



Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

Prepared in Conformity with Generally Accepted Accounting Principles in Japan

English translation from the original Japanese-Language document

April 27, 2017

Name of listed company : **PanaHome Corporation**
 Listed stock exchanges : Tokyo Stock Exchange
 Code number : 1924
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Date of the ordinary general meeting of shareholders : Scheduled for June 23, 2017
 Payment of dividends : Scheduled for May 30, 2017
 Filing Date of annual securities report : Scheduled for June 23, 2017
 Supplemental materials for financial results : Yes
 Briefing session for financial results : Yes (for securities analysts and institutional investors)

(Amounts less than one million yen are rounded off)

1. Consolidated Results for the fiscal year ended March, 2017 (April 1, 2016 through March 31, 2017)

(1) Consolidated Financial Results

(% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2017	359,607	1.9	11,848	(25.3)	11,632	(26.7)	7,559	(24.8)
March 31, 2016	352,971	8.4	15,851	24.2	15,866	22.0	10,053	25.7

Note: Comprehensive income

Fiscal year ended March 31, 2017 8,615 million yen [8.3%]
 Fiscal year ended March 31, 2016 7,955 million yen [(13.3)%]

	Net income per share -Basic	Net income per share - diluted	Return on equity (ROE)	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2017	45.02	—	5.0	4.1	3.3
March 31, 2016	59.86	—	7.1	6.1	4.5

Reference: Equity in earnings of affiliated companies

Fiscal year ended March 31, 2017 (226) million yen
 Fiscal year ended March 31, 2016 (10) million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2017	287,780	164,287	53.4	915.49
March 31, 2016	277,327	159,286	53.5	884.26

Reference: Net assets excluding non-controlling interests
 March 31, 2017 153,720 million yen
 March 31, 2016 148,490 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2017	(16,679)	15,622	(1,326)	61,552
March 31, 2016	8,531	(21,883)	15,069	63,968

2. Cash Dividends

	Annual dividends per share					Total amount of dividends (annual)	Dividends payout ratio (consolidated)	Ratio of dividends to total equity (consolidated)
	End of 1 st quarter	End of 2 nd quarter	End of 3 rd quarter	Year-end	Annual			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2016	—	10.00	—	10.00	20.00	3,359	33.4	2.4
March 31, 2017	—	11.00	—	10.00	21.00	3,527	46.7	2.3
Fiscal year ending March 31, 2018 (forecast)	—	0.00	—	—	—		—	

Note: When it is confirmed that the transformation of PanaHome into a wholly owned subsidiary of Panasonic Corporation—the result of the tender offer described in PanaHome’s press release of April 21, 2017, titled “Announcement of Termination by Mutual Agreement of the Share Exchange Agreement with Panasonic Corporation, the Controlling Shareholder of PanaHome, and PanaHome’s Opinion in Favor of the Tender Offer for PanaHome’s Shares by Panasonic Corporation and Recommendation to Tender Shares ”—will be completed by the end of October 2017, PanaHome will not pay interim dividends for the fiscal year ending March 31, 2018.

3. Forecast of Consolidated Results for the Fiscal Year ending March 31, 2018 (April 1, 2017 through March 31, 2018)

(% of change from the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	370,000	2.9	13,000	9.7	13,000	11.8	8,200	8.5	48.84

Note: Effective from the fiscal year ending March 31, 2018, PanaHome will prepare its financial results on an annual basis. Accordingly, the Company also publishes its forecast for consolidated financial results annually.

Notes

(1) Changes in significant subsidiaries (changes in the scope of consolidation affecting specified subsidiaries): None

Scope of consolidation and application of the equity method:

Consolidated subsidiaries : 20 New: — Excluded: —

Equity-method affiliates : 11 New: — Excluded: —

(2) Changes in accounting policies, changes in accounting estimates and restatement

1) Changes in accounting policies due to revision of accounting standards : None

2) Changes in accounting policies other than (2)-1) above : None

3) Changes in accounting estimates : None

4) Restatement : None

(3) Number of issued and outstanding shares (common stock)

1) Number of issued and outstanding shares at the end of fiscal year (including treasury stock)

March 31, 2017 168,563,533

March 31, 2016 168,563,533

2) Number of treasury stock at the end of fiscal year

March 31, 2017 653,015

March 31, 2016 636,945

3) Average number of shares

Fiscal year ended March 31, 2017 167,918,411

Fiscal year ended March 31, 2016 167,937,201

* This financial results report is unaudited.

* Appropriate use of business forecasts, other items

(Cautionary note regarding forward-looking statements)

Forecasts of future performance and other forward-looking statements herein are based on information currently available and reasonable assumptions. Actual results may differ materially from these statements as a consequence of various factors.

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Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	March 31, 2016	March 31, 2017
Assets		
Current assets		
Cash and cash equivalents	22,838	23,507
Notes receivable, accounts receivable from completed construction contracts and other	6,765	11,890
Costs on uncompleted construction contracts	6,474	7,839
Real estate for sale in process	68,912	94,633
Merchandise and finished goods	1,079	868
Work in process	62	46
Raw materials and supplies	195	280
Deposit paid in subsidiaries and associates	103,000	80,000
Deferred tax assets	2,523	2,396
Other	3,310	3,635
Allowance for doubtful accounts	(22)	(52)
Total current assets	215,139	225,046
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	14,628	14,642
Machinery, equipment and vehicles, net	2,871	3,049
Land	20,594	20,516
Lease assets, net	52	41
Construction in progress	283	549
Other, net	430	412
Total property, plant and equipment	38,861	39,211
Intangible assets	3,704	3,327
Investments and other assets		
Investment securities	7,138	7,053
Long-term loans receivable	1,779	1,493
Net defined benefit asset	4,300	5,736
Deferred tax assets	2,591	2,035
Other	4,146	4,184
Allowance for doubtful accounts	(335)	(308)
Total Investments and other assets	19,621	20,194
Total noncurrent assets	62,188	62,733
Total assets	277,327	287,780

(Millions of yen)

	March 31, 2016	March 31, 2017
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	47,546	51,511
Short-term loans payable	480	1,230
Current portion of long-term loans payable	–	1,256
Lease obligations	30	19
Accrued income taxes	3,410	2,131
Advances received on uncompleted construction contracts	24,949	24,820
Provision for bonuses	3,467	3,400
Provision for warranties for completed construction	1,258	1,369
Provision for sales rebates	4	6
Provision for loss on construction contracts	24	18
Other	17,729	18,053
Total current liabilities	98,901	103,818
Noncurrent liabilities		
Long-term loans payable	–	369
Lease obligations	26	26
Deferred tax liabilities	–	9
Deferred tax liabilities for land revaluation	1,481	1,481
Provision for stock payment	–	14
Net defined benefit liability	8,271	8,054
Asset retirement obligations	707	708
Other	8,653	9,009
Total noncurrent liabilities	19,140	19,675
Total liabilities	118,041	123,493
Net assets		
Shareholders' equity		
Capital stock	28,375	28,375
Capital surplus	41,071	41,109
Retained earnings	91,199	95,190
Treasury stock	(357)	(412)
Total shareholders' equity	160,289	164,263
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	231	287
Revaluation reserve for land	(6,129)	(6,088)
Foreign currency translation adjustments	(80)	(1)
Remeasurements of defined benefit plans	(5,821)	(4,741)
Total accumulated other comprehensive income	(11,799)	(10,543)
Non-controlling interests	10,796	10,567
Total net assets	159,286	164,287
Total liabilities and net assets	277,327	287,780

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Millions of yen)

	Fiscal Year ended March 31, 2016	Fiscal Year ended March 31, 2017
Net sales	352,971	359,607
Cost of sales	271,485	277,928
Gross profit	81,486	81,678
Selling, general and administrative expenses	65,634	69,829
Operating income	15,851	11,848
Non-operating income		
Interest income	244	211
Dividend income	26	22
Other	326	247
Total non-operating income	597	481
Non-operating expenses		
Interest expenses	69	83
Equity in losses of affiliates	10	226
Delinquency charges	92	137
Other	408	250
Total non-operating expenses	581	697
Ordinary income	15,866	11,632
Extraordinary income		
Gain on sales of noncurrent assets	2	0
Gain on sales of investment securities	71	–
Gain on bargain purchase	228	–
Compensation income for expropriation	65	–
Total extraordinary income	367	0
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	108	77
Loss on valuation of investment securities	–	0
Impairment loss	10	22
Loss on step acquisitions	250	–
Cost of change in corporate name of a subsidiary	39	52
Total extraordinary losses	409	152
Income before income taxes	15,825	11,480
Income taxes—current	5,215	3,939
Income taxes—deferred	424	177
Total income taxes	5,639	4,116
Net income	10,185	7,363
Income (loss) attributable to non-controlling interests	132	(195)
Net income attributable to owners of parent	10,053	7,559

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal Year ended March 31, 2016	Fiscal Year ended March 31, 2017
Net income	10,185	7,363
Other comprehensive income		
Valuation difference on available-for-sale securities	(125)	41
Revaluation reserve for land	78	–
Foreign currency translation adjustments	(130)	71
Remeasurements of defined benefit plans, net of tax	(2,008)	1,124
Share of other comprehensive income of entities accounted for using equity method	(43)	14
Total other comprehensive income	(2,230)	1,251
Comprehensive income	7,955	8,615
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	7,822	8,774
Comprehensive income attributable to non-controlling interests	132	(159)

(3) Consolidated Statements of Changes in Net Assets

Fiscal Year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	28,375	31,985	84,578	(332)	144,607
Changes of items during period					
Dividends of surplus			(3,359)		(3,359)
Net income attributable to owners of parent			10,053		10,053
Reversal of revaluation reserve for land			(72)		(72)
Purchase of treasury stock				(30)	(30)
Disposal of treasury stock		2		5	7
Change in treasury shares of parent arising from transactions with non-controlling shareholders		11			11
Capital increase of consolidated subsidiaries		9,071			9,071
Purchase of treasury stock by Board Benefit Trust					—
Disposal of treasury stock to Board Benefit Trust					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	9,085	6,621	(25)	15,681
Balance at end of the period	28,375	41,071	91,199	(357)	160,289

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the period	401	(6,280)	50	(3,812)	(9,641)	199	135,165
Changes of items during period							
Dividends of surplus							(3,359)
Net income attributable to owners of parent							10,053
Reversal of revaluation reserve for land							(72)
Purchase of treasury stock							(30)
Disposal of treasury stock							7
Change in treasury shares of parent arising from transactions with non-controlling shareholders							11
Capital increase of consolidated subsidiaries							9,071
Purchase of treasury stock by Board Benefit Trust							—
Disposal of treasury stock to Board Benefit Trust							—
Net changes of items other than shareholders' equity	(169)	151	(130)	(2,008)	(2,157)	10,596	8,438
Total changes of items during the period	(169)	151	(130)	(2,008)	(2,157)	10,596	24,120
Balance at end of the period	231	(6,129)	(80)	(5,821)	(11,799)	10,796	159,286

Fiscal Year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	28,375	41,071	91,199	(357)	160,289
Changes of items during period					
Dividends of surplus			(3,527)		(3,527)
Net income attributable to owners of parent			7,559		7,559
Reversal of revaluation reserve for land			(40)		(40)
Purchase of treasury stock				(23)	(23)
Disposal of treasury stock		5		2	7
Change in treasury shares of parent arising from transactions with non-controlling shareholders					—
Capital increase of consolidated subsidiaries					—
Purchase of treasury stock by Board Benefit Trust				(89)	(89)
Disposal of treasury stock to Board Benefit Trust		33		56	89
Net changes of items other than shareholders' equity					
Total changes of items during the period		38	3,990	(54)	3,974
Balance at end of the period	28,375	41,109	95,190	(412)	164,263

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the period	231	(6,129)	(80)	(5,821)	(11,799)	10,796	159,286
Changes of items during period							
Dividends of surplus							(3,527)
Net income attributable to owners of parent							7,559
Reversal of revaluation reserve for land							(40)
Purchase of treasury stock							(23)
Disposal of treasury stock							7
Change in treasury shares of parent arising from transactions with non-controlling shareholders							—
Capital increase of consolidated subsidiaries							—
Purchase of treasury stock by Board Benefit Trust							(89)
Disposal of treasury stock to Board Benefit Trust							89
Net changes of items other than shareholders' equity	55	40	79	1,080	1,256	(228)	1,027
Total changes of items during the period	55	40	79	1,080	1,256	(228)	5,001
Balance at end of the period	287	(6,088)	(1)	(4,741)	(10,543)	10,567	164,287

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year ended March 31, 2016	Fiscal Year ended March 31, 2017
Cash flows from operating activities		
Income before income taxes	15,825	11,480
Depreciation	4,455	4,655
Impairment loss	10	22
Loss (gain) on step acquisitions	250	–
Gain on bargain purchase	(228)	–
Increase (decrease) in provision for bonuses	92	(66)
Increase (decrease) in net defined benefit liability	(908)	(31)
Increase (decrease) in provision for warranties for completed construction	(45)	110
Interest and dividend income	(270)	(233)
Interest expenses	69	83
Share issuance cost	101	–
Equity in (earnings) losses of affiliates	10	226
Loss on sales and retirement of noncurrent assets	108	77
Loss (gain) on sales of investment securities	(71)	–
Decrease (increase) in notes and accounts receivable - trade	(1,682)	(4,921)
Decrease (increase) in inventories	(6,873)	(26,943)
Increase (decrease) in notes and accounts payable - trade	1,970	4,094
Increase (decrease) in advances received on uncompleted construction contracts	(3,314)	(128)
Other, net	3,980	280
Subtotal	13,479	(11,294)
Interest and dividend income received	303	273
Interest expenses paid	(69)	(82)
Income taxes paid	(5,182)	(5,576)
Net cash provided by operating activities	8,531	(16,679)
Cash flows from investing activities		
Payments for time deposits	(2,950)	(3,149)
Proceeds from withdrawal of time deposits	3,105	3,063
Purchase of property, plant and equipment	(3,052)	(3,559)
Proceeds from sales of property, plant and equipment	248	35
Purchase of intangible assets	(1,577)	(833)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	2,250	–
Payments of loans receivable	(171)	(143)
Collection of loans receivable	145	304
Deposit paid in subsidiaries and associates	(100,000)	(90,000)
Withdrawal of deposit paid in subsidiaries and associates	80,000	110,000
Other, net	119	(95)
Net cash used in investing activities	(21,883)	15,622
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(26)	811
Proceeds from long-term loans payable	–	1,505
Repayments of long-term loans payable	(613)	–
Proceeds from share issuance to non-controlling shareholders	19,168	–
Purchase of treasury stock	(27)	(23)
Cash dividends paid	(3,359)	(3,527)
Repayments of finance lease obligations	(69)	(22)
Other, net	(5)	(69)
Net cash used in financing activities	15,069	(1,326)
Effect of exchange rate change on cash and cash equivalents	(82)	(33)
Net increase (decrease) in cash and cash equivalents	1,632	(2,415)
Cash and cash equivalents at the beginning of the period	62,335	63,968
Cash and cash equivalents at the end of the period	63,968	61,552

Orders and Sales

1. Orders

	Category	Fiscal Year ended March 31, 2016		Fiscal Year ended March 31, 2017		YoY
		Millions of yen	Composition	Millions of yen	Composition	
Orders	Custom-built detached housing	132,341	35.4%	125,572	34.8%	94.9%
	Apartments	70,873	18.9%	68,299	19.0%	96.4%
	Housing materials	14,269	3.8%	12,671	3.5%	88.8%
	Custom-Built Housing	217,484	58.1%	206,543	57.3%	95.0%
	Property development	49,444	13.2%	45,119	12.5%	91.3%
	Condominium development	17,314	4.7%	13,293	3.7%	76.8%
	Urban Development	66,759	17.9%	58,413	16.2%	87.5%
	Home remodeling	47,188	12.6%	47,262	13.1%	100.2%
	Property management services	32,879	8.8%	37,326	10.3%	113.5%
	Residential Stock	80,067	21.4%	84,589	23.4%	105.6%
Overseas	9,857	2.6%	11,236	3.1%	114.0%	
Total		374,168	100.0%	360,782	100.0%	96.4%

	Category	March 31, 2016		March 31, 2017		YoY
		Millions of yen	Composition	Millions of yen	Composition	
Backlog of orders	Custom-built detached housing	101,268	49.1%	95,730	46.2%	94.5%
	Apartments	65,764	31.9%	67,946	32.8%	103.3%
	Housing materials	7,988	3.9%	8,621	4.1%	107.9%
	Custom-Built Housing	175,022	84.9%	172,299	83.1%	98.4%
	Property development	9,877	4.8%	7,328	3.5%	74.2%
	Condominium development	6,695	3.2%	7,500	3.6%	112.0%
	Urban Development	16,573	8.0%	14,828	7.1%	98.5%
	Home remodeling	5,335	2.6%	6,382	3.1%	119.6%
	Property management services	–	–	–	–	–
	Residential Stock	5,335	2.6%	6,382	3.1%	119.6%
Overseas	9,258	4.5%	13,854	6.7%	149.6%	
Total		206,189	100.0%	207,365	100.0%	100.6%

2. Sales

	Category	Fiscal Year ended March 31, 2016		Fiscal Year ended March 31, 2017		YoY
		Millions of yen	Composition	Millions of yen	Composition	
Sales	Custom-built detached housing	130,495	37.0%	131,110	36.5%	100.5%
	Apartments	63,498	18.0%	66,117	18.4%	104.1%
	Housing materials	13,925	3.9%	12,037	3.3%	86.4%
	Custom-Built Housing	207,919	58.9%	209,266	58.2%	100.6%
	Property development	47,371	13.4%	47,668	13.2%	100.6%
	Condominium development	11,959	3.4%	12,489	3.5%	104.4%
	Urban Development	59,330	16.8%	60,157	16.7%	101.4%
	Home remodeling	47,445	13.5%	46,215	12.8%	97.4%
	Property management services	32,879	9.3%	37,326	10.4%	113.5%
	Residential Stock	80,324	22.8%	83,542	23.2%	104.0%
Overseas	5,396	1.5%	6,641	1.9%	123.1%	
Total		352,971	100.0%	359,607	100.0%	101.9%

Note: Figures are calculated based on sales prices exclusive of consumption tax and others.