Panasonic Europe Ltd.

Annual report and financial statements

Registered number 03329345

31 March 2016

Contents

Strategic Report

The directors present their annual report and the audited financial statements for the year ended 31 March 2016.

Principal activities

The company's principal activities are to act as a holding company and to provide support services to its subsidiaries and other group companies. These companies are primarily involved in the electronics industry.

The financial statements of the company include its activities in the United Kingdom, Belgium and those of branch operations located in Germany. The company also operates research and development laboratories located in the United Kingdom and in Germany. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

Business review

During the year ended 31 March 2016 under review, the global economy continued to recover mildly overall, while changes have been seen in the economic environment, such as changes in monetary policies in several countries, the fall in resource prices, and geopolitical instability. While the economy 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 Panasonic Group achieved its Cross Value Innovation 2015 (the mid-term management plan from fiscal 2015 to 2016) financial targets one year ahead of schedule in fiscal 2015. The Panasonic Group set its fiscal 2016 as a year of transition to sustainable growth by shifting to generating profit from sales expansion.

Panasonic Europe's turnover of €97.2 million for the current year represents principally service fees generated in the UK and Germany and collected from its subsidiaries and other group companies (see Note 2). Turnover has decreased from €101.5 million in the previous year. At the operating profit level, the company recorded an operating loss of €22 million compared to an operating profit of €1.7 million in the previous financial year, principally due to the expensing of start-up costs related to the introduction of a new business pillar aimed at developing solutions project business of €14.2 million. The loss also included €4.2 million of foreign exchange losses, €1.4 million of pension finance charge and €1.2 million of unexpected executive and restructuring costs.

The company recorded a profit on ordinary activities before taxation of €98.0 million compared to a profit of €33.4 million in the prior year, due primarily to an increase in income from shares in group undertakings.

The company continued its efforts to provide value added services and to reduce operating costs, and to provide an efficient delivery of support services to its subsidiaries and other group companies.

Capital expenditure decreased from €1.5 million to €1.1 million. The expenditure in both years related principally to the central development and enhancement of internal IT systems.

The balance sheet on page 8 of the financial statements shows the company's financial position, reflecting an increase in net assets of €297.1 million for the year compared to the previous financial year. This significant increase is the result of profit for the year, following significant dividend receipts from subsidiaries, and shares issued to fund investments in the year.. The largest investment at €154.9 million was a 49% investment in Ficosa S.A (a major manufacturer of automotive mirrors), funded by an increase in share capital. The increase in balances with subsidiary undertakings is a cash balance of €95 million, pooled by Panasonic Global Treasury BV.

Strategic Report *(continued)*

Principal risks and uncertainties

The company is subject to the general risks and uncertainties associated with international business operations, for example exposure to a highly competitive market, technical obsolescence and foreign exchange exposure. The company's operations are geared to supporting the Panasonic Group in Europe, so limiting the exposure to risks associated with third party trading activities.

On 23rd June 2016, the UK voted to leave the European Union, Panasonic is monitoring the developments and associated risks. Until article 50 has been triggered and a clearer picture of Europe's future relationship with the UK emerges following the subsequent negotiations, it is too early to predict the impact for Panasonic.

Demand for products and services supplied by the company's subsidiaries in the European region may be affected by general economic trends. This may affect the company's business results and financial performance. Such an indicator is the level of dividends received by the company from subsidiary undertakings which are determined by sales and profit performance.

The key performance indicators used to ensure the continued viability of European operations are utilisation of assets, capital expenditure, and cost management, improving profitability and generating free cash flow. System-supported planning and analyses are carried out by the company, which are continually monitored, so that early recognition of potential risks is possible.

By the Board

D J Gardiner

D J Gardiner
Company Secretary

Panasonic House
Willoughby Road
Bracknell
Berks
RG12 8FP

Directors' Report

Dividends paid and proposed

Dividends paid during the year comprise and interim dividend in respect of the year ended 31 March 2016 of €5,160,514 representing €0.0258125 per share *(2015: interim dividend of €3,320,144 representing €0.0166071 per share).*

Subsequent to the year end , the directors have proposed a dividend of €15,000,000 and also a special dividend in respect of the current financial year of €60,000,000. These have not been included within creditors as it was not approved before the year end.

Research and Development

The company incurred research and development expenditure during the year (excluding software development costs capitalised as fixed assets) of €1.2 million (*2015: €0.8 million*).

Directors

The directors who held office during the year, and subsequently, were as follows:
L Abadie
K Katsuragi (resigned 1 May 2016)
T Uonaga (appointed 1 May 2016)
T Lammel
M G Irving
Y Hirota

Employees

The company continues to be committed to providing equal opportunities to all employees. The employment of disabled persons and those persons who become disabled while in the company's employment is included in this commitment.

Two-way communication with staff is regarded as a key aspect of the company's policies. Employees are encouraged to share their ideas with their line management and information is passed to employees on a regular basis, for example through management channels, in-house publications, company intranet and by attendance at seminars. In this way employees are kept aware of any new developments within the company.

Staff training is critical to the maintenance of a highly skilled workforce, and both on the job training and prepared training courses are continually held. Health and safety committees meet on a regular basis.

Political contributions

Neither the company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year *(2015: €nil).*

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By the Board

D. S. Gardiner

D J Gardiner
Company Secretary

Panasonic House
Willoughby Road
Bracknell
Berks
RG12 8FP

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Panasonic Europe Ltd.

We have audited the financial statements of Panasonic Europe Ltd. for the year ended 31 March 2016 set out on pages 7 to 30. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with the UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Panasonic Europe Ltd. *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Kevin Hall (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Arlington Business Park

Theale

Reading

RG7 4SD

31 January 2017

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 March 2016

	Note	2016	2015
		€000	€000
Turnover	2	**97,234**	101,480
Cost of sales		**(63,495)**	(66,093)
Gross profit		**33,739**	35,387
Administrative expenses		**(59,109)**	(36,305)
Other operating income		**3,372**	2,600
Operating (loss)/profit		**(21,998)**	1,682
Income from shares in group undertakings	6	**134,575**	33,957
Other interest receivable and similar income	7	**804**	371
Amounts written off investments	12	**(13,904)**	-
Interest payable and similar charges	8	**(1,432)**	(971)
Profit on ordinary activities before taxation		**98,045**	35,039
Tax on profit on ordinary activities	9	**18,316**	(2,725)
Profit for the financial year		**116,361**	32,314
Other comprehensive income *Items that will not be reclassified to profit or loss:*			
Remeasurement of defined benefit liability	18	(1,587)	(28,015)
Foreign Exchange on remeasurement of defined benefit Liability		3,865	(3,145)
Deferred tax on items that will not be reclassified to profit or loss		(2,093)	5,143
Contribution from participating companies		4,156	4,199
Other comprehensive income for the year, net of income tax		**4,341**	**(21,818)**
Total comprehensive income for the year		**120,702**	**10,496**

All results relate to continuing operations.

Balance Sheet
at 31 March 2016

	Note	2016 €000	2016 €000	2015 €000	2015 €000
Fixed assets					
Tangible assets	*11*		**4,627**		6,057
Investments	*12*		**1,262,515**		1,058,121
			1,267,142		1,064,178
Current assets					
Debtors	*13*	**291,821**		191,898	
Cash at bank and in hand		**29,522**		38,142	
		321,343		230,040	
Creditors: amounts falling due within one year	*14*	**(44,042)**		(40,665)	
Net current assets			**277,301**		189,375
Total assets less current liabilities			**1,544,443**		1,253,553
Creditors: amounts falling due after one year	*15*	**(1,350)**		(1,350)	
Provisions for liabilities					
Pension Liability	*18*	**(45,665)**		(51,917)	
			(47,015)		(53,267)
Net assets			**1,497,428**		1,200,286
Capital and reserves					
Called up share capital	*16*		**290,107**		290,107
Share premium			**779,257**		597,657
Merger reserve			**9,434**		9,434
Other reserve			**106,323**		106,323
Profit and loss account			**312,307**		196,765
Shareholders' funds			**1,497,428**		1,200,286

These financial statements were approved by the Board of Directors on 31 January 2017 and were signed on its behalf by:

M G Irving
Director
Company registered number: 03329345

Statement of Changes in Equity

	Called up Share Capital	Share Premium Account	Merger reserve	Other Reserve	Profit and loss Account	Total Equity
	€000	€000	€000	€000	€000	€000
Balance as at 1 April 2014	290,107	597,657	9,434	106,323	189,589	1,193,110
Total Comprehensive income for the period						
Profit or Loss	-	-	-	-	32,314	32,314
Other comprehensive Income	-	-	-	-	(21,818)	(21,818)
Total comprehensive income for the period	-	-	-	-	10,496	10,496
Dividends	-	-	-	-	(3,320)	(3,320)
Total contributions by and distributions to owners	-	-	-	-	(3,320)	(3,320)
Balance at 31 March 2015	**290,107**	**597,657**	**9,434**	**106,323**	**196,765**	**1,200,286**

	Called up Share Capital	Share Premium account	Merger Reserve	Other Reserve	Profit and loss Account	Total Equity
	€000	€000	€000	€000	€000	€000
Balance at 1 April 2015	290,107	597,657	9,434	106,323	196,765	1,200,286
Total Comprehensive income for the period						
Profit or loss	-	-	-	-	116,361	116,361
Other comprehensive income	-	-	-	-	4,341	4,341
Total comprehensive income for the period	-	-	-	-	120,702	120,702
Issue of Shares	-	181,600	-	-	-	181,600
Dividends	-	-	-	-	(5,160)	(5,160)
Total Contributions by and distributions to owners	-	131,600	-	-	(5,160)	176,440
Balance at 31 March 2016	**290,107**	**779,257**	**9,434**	**106,323**	**312,307**	**1,497,428**

Notes

(forming part of the financial statements)

1 Accounting policies

Panasonic Europe Ltd (the "Company") is a company incorporated and domiciled in the UK.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1, whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 21.

The Company's ultimate parent undertaking, Panasonic Corporation includes the Company in its consolidated financial statements. The consolidated financial statements of Panasonic Corporation are prepared in accordance with US Generally Accepted Accounting Principles and are available to the public and may be obtained from the address given in Note 19.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of capital management;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Panasonic Corporation include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures.*

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

Basis of preparation

The financial statements have been prepared on the historical cost basis. This is with the exception of the Younicos investment due to the investment being a minority holding of 19%.

The Company's principal activities are the holding of investments and the provision of marketing and support services to its subsidiaries and other group companies, the majority of which operate in the Euro area. Accordingly, the directors consider that the company's functional currency is the Euro and have chosen to present the company's financial statements in Euros.

Going Concern

The company has relatively stable income and expenditure relating to its principal activities supporting Panasonic group companies. The company has considerable net assets including amounts on deposit with the group's treasury company. As a consequence, the directors believe that the company is well placed to manage its business risks successfully and the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other debtors, cash and cash equivalents and trade and other creditors.

Investments in debt and equity securities

Investments in debt and equity securities held by the company are classified as being available for sale and stated at fair value, with any resultant gain or loss being recognised directly in equity (in the fair value reserve), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Notes *(continued)*

1 Accounting policies *(continued)*

Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Foreign currencies

Transactions in currencies other than the Euro are recorded using the rate of exchange ruling at the date of the transaction . Monetary assets and liabilities denominated in currencies other than the Euro are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Tangible fixed assets and depreciation

Tangible fixed assets are stated as cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight line basis over the estimated useful lives of each tangible fixed asset. Land is not depreciated. The estimated useful lives areas follows:

Freehold buildings	-	10 to 50 years
Plant and machinery	-	2 to 5 years
Fixtures, fittings, tools and equipment	-	2 to 3 years
IT Systems	-	5 years

Costs relating to a group-wide enterprise reporting IT system have been capitalised to the extent that they are considered core costs of the group-wide development and implementation phases.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". Minimum lease payements are apportioned between the finance charge and the reduction of the outsatdning liability. The finance chanrge is allocated to each period during the lease term so as to produce a constant periodic rate fo interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they occur.

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Notes *(continued)*

1 Accounting policies *(continued)*

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Panasonic Europe Ltd's net obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets are deducted. Panasonic Europe Ltd determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of Panasonic Europe Ltd's, obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling. Panasonic Europe Ltd recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum finding requirements.

Panasonic Europe Ltd is the sponsoring employer of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is Panasonic Europe Ltd. The contributions payable by the participating entities are determined on the following basis: actual salary cost of pension members in each participating company as at March 2013 versus total salary costs of all members as at March 2013.

Notes *(continued)*

1 Accounting policies *(continued)*

Research and development expenditure

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet those criteria are disclosed in the notes to the financial statements.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services to subsidiaries and related undertakings. In addition, the company provides warehousing and distribution services to group companies and a small number of third parties. Revenue is recognised when the services have been rendered.

Where the company has exposure to all significant benefits and risks, the company is considered to act as principal, and revenues are reported gross within turnover. Where the company is not normally exposed to the majority of benefits and risks associated with the exchange transaction, the company is considered to act as agent, and revenues are reported net within other operating income.

Notes *(continued)*

2 Turnover

	2016 €000	2015 €000
By destination		
United Kingdom	**27,635**	27,938
Rest of Europe	**69,599**	73,542
	97,234	101,480

	2016 €000	2015 €000
By activity		
Service fees generated in UK	**12,726**	14,243
Service fees generated in Germany	**46,493**	48,839
Provision of IT services	**1,047**	1,079
Provision of Logistics services	**36,968**	37,319
	97,234	101,480

Service fees (including support services) and the provision of IT and Logistic services, are considered to comprise single classes of business, provided to group companies and third parties.

3 Expenses and auditor's remuneration

	2016 €000	2015 €000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off tangible fixed assets (see Note 11)	**2,483**	3,921
Provision for restructuring costs	**-**	1,586
Hire of plant and machinery - rentals payable under operating leases	**343**	247
Hire of other assets - rentals payable under operating leases	**2,395**	2,553
Research and development (excluding software development costs capitalised as fixed assets)	**1,199**	840
Auditor's remuneration		
Audit of these financial statements	**77**	77
Disclosures below based on amounts receivable in respect of other services to the company and its subsidiaries		
Audit of financial statements of subsidiaries of the company	**1,715**	1,868
Audit-related assurance services	**151**	51
Taxation compliance services	**307**	474
Other tax advisory services	**167**	222
All other services	**404**	343
	2,821	3,035

Amounts receivable by the company's auditor and its associates in respect of the audit of financial statements of associated pension schemes is €18,000 (*2015: €15,000*).

Notes *(continued)*

4 Directors' Remuneration

	2016 €000	2015 €000
Directors' remuneration	**1,870**	1,497
Company contributions to money purchase pension schemes	**80**	70
	1,950	1,567

Those directors who are Japanese nationals do not have service contracts with Panasonic Europe Ltd. Their emoluments are paid under contracts with overseas related companies and are recharged to Panasonic Europe Ltd. and included above.

The aggregate of emoluments of the highest paid director was €951,103 *(2015: €598,739)* and company pension contributions of €59,490 *(2015: €51,675)* were made to a money purchase scheme on his behalf. No retirement benefits are accruing in the defined benefit scheme in respect of the highest paid director.

Retirement benefits are accruing to the following number of directors under:

	2016 No.	2015 No.
Money purchase schemes	**3**	3
Defined benefit schemes	**3**	3

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2016	2015
Management and administration	**150**	182
R & D	**45**	46
IT	**90**	93
Logistics	**63**	58
	348	379

The aggregate payroll costs of these persons were as follows:

	2016 €000	2015 €000
Wages and salaries	**41,376**	34,441
Social security costs	**4,150**	4,243
Other pension costs	**519**	1,681
	46,045	40,365

Notes *(continued)*

6 Income from shares in group undertakings

	2016 €000	2015 €000
Dividends received from subsidiary undertakings	**134,575**	33,957

7 Interest receivable

	2016 €000	2015 €000
Interest receivable from subsidiary undertakings	**162**	196
Other interest receivable	**642**	175
	804	371

8 Interest payable

	2016 €000	2015 €000
Other interest payable	**4**	1
Net interest on net defined benefit pension plan liability	**1,428**	970
	1,432	971

Notes *(continued)*

9 Taxation

Recognised in the profit and loss account

	2016		2015	
	€000	**€000**	€000	€000
UK corporation tax				
Current tax on income for the period	-		-	
Adjustments in respect of prior periods	(17,793)		2,001	
Total current tax (credit)/charge		(17,793)		2,001
Foreign Tax				
Adjustment in respect of prior periods	-		494	
		-		494
Total Current Tax		(17,793)		2,495
Deferred tax				
Origination of timing differences	(436)		330	
Adjustment in respect of prior years	(669)		(100)	
Effect resulting from tax rate change	582		-	
Total deferred tax (credit)/charge		(523)		230
Tax (credit)/charge on profit on ordinary activities		(18,316)		2,725

Adjustments in respect of prior periods occurred following the FII judgement and the Order of 30th January 2015. As a result Panasonic Europe Ltd received a repayment of Corporation Tax in respect of overpaid tax on dividends received from EU group subsidiaries for the years ended 31 March 2008 and 31 March 2009 .

Notes *(continued)*

9 Taxation *(continued)*

The tax assessed for the year is lower (*2015: Lower*) than the standard rate of corporation tax in the UK of 20% (*2015: 21%*). The differences are explained below:

	2016 €000	2015 €000
Tax reconciliation		
Profit on ordinary activities before tax	**98,045**	34,069
Current tax at 20% *(2015:21%)*	**19,609**	7,154
Effects of:		
Expenses not deductible for tax purposes	**1,490**	324
Impairment of Fixed Assets Investments	**2,781**	0
Trading Loss carried forward, not recognised for deferred tax purposes	**2,551**	0
Adjustments to tax charge in respect of previous periods	**(18,462)**	1,901
Other tax credit	**-**	494
Untaxed dividends received	**(26,915)**	(7,131)
Effect resulting from deferred tax rate change	**582**	-
Movement in temporary differences recognised at different tax rate	**48**	(17)
Total tax charge	**(18,316)**	2,725

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 31 March 2016 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax asset by €528k.

Notes *(continued)*

10 Dividends

	2016	2015
	€000	€000
Interim dividend paid at €0.0258125 per share (*2015*: €0.0166071 *per share*)	**5,161**	3,320
Dividends recognised in the year	**5,161**	3,320

Subsequent to year end, the directors have proposed a dividend of €15,000,000 and also a special dividend in respect of the current financial year of €60,000,000.

11 Tangible fixed assets

	Plant and machinery	**Fixtures, fittings, tools and equipment**	**IT Systems**	**Total**
	€000	**€000**	**€000**	**€000**
Cost				
At start of year	2,408	2,953	80,859	86,220
Additions	8	28	1,108	1,144
Disposals	(318)	(49)	(607)	(974)
At end of year	2,098	2,932	81,360	86,390
Depreciation				
At start of year	2,227	2,889	75,047	80,163
Charge for year	38	69	2,376	2,483
Disposals	(236)	(49)	(598)	(883)
At end of year	2,029	2,909	76,825	81,763
Net book value				
At 31 March 2016	**69**	**23**	**4,535**	**4,627**
At 31 March 2015	181	64	5,812	6,057

Notes *(continued)*

12 Fixed asset investments

Movements in the company's investments are set out below:

	Shares in subsidiary undertakings	Participating interests	Other Investments	Total
	€000	€000	€000	€000
Cost				
At start of year	1,205,224	-	-	1,205,224
Capital injections	5,032	-	-	5,032
Acquisitions	30,600	154,923	27,743	213,266
At end of year	1,240,856	154,923	27,743	1,423,522
Provision for impairment				
At start of year	147,103	-	-	147,103
Impairments	13,904	-	-	13,904
At end of year	161,007	-	-	161,007
Net book value				
At 31 March 2016	**1,079,849**	**154,923**	**27,743**	**1,262,515**
At 31 March 2015	1,058,121	-	-	1,058,121

Impairment loss
An impairment loss of €13,904,000 has been recognised in profit and loss in the year ended 31 March 2016 *(2015: Nil)*. This impairment relates to the company's investments in Panasonic Energy Belgium N.V. (€8,234,000) and Panasonic Cloud Management Service Europe B.V. (€5,670,000). Impairment losses are measured by reference to value in use of the underlying business assets applying discount rates currently of 7.01% *(2015: 5.84% and 7.22%)*.

During April 2015 as part of an initiative to achieve new growth with the next-generation cockpit business Panasonic Corporation transferred its 100% shareholding in Panasonic Automotive Systems Czech s.r.o to Panasonic Europe Ltd.

As part of this initiative to achieve growth in the automotive division, a 49% shareholding in the Spanish company Ficosa International S.A was purchased for €154.9m.

On 16th November 2015, as part of an ongoing project to establish the solutions project business, the company invested in Younicos AG, with an 19% shareholding for €27.7m.

A capital injection was made in January 2016 in the investment of Panasonic Energy Poland SA of €5.032m.

Notes *(continued)*

12 Fixed asset investments *(continued)*

The principal undertakings which are included within the company's investments are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Class and percentage of shares held in company
Panasonic Marketing Europe GmbH (*)	Germany	Sales & Support Company	100%
Panasonic AVC Networks Czech s.r.o. (*)	Czech Republic	Manufacturing Company	90%
Panasonic AVC Networks Slovakia s.r.o. (*)	Slovakia	Manufacturing Company	90%
Panasonic Automotive and Industrial Systems GmbH (*)	Germany	Sales Company	100%
Panasonic Electric Works Europe AG	Germany	Manufacturing Company	100%
Panasonic Electric Works Austria GmbH	Austria	Sales Company	100%
Panasonic Electric Works Espana S.A.	Spain	Sales Company	100%
Panasonic Electric Works Italia S.R.L.	Italy	Sales Company	100%
Panasonic Electric Works Polska sp. z o.o.	Poland	Sales Company	100%
Panasonic Electric Works Sales Western Europe B.V.	Netherlands	Sales Company	100%
Panasonic Electric Works Schweiz AG	Switzerland	Sales Company	100%
Panasonic Electric Works UK Ltd	UK	Sales Company	100%
Panasonic Industrial Devices Europe GmbH (*)	Germany	Manufacturing Company	100%
Panasonic Industrial Devices Materials Europe GmbH	Germany	Manufacturing Company	100%
Panasonic Industrial Devices Czech s.r.o.	Czech	Manufacturing and Sales	100%
Panasonic Industrial Devices Slovakia s.r.o.	Slovakia	Manufacturing Company	100%
Panasonic Manufacturing UK Ltd (*)	UK	Manufacturing Company	100%
Panasonic System Networks Company UK Ltd (*)	UK	Manufacturing Company	100%
Panasonic Cloud Management Service Europe B.V.(*)	Netherlands	Sales Company	80%
Panasonic Eco Solutions Nordic AB	Sweden	Manufacturing Company	100%
Panasonic Energy Europe N.V. (*)	Belgium	Sales Company	100%
Panasonic Energy Belgium N.V. (*)	Belgium	Manufacturing Company	100%
Panasonic Energy Poland SA (*)	Poland	Manufacturing Company	100%
Panasonic Elecktronik Satis A.S. (*)	Turkey	Sales Company	100%
Panasonic Finance (Europe) Plc (*)	UK	Group Financial Company	100%
Panasonic R&D Centre Germany GmbH (*)	Germany	Research & Development	100%
Panasonic Eastern Europe Handelsgesellscaft GmbH (*)	Austria	Dormant	100%
Panasonic (Greece) PGME (*)	Greece	Dormant	100%
Panasonic UK Limited (*)	UK	Dormant	100%
Panasonic Automotive Systems Czech s.r.o (*)	Czech Republic	Manufacturing Company	100%
Ficosa International S.A. (*)	Spain	Manufacturing and Sales	49%
Idair GmbH(*)	Germany	Manufacturing Company	50%
Younicos AG(*)	Germany	Solutions Company	19%

All investments are in the ordinary share capital of these companies. Investments marked by an * are directly held by Panasonic Europe Ltd. In the opinion of the directors the investments, and amounts due from the company's subsidiary undertakings, are worth at least the amounts at which they are stated in the balance sheet.

Notes *(continued)*

13 Debtors

	2016 €000	2015 €000
Trade debtors	**14**	13
Amounts owed by ultimate parent company	**767**	2,425
Amounts owed by subsidiary undertakings	**269,723**	166,888
Other debtors	**3,016**	3,508
Prepayments and accrued income	**3,548**	2,333
Corporation tax	**790**	1,198
Deferred taxation (see below)	**13,963**	15,533
	291,821	191,898

All debtors are due within one year.

	2016 €000	2015 €000
Deferred tax asset		
At start of year	**15,533**	10,620
Transfer to profit and loss account (see Note 9)	**523**	(230)
Transfer to reserves	**(2,093)**	5,143
At the end of the year	**13,963**	15,533

The elements of deferred taxation are as follows:

	2016 €000	2015 €000
Difference between accumulated depreciation and amortisation and capital allowances	**5,088**	4,548
Deferred tax relating to pension deficits	**8,290**	10,383
Other timing differences	**585**	602
	13,963	15,533

14 Creditors: amounts falling due within one year

	2016 €000	2015 €000
Trade creditors	**-**	284
Amount owed to ultimate parent company	**10,905**	9,849
Amounts owed to subsidiary undertakings	**7,553**	5,434
Other taxation and social security	**-**	530
Other creditors	**6,044**	5,476
Accruals and deferred income	**19,540**	19,092
	44,042	40,665

Notes *(continued)*

15 Creditors: amounts falling due after one year

	2016 €000	2015 €000
Creditors: amounts falling due after one year	**1,350**	1,350

16 Called up share capital

	2016 €000	2015 €000
Allotted, called up and fully paid		
199,923,043 Ordinary shares of £1 each (*2015: 199,922,941* Ordinary shares of £1 each)	**290,107**	290,107

17 Commitments

Commitments under non-cancellable operating leases are as follows:

	2016		2015	
	Land and buildings €000	**Other €000**	Land and buildings €000	Other €000
Operating leases which expire:				
Within one year	**54**	**273**	476	548
In the second to fifth years inclusive	**1,132**	**2,338**	1,065	1,722
Over five years	**185**	**9**	-	-
	1,371	**2,620**	1,541	2,270

At the balance sheet date there were no outstanding capital commitments.

Notes *(continued)*

18 Employee benefits

The company operates a defined contribution Group Personal Pension Plan. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £326,303 (€416,362), *(2015: £1,495,000).*

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

As explained in the accounting policies set out in Note 1, the company also participates in a defined benefit group pension scheme (The Panasonic UK Pension Plan – the "Plan") providing benefits based on final pensionable pay.

Panasonic Europe Ltd is the sponsoring employer of the Plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the Plan to participating entities, the net defined benefit cost of the Plan is recognised fully by Panasonic Euope Ltd as the sponsoring employer. The contributions payable by the participating entities are determined on the following basis: actual salary cost of pension members in each participating company as at March 2013 versus total salary costs of all members as at March 2013.

Accordingly, as required by IAS 19, set out below is information regarding the characteristics of the Plan.

The Plan was closed to future accrual with effect from 20 March 2013. All members in Pensionable Service at that date becoming entitled to standard leaving service benefits. No contributions are currently due.

Current employees ceased to earn further benefits in the Plan, and future pension provision for these individuals is being made through the existing defined contribution group personal pension plan.

The assets of the Plan are held separately from those of the company in an independently administered fund. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent actuarial review was at an effective date of 21 March 2016.

Following the previous valuation of 21 March 2013, the Employers, after consultation with the Trustees, agreed a Deficit Funding Plan over a period not exceeding 7 years. A special employer contribution of £4,000,000 was paid into the Plan on 30 April 2014, another £4,000,000 was paid in May 2015.

Subsequent to the balance sheet date the Company has agreed with the pension trustees a further payment plan over a period not exceeding 6 years. Panasonic has made special employer contributions totalling £36,000,000 subsequent to 31 March 2016, Panasonic Europe Ltd's share of this contribution is £3,798,000. The company has agreed a further three special employer contributions in years ending 31 March 2020, 2021, 2022 each the lesser of £6,667,000 and one third of the March 2019 actuarial valuation deficit.

The assumptions which have the most significant effect on the results of the valuation are those relating to the following factors:

(i) Sensitivity to the advance credit for future investment returns above gilts, the actual rate used is 2.25% for higher risk assets and 0.5% for lower risk assets;

(ii) Pension increases at various rates, but at a rate of 3.8% per annum compound for the majority of the plan;

(iii) Updated mortality tables with allowance for future improvements – the life expectancy of a man at age 60 at the valuation date is 88.2 (increasing to 90.6 for retirements in 20 years' time).

Notes *(continued)*

18 Employee benefits *(continued)*

The results from the actuarial valuation of the Plan as at 21 March 2013 were updated to 21 March 2016 by a qualified actuary, using a set of assumptions consistent with those required under IAS 19.

	2016 €000	2015 €000
Present value of funded defined benefit obligations	**(337,258)**	(388,409)
Fair value of plan assets	**291,593**	336,492
Net defined benefit pension plan liability	**(45,665)**	(51,917)

The fair value of the plan assets were as follows:

	2016 Fair value €000	2015 Fair value €000
Equities	**87,007**	106,775
Diversified Growth Funds	**90,327**	105,855
Property	**19,842**	19,351
Insurance policy	**56,475**	66,457
Liability driven investments	**37,001**	36,698
Other	**941**	1,356
	291,593	336,492

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA- or AA-rated. All other plan assets are not quoted in an active market.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2016 %	2015 %
Discount rate	**3.50**	3.30
Expected rate of return on plan assets	**5.00**	4.80
Expected return on plan assets at beginning of the period	**4.80**	6.18
Inflation assumption RPI	**2.90**	2.90
Inflation assumption CPI	**1.90**	1.90
Rate of increase in pensionable salaries	**n/a**	n/a
Rate of increase of pensions in payment	**3.00/3.60/2.80**	3.00/3.60/2.80

In valuing the liabilities of the pension fund at 21 March 2016, mortality assumptions have been made as indicated below. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 21 March 2016 would have increased by £7,000,000 (*2015: £7,000,000*).

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 60-year old to live for a number of years as follows:

- Current pensioner aged 60: 88.2 years (male), 90.9 years (female).
- Future retiree upon reaching 60: 90.6 years (male), 93.4 years (female).

Notes *(continued)*

18 Employee benefits *(continued)*

Movements in net defined benefit liability/asset

	Defined Benefit Obligation		Fair value of plan assets		Net defined benefit liability	
	2016	2015	**2016**	2015	**2016**	2015
	€000	**€000**	**€000**	**€000**	**€000**	**€000**
Balance at 1 April	**(388,409)**	(278,485)	**336,492**	253,529	**(51,917)**	(24,956)
Included in profit or loss						
Interest cost	**(12,051)**	(13,157)	**10,619**	12,186	**(1,432)**	(971)
	(400,460)	(291,642)	**347,111**	265,715	**(53,349)**	(25,927)
Included in OCI						
Actuarial (loss)/gain	**21,273**	(64,426)	**-**	-	**21,273**	(64,426)
Return on plan assets	**-**	-	**(22,860)**	36,411	**(22,860)**	36,411
	21,273	(64,426)	**(22,860)**	36,411	**(1,587)**	(28,015)
Other						
Contributions paid by the employer	**-**	-	**5,277**	5,170	**5,277**	5,170
Benefits paid	**11,397**	8,203	**(11,397)**	(8,203)	**-**	-
Foreign Exchange	**30,532**	(40,544)	**(26,538)**	37,399	**3,994**	(3,145)
	41,929	(32,341)	**(32,658)**	34,366	**9,271**	2,025
Balance at 31 March	**(337,258)**	(388,409)	**291,593**	336,492	**(45,665)**	(51,917)

Notes *(continued)*

18 Employee benefits *(continued)*

The following table illustrates the sensitivity of the results to the key financial and demographic assumptions.

	Change in assumption	Increase in uninsured projected benefit obligation 31 March 2016	Increase in charge to Profit 2015
		€000	€000
Discount rate	Decrease by 0.5% pa from 3.5% pa to 3.0% pa	31,584	758
Inflation risk premium	Decrease by 0.1% pa from 0.2% to 0.1% pa	1,263	0
Post retirement mortality	1 year increase in life expectancies	8,843	253

19 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary undertaking of Panasonic Corporation, which is the ultimate parent company and ultimate controlling party incorporated in Japan.

The only group in which the results of the company are consolidated is that headed by Panasonic Corporation incorporated in Japan. The consolidated accounts of this group may be obtained from 1006, Kadoma, Kadoma City, Osaka, Japan.

20 Subsequent Events

On the 14 June 2016 the company completed the acquisition of Alan Dick Communications Limited purchasing 100% share at a cost of €15.2million. This purchase is to further enhance the capabilities of the solutions business. Subsequent to the year end the company has proposed and paid a dividend fo €15,000,000 and also a special dividend in respect of the current financial year of €60,000,000.

On the 22 July 2016, subsequent to the balance sheet date, the company completed the purchase of OpenSynergy GmbH. Purchasing 100% share at a cost of €42m, a further payment is expected after the review of final accounts as well as capitalisation of certain investment costs. This investment is to enhance the capabilities of software for infotainment technology.

Notes *(continued)*

21 Explanation of transition to FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting under UK GAAP. An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position and financial performance is set out in the following table and the notes that accompany the table.

Reconciliation of profit and equity from old UK GAAP to FRS 101

		Equity as at 31 March 2015	**Equity as at 1 April 2014**	**Profit as at 31 March 2015**
		€000	€000	€000
Amount under old UK GAAP		**1,241,820**	**1,212,826**	**32,314**
Adjustment for investment call/put option	a	4,800	4,800	-
Adjustment for creditors for call/put option	a	(4,800)	(4,800)	-
Deferred tax asset relating to pensions liability booking	b	10,383	5,240	-
Defined benefit scheme pensions liability	b	(51,917)	(24,956)	-
Amount under FRS 101		**1,200,286**	**1,193,110**	**32,314**

Notes to the reconciliation of profit and equity

a) Associated with the investment in Panasonic Cloud Management Service Europe BV, Panasonic Europe Ltd have a call or put option which was previously accounted for as part of the investment carrying value. Under FRS 101 it is assumed that the call or put option has zero market value and therefore should be accounted for with a zero fair value.

b) Under UK GAAP, the defined benefit pension plan assets and liabilities are not included in the company's balance sheet. Under FRS 101 the deficit or surplus is required to be recognised on the balance sheet, along with the associated deferred tax asset in assets and liabilities.