings method and the relief-from-royalty method. The fair value of land, buildings and machinery was determined through an appraisal based on the repurchase cost.

The Company classified certain buildings related to a domestic flat TV manufacturing plant as assets held for sale in accordance with the provisions of ASC 360. These assets are included in other current assets in the consolidated balance sheet as of March 31, 2013. Furthermore, the Company recognized a loss of 39,874 million yen regarding these assets as the carrying amount was higher than fair value less cost to sell. This loss is included in other deductions in the consolidated statement of operations for the year ended March 31, 2013.

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(7) Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill by segment for the years ended March 31, 2015 and 2014 are as follows:

	Yen (millions)					
	Appliances	Eco Solutions	AVC Networks	Automotive & Industrial Systems	Other	Total
Balance as of March 31, 2013:						
Goodwill	40,951	183,582	254,537	459,669	58,482	997,221
Accumulated impairment losses	(3,745)	(72,197)	(168,356)	(240,777)		(485,075)
	37,206	111,385	86,181	218,892	58,482	512,146
Goodwill acquired during the year		23,145				23,145
Goodwill impaired during the year				(8,069)		(8,069)
Goodwill disposed of during the year					(54,200)	(54,200)
Translation adjustments		355				355
Balance as of March 31, 2014:						
Goodwill	40,951	207,082	254,537	459,669	4,282	966,521
Accumulated impairment losses	(3,745)	(72,197)	(168,356)	(248,846)		(493,144)
	37,206	134,885	86,181	210,823	4,282	473,377
Goodwill acquired during the year		22	5,181			5,203
Goodwill impaired during the year			(8,415)	(7,586)		(16,001)
Goodwill disposed of during the year and others	2,171		(3,499)	(3,214)	(3,204)	(7,746)
Translation adjustments		2,270				2,270
Balance as of March 31, 2015:						
Goodwill	43,122	209,374	256,219	456,455	1,078	966,248
Accumulated impairment losses	(3,745)	(72,197)	(176,771)	(256,432)		(509,145)
	39,377	137,177	79,448	200,023	1,078	457,103

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The carrying amount of goodwill by segment shown above is the total amount of goodwill allocated to reporting units for impairment test by segment and the allocation does not agree with that used for internal management purposes.

The Company recorded impairment losses of 8,415 million yen for the year ended March 31, 2015 related to goodwill of certain businesses in AVC Networks segments. The Company also recorded impairment losses of 7,586 million yen for the year ended March 31, 2015 related to goodwill of certain device business in Automotive & Industrial Systems segments. These impairments were due to a downturn in profitability of each business and the fair value was determined mainly based on the discounted cash flow method.

Goodwill related to Other segment decreased mainly as a result of disposition of the healthcare business in the year ended March 31, 2014.

The Company recorded impairment losses of 72,197 million yen for the year ended March 31, 2013 related to goodwill of solar battery business in Eco Solutions segment. This impairment was due to the continuous substantial decline of product prices and reversal of strategies for sales and investments which resulted in a decrease in the estimated fair value of the reporting unit. The fair value was determined based on the combination of discounted cash flow method, guideline public company method and guideline transaction method.

The Company recorded impairment losses of 91,007 million yen for the year ended March 31, 2013 related to goodwill of mobile phone business in AVC Networks segment. This impairment was due to the decline in market share in Japan and the revision of the overseas development strategy which resulted in a decrease in the estimated fair value of the reporting unit. The fair value was determined based on the combination of discounted cash flow method, guideline public company method and guideline transaction method.

The Company recorded impairment losses of 74,574 million yen for the year ended March 31, 2013 related to goodwill of consumer lithium-ion battery business in Automotive & Industrial Systems segment. This impairment was due to the continuous substantial decline of product prices and reversal of strategies for sales and investment which resulted in a decrease in the estimated fair value of the reporting unit. The fair value was determined based on the combination of discounted cash flow method, guideline public company method and guideline transaction method.

The Company recorded impairment losses of 12,805 million yen for the year ended March 31, 2013 related to certain businesses in Automotive & Industrial Systems segment. These impairments were due to a downturn in profitability and the fair values were mainly determined based on the combination of discounted cash flow method and guideline public company method.

Intangible assets, excluding goodwill, as of March 31, 2015 and 2014 are as follows:

	Yen (millions)			
	2015		2014	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Finite-lived intangible assets:				
Patents and know-how	143,464	90,107	171,320	99,091
Software	340,844	287,781	320,435	266,967
Other	94,270	40,730	100,798	37,021
	578,578	418,618	592,553	403,079

	Yen (millions)	
	2015	2014
Indefinite-lived intangible assets	12,938	14,117

Aggregate amortization expense for finite-lived intangible assets for the years ended March 31, 2015, 2014 and 2013 was 44,129 million yen, 51,994 million yen and 61,373 million yen, respectively. Estimated amortization expense for the next five years is as follows:

Year ending March 31	Yen (millions)
2016	34,181
2017	27,994
2018	21,802
2019	14,838
2020	9,493

There were no impairment losses of indefinite-lived intangible assets for the years ended March 31, 2015, 2014 and 2013. Impairment losses of finite-lived intangible assets are included in impairment losses of long-lived assets discussed in Note 6.

(8) Long-term Debt and Short-term Borrowings

Long-term debt as of March 31, 2015 and 2014 is set forth below:

	Yen (millions)	
	2015	2014
Unsecured Straight bond, due 2014, interest 2.02% *1		31,769
Unsecured Straight bond, due 2015, interest 1.66% *2	40,000	39,999
Unsecured Straight bond, due 2016, interest 0.752%	200,000	200,000
Unsecured Straight bond, due 2018, interest 1.081%	150,000	150,000
Unsecured Straight bond, due 2019, interest 2.05%	100,000	100,000
Unsecured Straight bond, due 2019, interest 1.593% *2	30,000	30,000
Unsecured Straight bond, due 2020, interest 0.387%	220,000	
Unsecured Straight bond, due 2022, interest 0.568%	80,000	
Unsecured Straight bond, due 2025, interest 0.934%	100,000	
Unsecured bank loans, due 2014 - 2016, effective interest 4.6% for the year ended March 31, 2015 and 4.0% for the year ended March 31, 2014	1,236	1,821
Secured bank loans by subsidiaries, due 2015 - 2020, effective interest 1.68% for the year ended March 31, 2015 and 1.76% for the year ended March 31, 2014	614	825
Capital lease obligations	40,179	44,541
	962,029	598,955
Less current portion	249,644	41,581
	712,385	557,374

*1 Bond originally issued by SANYO Electric Co., Ltd. (SANYO) was transferred to the Company during the year ended March 31, 2012.

*2 Bonds originally issued by Panasonic Electric Works Co., Ltd. (PEW) were transferred to the Company during the year ended March 31, 2012.

The aggregate annual maturities of long-term debt after March 31, 2015 are as follows:

Year ending March 31	Yen (millions)
2016	249,644
2017	9,154
2018	158,127
2019	107,605
2020	255,521
2021 and thereafter	181,978

As is customary in Japan, short-term and long-term bank loans are made under general agreements which provide that security and guarantees for future and present indebtedness will be given upon request of the bank, and that the bank shall have the right, when the obligations become due, or in the event of their default, to offset cash deposits against such obligations due to the bank. As of March 31, 2015 and 2014, loans subject to such general agreements amounted to 614 million yen and 825 million yen, respectively.

Each of the loan agreements grants the lender the right to request additional security or mortgages on certain assets. As of March 31, 2015 and 2014, investments and advances with a book value of 1,531 million yen and 1,754 million yen, respectively, were pledged as collateral by subsidiaries for secured loans from banks.

The weighted-average interest rate on short-term debt outstanding as of March 31, 2015 and 2014 was 8.3% and 7.6%, respectively.

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(9) Retirement and Severance Benefits

The Company and certain subsidiaries have contributory, funded benefit pension plans covering substantially all employees who meet eligibility requirements. Benefits under the plans are primarily based on the combination of years of service and compensation.

In addition to the plans described above, upon retirement or termination of employment for reasons other than dismissal, employees are entitled to lump-sum payments based on the current rate of pay and length of service. If the termination is involuntary or caused by death, the severance payment is greater than in the case of voluntary termination. The lump-sum payment plans are not funded.

Effective April 1, 2002, the Company and some of the subsidiaries amended their benefit pension plans by introducing a point-based benefits system, and changing their lump-sum payment plans to cash balance pension plans. Under the point-based benefits system, benefits are calculated based on accumulated points allocated to employees each year according to their job classification and years of service. Under the cash balance pension plans, each participant has an account which is credited yearly based on the current rate of pay and market-related interest rate.

Effective July 1, 2013, the Company and certain domestic subsidiaries decided to make a transition from the defined benefit pension plan to a defined contribution pension plan with respect to employees future service. Under the provision of ASC 715, upon this transition, any decrease in projected benefit obligations (PBO) due to plan amendments in the past remaining in pension liability adjustments under accumulated other comprehensive income (loss) is required to be immediately recognized in earnings. Accordingly, the Company recognized a curtailment gain of 79,762 million yen in other income in the consolidated statement of operations for the year ended March 31, 2014.

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Reconciliations of beginning and ending balances of the benefit obligations of the contributory, funded benefit pension plans, the unfunded lump-sum payment plans, and the cash balance pension plans, and the fair value of the plan assets as of March 31, 2015 and 2014 are as follows:

	Yen (millions)	
	2015	2014
Change in benefit obligations:		
Benefit obligations at beginning of year	2,330,507	2,461,033
Service cost	16,553	26,570
Interest cost	38,164	40,103
Prior service benefit	(3,519)	644
Actuarial loss (gain)	91,068	(32,151)
Benefits paid	(126,088)	(120,589)
Effect of sale of consolidated subsidiaries	(7,870)	(41,389)
Foreign currency translation	11,652	16,859
Curtailments, settlements and other	(6,062)	(20,573)
Benefit obligations at end of year	2,344,405	2,330,507
Change in plan assets:		
Fair value of plan assets at beginning of year	1,907,726	1,842,631
Actual return on plan assets	187,308	107,350
Employer contributions	57,987	97,170
Benefits paid	(120,239)	(112,922)
Effect of sale of consolidated subsidiaries	(5,348)	(35,198)
Foreign currency translation	8,044	13,356
Curtailments, settlements and other	(4,989)	(4,661)
Fair value of plan assets at end of year	2,030,489	1,907,726
Funded status	(313,916)	(422,781)

The accumulated benefit obligation for the pension plans was 2,294,738 million yen and 2,267,561 million yen as of March 31, 2015 and 2014, respectively.

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The projected benefit obligations and the fair value of plan assets for the pension plans with projected benefit obligations in excess of plan assets, and the accumulated benefit obligations and the fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets as of March 31, 2015 and 2014 are as follows:

	Yen (millions)	
	2015	2014
Plans with projected benefit obligations in excess of plan assets:		
Projected benefit obligations	2,183,899	2,173,332
Fair value of plan assets	1,848,497	1,739,314
Plans with accumulated benefit obligations in excess of plan assets:		
Accumulated benefit obligations	2,147,556	2,125,670
Fair value of plan assets	1,848,497	1,739,314

Accounts recognized in the consolidated balance sheets as of March 31, 2015 and 2014 consist of:

	Yen (millions)	
	2015	2014
Other assets	21,486	11,237
Other current liabilities	(2,741)	(3,317)
Retirement and severance benefits	(332,661)	(430,701)
	(313,916)	(422,781)

Amounts recognized in accumulated other comprehensive income (loss) as of March 31, 2015 and 2014 consist of:

Yen (millions)

	2015	2014
Prior service benefit	(13,946)	(14,551)
Actuarial loss	420,583	489,951
	406,637	475,400

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Net periodic benefit cost for the contributory, funded benefit pension plans, the unfunded lump-sum payment plans, and the cash balance pension plans of the Company for the years ended March 31, 2015, 2014 and 2013 consists of the following components:

	Yen (millions)		
	2015	2014	2013
Service cost benefits earned during the year	16,553	26,570	55,123
Interest cost on projected benefit obligation	38,164	40,103	51,621
Expected return on plan assets	(53,104)	(50,593)	(53,764)
Amortization of prior service benefit	(4,124)	(4,520)	(22,458)
Recognized actuarial loss	16,836	21,341	30,335
Losses (gains) on curtailments and settlements	8,323	(77,938)	2,209
Net periodic benefit cost	22,648	(45,037)	63,066

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The estimated prior service benefit and actuarial loss for the defined benefit pension plans that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost for the year ending March 31, 2016 are gains of 4,396 million yen and losses of 23,114 million yen, respectively.

Weighted-average assumptions used to determine benefit obligations as of March 31, 2015 and 2014 are as follows:

	2015	2014
Discount rate	1.3%	1.6%
Rate of compensation increase	4.0%	2.8%

Weighted-average assumptions used to determine net periodic benefit cost for the years ended March 31, 2015, 2014 and 2013 are as follows:

	2015	2014	2013
Discount rate	1.6%	1.6%	2.2%
Expected return on plan assets	2.7%	2.7%	3.1%
Rate of compensation increase	2.8%	1.7%	1.8%

The expected return on plan assets is determined based on the portfolio as a whole and not on the sum of the returns on individual asset categories, considering long-term historical returns, asset allocation, and future estimates of long-term investment returns.

Each plan of the Company has a different investment policy, which is designed to ensure sufficient plan assets are available to provide future payments of pension benefits to the eligible plan participants and is individually monitored for compliance and appropriateness on an on-going basis. Considering the expected long-term rate of return on plan assets, each plan of the Company establishes a basic portfolio comprised of the optimal combination of equity securities and debt securities. Plan assets are invested in individual equity and debt securities using the guidelines of the basic portfolio in order to generate a total return that will satisfy the expected return on a mid-term to long-term basis. The Company evaluates the difference between expected return and actual return of invested plan assets on an annual basis to determine if such differences necessitate a revision in the formulation of the basic portfolio. The Company revises the basic portfolio when and to the extent considered necessary to achieve the expected long-term rate of return on plan assets.

The Company s pension plan assets allocation is approximately 25% for equity securities, approximately 50% for debt securities, and approximately 25% for other investments, primarily in life insurance company general accounts.

For the Company s major defined benefit pension plans, equity investments are mainly investments in listed equity securities, broadly in Japanese equity, developed international equity and emerging markets. The investments in debt securities are comprised primarily of government, municipal, and corporate bonds. The Company mainly chooses debt securities with rating above BBB, high liquidity and appropriate repayment, and has appropriately diversified the investments by sector and geography. As for investments in life insurance company general accounts, the contracts with the insurance companies include a guaranteed interest rate and return of capital. Other investments include fund-of-funds investment, equity long/short hedge funds investment and private equity investment. Fund-of-funds investment and equity long/short hedge funds investment are primarily invested in listed equity securities with trading frequency and a stable return, while private equity investment is diversified products with low correlation.

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The fair values of the Company s pension plan assets as of March 31, 2015, by asset category are as follows:

	Yen (millions)			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	97,301			97,301
Equity securities:				
Japanese companies	23,513			23,513
Foreign companies	59,391			59,391
Commingled funds (a)		425,552		425,552
Debt securities:				
Government and Municipal bonds	56,651			56,651
Corporate bonds		14,212		14,212
Commingled funds (b)		916,009		916,009
Life insurance company general accounts		310,894		310,894
Other (c)		116,949	10,017	126,966
Total	236,856	1,783,616	10,017	2,030,489

The fair values of the Company s pension plan assets as of March 31, 2014, by asset category are as follows:

	Yen (millions)			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	92,408			92,408
Equity securities:				
Japanese companies	40,800			40,800
Foreign companies	56,650			56,650
Commingled funds (a)		360,772		360,772
Debt securities:				
Government and Municipal bonds	67,857			67,857
Corporate bonds		10,611		10,611
Commingled funds (b)		866,270		866,270
Life insurance company general accounts		274,639		274,639
Other (c)		121,521	16,198	137,719

Total	257,715	1,633,813	16,198	1,907,726

(a) These funds invest mainly in listed equity securities, approximately 60% Japanese companies and 40% foreign companies.
(b) These funds primarily invest in Japanese government bonds and foreign government bonds.
(c) Other investments primarily include fund-of-funds investment, equity long/short hedge funds investment, private equity investment and collateralized loan obligation investment.

The three levels of the fair value hierarchy are discussed in Note 18.

Level 1 assets are comprised principally of equity securities and government and municipal bonds, which are valued using unadjusted quoted market price in active markets with sufficient volume and frequency of transactions.

Level 2 assets are comprised principally of commingled funds, which are valued at their net asset values that are calculated by the fund and have daily liquidity, corporate bonds, which are valued based on quoted prices for identical assets in markets that are not active, and life insurance company general accounts, which are valued at conversion value. Fund-of-funds investment and hedge funds investment that use equity long/short strategies, which primarily invest in listed equity securities and debt securities, are valued based on net asset value.

Level 3 assets are comprised principally of collateralized loan obligation investment and private equity investment, which are valued based on prices and other relevant information such as similar market transactions and latest financial information available.

A reconciliation of the beginning and ending balances of level 3 assets as of March 31, 2015 and 2014 is as follows:

	Yen (millions)		
	Collateralized loan obligation	Private equity	Total
Balance as of April 1, 2013	7,374	11,392	18,766
Realized gains (losses)	2,350	111	2,461
Unrealized gains (losses) relating to assets held	(491)	(96)	(587)
Purchases, sales, issuances and settlements, net	(1,438)	(2,033)	(3,471)
Transfers out of Level 3	(863)	(108)	(971)
Balance as of March 31, 2014	6,932	9,266	16,198
Realized gains (losses)	(2,286)	962	(1,324)
Unrealized gains (losses) relating to assets held	2,472	190	2,662
Purchases, sales, issuances and settlements, net	(6,522)	(614)	(7,136)

Transfers out of Level 3	(111)	(272)	(383)
Balance as of March 31, 2015	485	9,532	10,017

The Company expects to contribute 37,276 million yen to its defined benefit plans for the year ending March 31, 2016.

The benefits expected to be paid from the defined pension plans for each of the years ending March 31, 2016 through 2020 are 119,107 million yen, 116,608 million yen, 118,896 million yen, 120,325 million yen and 119,483 million yen, respectively. The aggregate benefits expected to be paid in the five year period for the years ending March 31, 2021 through 2025 are 606,524 million yen. The expected benefits to be paid are based on the same assumptions used to measure the Company s benefit obligation as of March 31, 2015 including estimated future employee service.

The amount of cost recognized for the Company s and certain subsidiaries contributions to the defined contribution plans for the years ended March 31, 2015 and 2014 were 29,478 million yen and 23,450 million yen, respectively.

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(10) Income Taxes

Income (loss) before income taxes and income taxes for the years ended March 31, 2015, 2014 and 2013 are summarized as follows:

	Yen (millions)		
	Domestic	Foreign	Total
For the year ended March 31, 2015			
Income before income taxes	2,795	179,661	182,456
Income taxes:			
Current	30,494	75,613	106,107
Deferred	(109,174)	1,086	(108,088)
Total income taxes	(78,680)	76,699	(1,981)
For the year ended March 31, 2014			
Income before income taxes	56,792	149,433	206,225
Income taxes:			
Current	35,305	57,512	92,817
Deferred	2,998	(6,150)	(3,152)
Total income taxes	38,303	51,362	89,665
For the year ended March 31, 2013			
Income (loss) before income taxes	(450,544)	52,158	(398,386)
Income taxes:			
Current	29,970	36,562	66,532
Deferred	311,882	6,259	318,141
Total income taxes	341,852	42,821	384,673

The Company and its subsidiaries in Japan are subject to a National corporate tax of 25.50%, an Inhabitant tax of approximately 20.1% (applied to a National corporate tax) varying by local jurisdiction, and a deductible Enterprise tax of approximately 7.4% varying by local jurisdiction, which, in aggregate, resulted in a combined statutory tax rate in Japan of approximately 35.4% for the year ended March 31, 2015.

The Company and its subsidiaries in Japan are subject to a National corporate tax of 28.05%, an Inhabitant tax of approximately 20.2% (applied to a National corporate tax) varying by local jurisdiction, and a deductible Enterprise tax of approximately 7.4% varying by local jurisdiction, which, in aggregate, resulted in a combined statutory tax rate in Japan of approximately 37.8% for the years ended March 31, 2014 and 2013.

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The effective tax rates for the years ended March 31, 2015, 2014 and 2013 differ from the combined statutory tax rates for the following reasons:

	2015	2014	2013
Combined statutory tax rate	35.4%	37.8%	(37.8)%
Lower tax rates of overseas subsidiaries	(11.7)	(9.1)	(0.8)
Expenses not deductible for tax purposes	2.8	1.3	0.6
Change in valuation allowance allocated to income tax expenses :			
Foreign tax credit carryforwards	8.2	5.7	3.5
Change in judgement and others	(57.1)	7.1	106.3
Tax effects on outside basis difference in subsidiaries	4.1	(1.8)	(0.6)
Goodwill impairment	5.3	1.5	23.8
Effect of enacted changes in Japanese tax laws and rates	13.3		
Other	(1.4)	1.0	1.6