

PROCTER & GAMBLE Co
Form 11-K
September 26, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 11-K

\X\ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED] FOR THE FISCAL YEAR ENDED JUNE 30, 2016, OR
\ \ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED] for the transition period from _____ to _____

Commission file number 001-00434

- A. Full title of the plan and the address of the plan, if different from that of the issuer named below: Employee Stock Purchase Plan (Japan), 1-18 Onoedori, 7-Chome, Chuo-ku, Kobe, Hyogo 651-0088, Japan.
- B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office: The Procter & Gamble Company, One Procter & Gamble Plaza, Cincinnati, Ohio 45202.

REQUIRED INFORMATION

- Item Audited statements of financial condition as of the end of the latest two fiscal years of the plan (or such lesser period as the plan has been in existence).
- 1.
- Item Audited statements of income and changes in plan equity for each of the latest three fiscal years of the plan (or such lesser period as the plan has been in existence).
- 2.

EMPLOYEE STOCK
PURCHASE PLAN (JAPAN)

Statements of Net Assets Available for Plan Benefits as of June 30, 2016 and 2015,
Statements of Changes in Net Assets Available for Plan Benefits for the
Periods Ended June 30, 2016, 2015 and 2014; and
Report of Independent Registered Public Accounting Firm

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of the Employee Stock Purchase Plan (Japan)

We have audited the accompanying statements of net assets available for plan benefits of the Employee Stock Purchase Plan (Japan) (the "Plan") as of June 30, 2016 and 2015, and the related statements of changes in net assets available for plan benefits for the periods ended June 30, 2016, 2015 and 2014. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting.

Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of June 30, 2016 and 2015 and the changes in net assets available for plan benefits for the periods ended June 30, 2016, 2015 and 2014, in conformity with accounting principles generally accepted in the United States of America.

Our audits comprehended the translation of Japanese Yen amounts into U.S. Dollar amounts and, in our opinion; such translation has been made in conformity with the basis stated in Note 12. The translation of the financial statement amounts into U.S. Dollars has been made solely for the convenience of the readers of these financial statements.

/s/Navarro Amper & Co.

Taguig City, Philippines
September 21, 2016

EMPLOYEE STOCK PURCHASE PLAN (JAPAN)
 STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
 AS OF JUNE 30, 2016 AND 2015

	Japanese Yen		U.S. Dollars
	2016	2015	2016
ASSETS, At fair value:			
Cash	¥ 221,447	¥ 331,189	\$ 2,153
The Procter & Gamble Company common stock			
2016: 1,407,234 shares, cost ¥13.42 billion (\$130.44 million)	12,261,773,241	11,668,235	119,222,330
2015: 1,405,113 shares, cost ¥11.48 billion (\$93.83 million)	12,261,999,468	999,424	119,224,483
Total Asset	12,261,999,468	11,668,235	119,224,483
LIABILITIES			
Payable to a related party	-	1,754,190	-
Accrued professional fees	4,785,012,933	211	46,523
Total Liabilities	4,785,012,933	211	46,523
NET ASSETS AVAILABLE FOR PLAN BENEFITS	¥12,257,213,475	¥11,668,023	\$119,177,960

See Notes to Financial Statements.

EMPLOYEE STOCK PURCHASE PLAN (JAPAN)
 STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
 FOR THE PERIODS ENDED JUNE 30, 2016, 2015 AND 2014

	Japanese Yen			U.S. Dollars
	2016	2015	2014	2016
ADDITIONS:				
Investment income (loss):				
Unrealized fair value gain (loss) on investments	¥ 926,271,688	¥ 899,904	¥ 192,088,478	\$ 9,006,215
Realized fair value gain on investments	6,901,068	8,006,782	93,494,008	67,101
Unrealized foreign exchange gain (loss) - net	(2,080,145)	(4,325,252)	290,695,654	(20,225,394)
Realized foreign exchange gain (loss) - net	(61,386,352)	30,431	50,584,694	(596,863)
Dividend income	313,728	2792,362	300,838,323	3,050,405
Total investment income (loss)	(894,627,805)	924,923	927,701,157	(8,698,536)
Contributions:				
Participant contributions	967,920,488	1,111,000	921,902,000	9,411,237
Employer contributions	193,257,924	1504,019	186,250,957	1,879,057
Total contributions	1,161,184,412	1,115,019	1,108,152,957	11,290,294
Total additions	266,557,012	2,539,942	2,035,854,114	2,591,758
DEDUCTIONS:				
Withdrawals from participants	(1,459,856,308)	(869,913)	(2,234,359,970)	(14,194,299)
Bank and administrative charges	(4,799,052)	(45,415)	(9,025,623)	(46,662)
Total deductions	(1,464,655,360)	(915,328)	(2,243,385,593)	(14,240,961)
NET INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR PLAN BENEFITS	(1,198,097,524)	614	(207,531,479)	(11,649,203)
NET ASSETS AVAILABLE FOR PLAN BENEFITS:				
Beginning of year	13,455,121,467	12,787,409	12,675,318,888	130,827,163
End of year	¥12,257,121,457	¥12,023	¥12,467,787,409	\$119,177,960

See Notes to Financial Statements.

EMPLOYEE STOCK PURCHASE PLAN (JAPAN)

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2016 AND 2015, AND FOR THE PERIODS ENDED JUNE 30, 2016, 2015 AND 2014

1. DESCRIPTION OF THE PLAN

The following brief description of the Employee Stock Purchase Plan (Japan) (the "Plan") is provided for general information purposes only. Participants should refer to the Plan agreement for more information.

General

The Plan included the Employees' Shareholding Association of P&G Group for employees and executives of all P&G affiliates in Japan. The Plan covers the employees of Procter & Gamble Japan KK and P&G Max Factor GK (collectively the "Companies").

The purpose of the Plan is to contribute to the formation of assets by its participants by facilitating their acquisition of ordinary shares of The Procter & Gamble Company (the "Stock"), the Companies' parent company. The Plan is administered by IBM Business Services (IBM) as a subcontractor for Human Resources Service & Solutions (HRSS). Daiwa Securities Co. Ltd. has been engaged by the Plan to provide the services of purchasing, selling and safekeeping of P&G stocks.

Eligibility

Regular employees hired by the Companies may, at any time, apply for the membership in the plan.

Contributions

Participants may contribute a portion of their base pay in units of 1,000 yen, up to 150 units monthly, and three times the monthly base pay contributions limit from bonus pay. The Companies match 20% of participants' contributions up to 30 units monthly (90 units of bonus pay contributions). All contributions are invested in the Stock.

Members' monthly contributions derived from salary deductions shall be in units of 1,000 yen, and the maximum monthly contribution from a Member's salary shall be 100,000 yen per Member who gets paid semi-annual bonuses, and 150,000 yen per Member who does not get paid semi-annual bonuses. Member Contributions derived from semi-annual bonuses shall be 3 times the monthly Member Contributions: in units of 3,000 yen, and the maximum contribution from a Member's bonus shall be 300,000 yen per Member. Subject to the monthly and annual limits, there is no limit on the total amount of Member Contributions that a Member can make during his or her participation in the Plan.

Participant accounts

Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contribution and allocations of: (a) the Companies' contributions, and (b) realized earnings or losses of the Plan. Participant accounts are also charged with withdrawals and an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings or account balances, as defined by the Plan. The benefit to which a participant is entitled to is the benefit that can be provided from the participant's vested account.

Investments

Participants are only permitted to invest in Stock. Any dividends on shares of Stock are invested to additional shares of Stock.

Vesting

Participants are immediately vested in their contributions, the Companies' matching contributions and earnings.

Withdrawal

Participants may withdraw the allotted shares of Stock in multiples of 100 shares at any time. In the event that participants withdraw from the Plan either on termination of service or by their request, the allotted shares of Stock in multiples of one share plus cash at the amount of the residual share at fair value shall be returned to them.

Plan termination

Although it has not expressed any intent to do so, the Companies have the right under the Plan to discontinue their contributions to the Plan at any time and to terminate the Plan subject to the provisions set forth in the Plan agreement.

2. FINANCIAL REPORTING FRAMEWORK

Statement of Compliance

The accompanying financial statements of the Plan have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Preparation and Presentation

The financial statements have been prepared on the historical cost basis, except for the Plan's investment in stock which is measured at fair value.

These financial statements are presented in Japanese Yen, the currency of the primary economic environment in which the Plan operates. The U.S. Dollar amounts presented in these financial statements are included solely for the convenience of the reader and should not be construed as the Plan's presentation currency.

Impact of Recently Issued Accounting Pronouncements

In May 2015, the Financial Accounting Standard Board issued Accounting Standard Update (ASU) 2015-07 to eliminate the requirement to categorize investments for which fair values are measured using the net asset value as a practical expedient within the fair value hierarchy. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share.

The amendments did not have a significant impact on the Plan's financial statements.

In June 2015, the Financial Accounting Standard Board issued Accounting Standard Update (ASU) 2015-10 to amend the definition of "readily determinable fair value" to include equity securities that are investments in structures similar to a mutual fund.

The amendment did not have a significant impact on the Plan's financial statements.

In July 2015, the Financial Accounting Standard Board issued Accounting Standard Update (ASU) 2015-12 to simplify the reporting requirements for fully benefit-responsive investment contracts and plan investment disclosures. The amendment also simplifies the measurement of investments for entities that have fiscal years not coinciding with month-end.

The amendment did not have a significant impact on the Plan's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash in bank

Amounts shown as cash in bank are uninvested funds held by the Plan that are to be invested in Stock the following month.

Investment in stock

Investment is recognized and derecognized on trade date accounting when the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

At the end of each reporting period, investment in stock is stated at fair value, with any resultant gain or loss recognized in the statements of changes in net assets available for plan benefits. Fair value is determined using quoted market prices.

The Plan derecognizes its investment in stock when the contractual rights to the cash flows from that investment expire; or when the Plan transfers all the risks and rewards of ownership of the Plan asset to another entity. The difference between the carrying amount of the financial asset derecognized and the consideration received or receivable is recognized in the statements of changes in net assets available for plan benefits.

Dividend income

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established. Dividends are recorded on the ex-dividend date, net of any U.S. withholding taxes.

Expenses of the plan

Investment administrative expenses and all other fees and expenses are recognized in the statements of changes in net assets available for plan benefits when incurred.

Foreign currency transactions and translation

Transactions in currencies other than Japanese Yen are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary assets carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date the fair value was determined.

4. CRITICAL ACCOUNTING JUDGMENTS

In the application of the Plan's accounting policies, management is required to make judgments and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

Below is a critical judgment that management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

Functional currency

Based on the economic substance of the underlying circumstances relevant to the Plan, the functional currency of Plan has been determined to be the Japanese Yen. The Japanese Yen is the currency of the primary economic environment in which the Plan operates.

The Japanese Yen is the currency of the contributions received from the Plan participants and the Companies.

5. RISKS AND UNCERTAINTIES

The Plan invests in The Procter and Gamble Company common stock which represents a concentration in investments. Investment securities are exposed to market volatility. Due to the level of risk associated with the Stock, it is reasonably possible that changes in the value of the Stock will occur in the near term and those changes could materially affect the amounts reported in the financial statements.

6. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurements assume that the transaction occurs in the principal market for the asset or liability (the market with the most volume and activity for the asset or liability from the perspective of the reporting entity), or in the absence of a principal market, the most advantageous market for the asset or liability (the market in which the reporting entity would be able to maximize the amount received or minimize the amount paid). The Plan applies fair value measurements to the Plan's investments in accordance with the requirements described above.

The fair value of Plan's investment in stocks of The Procter and Gamble Company as disclosed in the statements of net assets available for plan benefits are determined based on the quoted market price in an active market, which is Level 1 under fair value hierarchy.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

We evaluate the significance of transfers between levels based on the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the years ended June 30, 2016 and 2015, there were no transfers between different levels of fair value hierarchy.

7. INVESTMENTS

The investments held by the Plan as of June 30, 2016, 2015, and 2014, and the related unrealized fair value gain/loss and unrealized foreign exchange gain/ loss for the years ended June 30, 2016, 2015, and 2014, were as follows:

	2016	2015	2014
Number of shares	1,407,234	1,405,113	1,565,673
Cost	13,415,648,390	11,476,772,887	11,989,182,862
Unrealized fair value gain (loss)	926,271,183	(169,899,904)	192,088,478
Unrealized foreign exchange gain (loss)	(2,080,141,332)	2,154,795,252	290,695,654
Market value	12,261,778,241	13,461,668,235	12,471,966,994

The realized gain on sales of Company common stock for the years ended June 30, 2015, 2014, and 2013, was determined as follows:

	2016	2015	2014
Proceeds on sale of shares	1,459,855,308	3,030,069,913	2,234,359,970
Cost	1,452,954,148	2,792,063,131	2,140,865,962
Realized gain	6,901,160	238,006,782	93,494,008

8. DISTRIBUTIONS PAYABLE

There are no distributions payable to participants who have elected to withdraw from the Plan at June 30, 2016 and 2015.

9. FOREIGN EXCHANGE TRANSACTIONS AND TRANSLATIONS

Contributions to the Plan are denominated in Japanese Yen; however, purchases and sales of Stock are measured in U.S. Dollars resulting in net unrealized foreign exchange loss of ¥2,080.14 million in 2016 and net unrealized foreign exchange gain of ¥2,154.80 million in 2015. Net realized foreign exchange loss in 2016 amounted to ¥61.39 million and net realized foreign exchange gain of ¥335.23 million in 2015, as disclosed in the statements of changes in net assets available for plan benefits.

10. RELATED PARTY TRANSACTIONS

The Plan held 1,407,234 and 1,405,113 ordinary shares of The Procter & Gamble Company, the sponsoring employer, with a cost of ¥13.42 billion (\$130.44 million) and ¥11.48 billion (\$93.83 million), at June 30, 2016 and 2015, respectively. For the periods ended June 30, 2016, 2015 and 2014, the Plan recorded dividend income of ¥313.73 million, ¥322.79 million and ¥300.84 million, respectively.

During the years ended June 30, 2016, 2015 and 2014, the Plan received contributions amounting to ¥193.26 million, ¥193.50 million and ¥186.25 million, respectively from P&G Japan K.K. and P&G Max Factor G.K.

11. TAX STATUS

The Plan is not subject to taxation in the United States, nor the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). All investment gains and losses, dividends received, contributions and administrative charges paid by the Companies on behalf of participants in the Plan are taxable to the participants.

12. U.S. DOLLAR AMOUNTS

U.S. Dollar amounts presented in these financial statements are included solely for the convenience of the reader. These translations should not be construed as representations that the Japanese Yen amounts have been, could have been or could in the future be, converted into U.S. Dollars. As the amounts shown in U.S. Dollars are for convenience only, the rate of ¥102.85 = US\$1, the approximate current rate at June 30, 2016 has been used for the purpose of presentation of the U.S. Dollar amounts in the accompanying statements of net assets available for plan benefits and changes in net assets available for plan benefits.

THE PLAN. Pursuant to the requirements of the Securities Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused the Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized, on September 21, 2016.

EMPLOYEE STOCK PURCHASE PLAN (JAPAN)
By: P&G GROUP EMPLOYEE'S SHAREHOLDING ASSOCIATION

By: /s/Miki Usuda
Miki Usuda
Chairman

EXHIBIT INDEX

Exhibit No.	
23	Navarro Amper & Co.