



October 31, 2014

Company: JVC KENWOOD Corporation
 Representative: Haruo Kawahara, Chairman and CEO
 (Code: 6632; First Section of the Tokyo Stock Exchange)
 Contact: Seiichi Tamura, Director of the Board and
 Chief Strategy Officer (CSO)
 (Tel: +81-45-444-5232)
 (E-mail: prir@jvckenwood.com)

**Accounting Report for the First Half of Fiscal Year Ending March 2015
 (April 1, 2014 – September 30, 2014)**

Consolidated Financial Highlights for the First Half of Fiscal Year Ending March 2015 (April 1, 2014 – September 30, 2014)

Operating Results

(Millions of yen, except net income per share)

	First Half of FYE 3/2015 April 1, 2014 to September 30, 2014	First Half of FYE 3/2014 April 1, 2013 to September 30, 2013
Net sales	135,399	148,413
Operating income (loss)	1,121	(2,168)
Ordinary income (loss)	(433)	(4,194)
Net income (loss)	(3,028)	(5,113)
Net income (loss) per share	(21.84)yen	(36.88)yen

FYE: Fiscal year ended / ending

Net Sales and Operating Income by Business Segments

(Millions of yen)

Business Segment		First Half of FYE 3/2015	First Half of FYE 3/2014	Year-on-year comparison
Car Electronics	Net sales	53,874	53,677	+197
	Operating income (loss)	491	(1,565)	+2,056
Professional Systems	Net sales	41,771	43,983	(2,212)
	Operating income (loss)	613	159	+454
Optical & Audio	Net sales	27,384	36,513	(9,129)
	Operating income (loss)	(283)	(713)	+430
Entertainment Software	Net sales	14,695	14,776	(81)
	Operating income (loss)	435	402	+33
Others	Net sales	3,486	5,284	(1,798)
	Operating income (loss)	(136)	(451)	+315
Intersegment Sales or Transfer	Net sales	(5,813)	(5,823)	+10
	Total			
	Net sales	135,399	148,413	(13,014)
	Operating income (loss)	1,121	(2,168)	+3,289
	Ordinary income (loss)	(433)	(4,194)	+3,761
	Net income (loss)	(3,028)	(5,113)	+2,085

Major Products in Each Segment

Car Electronics	Car Audio, Car AV Systems, Car Navigation Systems, CD and DVD Mechanism for Car-mounted Equipment
Professional Systems	Land Mobile Radio Equipment, Video Surveillance Equipment, Audio Equipment, Video Equipment, Professional Display Equipment, Medical Display Equipment
Optical & Audio	Camcorders, Home Audio, AV Accessories, Projectors, Displays, Optical Pickups for Car-mounted Equipment
Entertainment Software	Planning, Production and Sales of Audio and Video Content including CDs and DVDs, Production and Sales of CDs and DVDs (prerecorded)
Others	Radio Frequency ID Systems, Other Electronic Devices, Recording Media, Interior Furniture, etc.

1. Qualitative Information on 2Q Operating Results, etc.

(1) Qualitative Information Concerning Operating Results (Overview of the Second Quarter of the Current Fiscal Year)

An overview of the global economy during the first six months of the fiscal year under review reveals that the European economy remained sluggish while emerging countries experienced economic slowdowns. On the other hand, the US economy showed signs of a recovery on the back of an increase in personal consumption, improved employment situation, etc., and China is continuously growing at a steady pace although its growth rate is slowing. In Japan, the overall economy continued to be on a gradual recovery path due to improved corporate earnings and a recovery in capital investment despite the tentatively slumped economy caused by the impact of reduced consumption after the rush of demand before the consumption tax rise.

Under these circumstances, net sales of the JVCKENWOOD Group for the first six months of the fiscal year under review decreased from a year earlier due to business transfers, etc. Meanwhile, in terms of profit and loss, the Group managed to turn around, significantly increasing operating income from a year earlier. The Group has been engaged in the fixed cost reduction efforts as part of its structural reforms since the previous fiscal year, and has also carried out business restructuring measures such as overall cost reforms and sales reforms since the third quarter of the previous fiscal year. These efforts and measures have steadily materialized since the first quarter of the fiscal year under review.

Profit-and-loss exchange rates used when preparing the financial statements for the first six months of the fiscal year under review are as follows.

		1st Quarter	2nd Quarter
Profit-and-loss exchange rate	US dollar	About 102 yen	About 104 yen
	Euro	About 140 yen	About 138 yen
FY2013 (for reference)	US dollar	About 99 yen	About 99 yen
	Euro	About 129 yen	About 131 yen

*Net Sales

Net sales for the first six months of the fiscal year under review were 135,399 million yen, a decrease of about 13 billion yen, or 8.8%, from a year earlier.

Sales in the Car Electronics Segment were on par with a year earlier supported by the performance of Shinwa International Holdings Limited ("Shinwa") during the first six months of the fiscal year under review (Shinwa became a consolidated subsidiary in June 2013) and also by favorable sales in U.S. and Asian markets despite a negative factor such as the consumption tax rise in Japan. Sales in the Entertainment Software Segment were also on par with a year earlier due to favorable sales in entertainment during the second quarter of the fiscal year under review despite the alteration of compositions of titles. On the other hand, sales fell in the Professional Systems Segment although the communications business recovered in North America, the biggest market, and sales generated by EF Johnson Technologies, Inc. ("EFJT") were added (EFJT became a consolidated subsidiary in March 2014). This is primarily because the Group sold all shares of Kenwood Geobit Corporation ("Geobit") in March 2014. Geobit had been engaged mainly in the distribution of mobile phones. Sales also fell significantly in the Optical & Audio Segment after the Group implemented business restructuring measures (e.g. realignment of some models) to cope with negative situations such as major curtailments of domestic and overseas imaging business markets, which is a consumer product business. Sales in the Other Segment also fell significantly due to the transfer of shares of JVC America, Inc. ("JAI") in the first quarter of the fiscal period under review.

*Operating Income

Operating income for the first six months of the fiscal year under review was 1,121 million yen, up approximately 3,300 million yen from a year earlier. The Group managed to turn around into the black mainly due to the positive outcomes of efforts to reduce fixed costs as part of the structural reform and the effects of business restructuring measures implemented in the previous fiscal year. These efforts and measures materialized in each Segment.

Operating income in the Car Electronics Segment swung back into positive figures, with significant improvement of the consumer business in particular, after having posted losses in the same period of the previous fiscal year,

thanks to the effects of business restructuring measures implemented since the third quarter of the previous fiscal year and the consolidation of Shinwa. In addition, the Imaging Division of the Optical & Audio Segment, which is a consumer product business, posted considerably lower losses due to the effects of business restructuring measures.

Operating income for the second quarter of the fiscal year under review was 782 million yen, up approximately 1,900 million yen from a year earlier and also up approximately 500 million yen from the first quarter of the fiscal year under review. The Group also turned around the performance of the Imaging Division for the second quarter of the fiscal year under review, and completed the restructuring measures for the Optical & Audio Segment, which is a consumer product business. These measures have clearly put the Group back on a steady track to recovery.

*Ordinary Income/loss

The Group posted an ordinary loss of 433 million yen for the first six months of the fiscal year under review. This amount is about 3,800 million yen lower than the loss posted a year earlier mainly due to improved operating income and non-operating results (e.g. decreased borrowing costs and increased dividends income).

*Net Income/loss

The Group posted a net loss of 3,028 million yen for the first six months of the fiscal year under review. This amount is about 2,100 million yen lower than the loss posted a year earlier, reflecting the significant decrease in ordinary loss, although the extraordinary loss was posted due to the transfer of shares of JAI (about 1,100 million yen) in the first quarter of the fiscal year under review and the amount of total income taxes increased (about 1,100 million yen).

(Net Sales, Profits and Losses by Business Segment)

Net sales and operating income (loss) by business segment are as follows.

In conjunction with the transfer of JAI shares in the first quarter of the fiscal year under review, the Group made a change to its business segments. JAI, which had conventionally been included in the Entertainment Software Segment, was moved to be part of "Others" effective the first six months of the fiscal year under review. Segment information for the first six months of the previous fiscal year reflects the information prepared on reportable segments after this change.

The total amount of operating income (loss) by business segment is consistent with the operating income (loss) of the quarterly consolidated statements of income.

Net sales by business segment include inter-segment sales or transfer.

First six months of the fiscal year under review (from April 1, 2014, to September 30, 2014) (Millions of yen)

Business Segment		First six months of FYE3/'15	First six months of FYE3/'14	YoY comparison
Car Electronics Segment	Net sales	53,874	53,677	+197
	Operating income	491	(1,565)	+2,056
Professional Systems Segment	Net sales	41,771	43,983	(2,212)
	Operating income	613	159	+454
Optical & Audio Segment	Net sales	27,384	36,513	(9,129)
	Operating income	(283)	(713)	+430
Entertainment Software Segment	Net sales	14,695	14,776	(81)
	Operating income	435	402	+33
Others	Net sales	3,486	5,284	(1,798)
	Operating income	(136)	(451)	+315
Inter-segment elimination	Net sales	(5,813)	(5,823)	+10
Total	Net sales	135,399	148,413	(13,014)
	Operating income	1,121	(2,168)	+3,289
	Ordinary income	(433)	(4,194)	+3,761
	Net income	(3,028)	(5,113)	+2,085

***Car Electronics Segment**

Net sales in the Car Electronics Segment for the first six months of the fiscal year under review increased approximately 200 million yen, or 0.4%, year on year to 53,874 million yen, and operating income rose approximately 2,100 million yen from a year earlier to 491 million yen.

(Net sales)

Looking at the consumer business, sales of Saisoku Navi, an SSD-type AV car navigation system, were affected by a drop in consumption in the domestic market after the rush of demand prior to the raising of the consumption tax rate. On the other hand, sales were robust in overseas markets (in the Americas and Asia). Consequently, sales in the consumer business were comparable to the results of the same period in the previous fiscal year.

In the OEM sector, sales increased mainly because the performance of Shinwa, which became a consolidated subsidiary in June 2013, contributed to the overall operating results throughout the first six months of the fiscal year under review and sales of dealer option products were strong in Asia despite falls in sales of Saisoku-Navi, an SSD-type AV car navigation systems, and of CD/DVD mechanisms for car AV equipment.

(Operating income)

The consumer business significantly improved its operating income, achieving a turnaround after having posted an operating loss a year earlier due to the effects of business restructuring measures that have been implemented since the third quarter of the previous fiscal year. The OEM business also reduced its losses from a year earlier due to the effects of the consolidation of Shinwa.

***Professional Systems Segment**

In the Professional Systems Segment, net sales for the first six months of the fiscal year under review declined roughly 2,200 million yen, or 5.0%, to 41,771 million yen due mainly to the effects of selling Geobit (roughly 5,800 million yen), while operating income increased approximately 500 million yen to 613 million yen.

(Net sales)

In the communications business, sales increased from a year earlier mainly due to a recovery of private-sector demand in North America, the largest market for the business, and to the addition of sales of EFJT, which became a consolidated subsidiary in March 2014.

In the professional systems business, sales were comparable to the results of a year earlier, since sales in the domestic market covered the drop in sales in overseas markets. The healthcare business is mainly related to the information equipment business that the Group took over from TOTOKU Electric Co., Ltd. in July 2013, and sales from this business had contributed to the Segment's performance throughout the first six months of the fiscal year under review.

(Operating income)

Operating income in the communications business declined primarily due to a gap in the timing of order receipt by EJFT despite a recovery in sales of wireless radios mainly in the North American consumer market. Meanwhile, the professional systems business managed to significantly reduce its losses thanks mainly to a recovery in domestic sales.

***Optical & Audio Segment**

In the Optical & Audio Segment, net sales for the first six months of the fiscal year under review decreased approximately 9,100 million yen, or 25.0%, to 27,384 million yen, and an operating loss was 283 million yen, which is 400 million yen lower than the loss posted a year earlier.

(Net sales)

In the audio business, sales fell mainly due to lower sales in the home audio segment primarily caused by the effects of sluggish sales of low-end products.

In the imaging business, sales also fell significantly mainly due to the streamlining of products in the camcorder segment in conjunction with the substantial curtailment of domestic and overseas markets.

In the image/optical business, sales fell mainly due to a fall in sales of high-definition 4K models in the projector segment.

(Operating income)

Operating income from the audio business was on par with a year earlier because the effects of decreased sales were absorbed by decreased fixed costs. Operating income from the image/optical business fell due to decreased

sales. Meanwhile, the Segment was able to turn around the imaging business performance for the second quarter of the fiscal year under review, significantly reducing losses for the first six months of the fiscal year under review. This is because the effects of business restructuring measures that have been implemented since the third quarter of the previous fiscal year have started to materialize.

* **Entertainment Software Segment**

In the Entertainment Software Segment, net sales for the first six months of the fiscal year under review dropped approximately 100 million yen, or 0.5%, year on year to 14,695 million yen while operating income was on par with a year earlier and amounted to 435 million yen.

(Net sales)

Net sales from the content business were on par with a year earlier mainly due to a recovery of sales for the second quarter of the fiscal year under review despite the changes in compositions of titles.

In the OEM business, sales fell mainly due to a decrease in the number of products entrusted from external parties and the effects of sluggish sales of earlier titles.

(Operating income)

The content business posted higher operating income thanks to the effects of improvements made to product mixes. On the other hand, the OEM business posted lower income due to lower sales.

Major hit-making titles in the first six months of the fiscal year under review were as follows.

(For information on these titles in the first three months of the fiscal year under review, refer to “Accounting Report for the First Quarter of Fiscal Year Ending March 2015 (April 1, 2014 – June 30, 2014)” announced on July 31, 2014.)

Major hits of Victor Entertainment

- “Mr. S,” an album, and “Top Of The World/ Amazing Discovery,” a single from SMAP
- “Tokyo VICTORY,” a single from Southern All Stars
- “THE PIER,” an album from QURULI
- “SAKANATRIBE 2014 -LIVE at TOKYO DOME CITY HALL,” BD&DVD from Sakanaction

Major hits of Teichiku Entertainment

- “Omoidama” and “ER2,” singles from KANJANI∞
- “Michiharuka,” a single from Takeshi Kitayama and Saburo Kitajima
- “Mondomuyo Selection – Gold Prize,” an album, and “Konyamo Hajimatteirudaro,” a single from Dohatsuten
- “SHOUT,” an album from STARDUST REVUE

(2) Analysis of Financial Position

(Analysis of assets, liabilities and net assets)

***Assets**

Total assets at the end of the second quarter of the fiscal year under review declined 14,900 million yen from the end of the previous fiscal year to 252,263 million yen. This was due to a decrease in cash and deposits as a result of repaying borrowings from banks in addition to a decrease in trade notes and accounts receivable caused by seasonal factors, although inventories including merchandise and finished goods increased.

***Liabilities**

Liabilities at the end of the second quarter of the fiscal year under review decreased approximately 15,800 million yen from the end of the previous fiscal year to 191,521 million yen. This was due to a decline in other accounts payable in conjunction with payments of employment structural reform expenses made in the previous fiscal year and the repayment of borrowings from banks before maturity.

Interest-bearing debts (sum of loans payable and bonds payable) decreased 8,200 million yen from the end of the previous fiscal year to 73,505 million yen. Net debt (amount obtained by subtracting cash and deposits from interest-bearing debts) also decreased roughly 500 million yen from the end of the previous fiscal year to 26,017 million yen.

***Net Assets**

Retained earnings as of the end of the second quarter of the fiscal year under review declined approximately 2,900 million yen from the end of the previous fiscal year to 14,498 million yen, mainly due to the recording of a net loss for the first six months of the fiscal year under review. Total shareholders' equity also decreased roughly 3,200 million yen to 69,535 million yen.

Total net assets increased approximately 900 million yen from the end of the previous fiscal year to 60,742 million yen because the Japanese yen depreciated against the U.S. dollar, the Euro and other major currencies from the end of the previous fiscal year and the amount of foreign currency translation adjustments increased about 3,500 million yen in relation to capital contributions made to overseas affiliates although shareholders' equity decreased. The capital adequacy ratio also increased by 1.8% from the end of the previous fiscal year to 21.2%, due to an increase in net assets.

(Cash Flow Analysis)

***Cash flow from operating activities**

Net cash provided by operating activities for the first six months of the fiscal year under review was 3,446 million yen, reflecting an increase of about 100 million yen from a year earlier. This was primarily due to the reduction of a loss before income taxes for the first six months of the fiscal year under review and a decrease in trade payables despite a decline in other accounts payable as a result of payments of employment structural reform expenses made in the previous fiscal year.

***Cash flow from investing activities**

Net cash used in investing activities for the first six months of the fiscal year under review was 3,999 million yen, reflecting an increase in cash spent of approximately 100 million yen year on year. This was mainly due to no inflows on purchase of stocks of subsidiaries and affiliates in conjunction with the change in the scope of consolidation and an increase in cash used for the purchase of investment securities.

***Cash flow from financing activities**

Net cash used in financing activities for the first six months of the fiscal year under review was 8,537 million yen, reflecting an increase in cash spent of roughly 9,600 million yen year on year. This was mainly due to repayment of bank loans payable.

Cash and cash equivalents at the end of the second quarter of the fiscal year under review decreased about 12,000 million yen from the end of the previous fiscal year to 46,999 million yen.

(3) Qualitative Information Concerning the Consolidated Earnings Forecast

Operating income of the Group for the first six months of the fiscal year under review increased about 1,900 million yen from a year earlier or about 500 million yen from the first quarter of the fiscal year under review, showing clear recovery. This is because the business recovery of the Car Electronics Segment has become apparent and the effects generated through efforts to reduce fixed costs and measures to improve the cost structure implemented as part of the structural reforms in the previous fiscal year have steadily materialized despite a decrease in revenue in the Optical & Audio Segment due to negative factors such as the effects of the shrinking home electronics market and the streamlining of products.

In the third quarter and beyond, the recovery of the Car Electronics Segment and the communications business is expected to continue, and the restructuring of the Optical & Audio Segment that conducts the home electronics business will be completed, with effects of structural reforms anticipated to materialize as expected. As a result, we have decided not to amend the full-year consolidated earnings forecast announced at the beginning of the fiscal year.

The revised exchange rates applicable for the second half of the fiscal year under review are 110 yen against the U.S. dollar (105 yen before revision) and 140 yen against Euro (135 yen before revision).

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(JPY in Million)

	Previous Fiscal Year (as of Mar. 31, 2014)	End of current consolidated second quarter (as of Sep. 30, 2014)
Assets		
Current assets		
Cash and cash equivalents	55,191	47,487
Trade notes and accounts receivable	57,387	48,145
Merchandise and finished goods	22,767	25,738
Work in process	3,414	4,359
Raw materials and supplies	8,406	9,151
Deferred tax assets	3,780	3,790
Other current assets	8,977	8,726
Allowance for doubtful accounts	(1,556)	(1,595)
Total current assets	158,369	145,803
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	13,625	13,328
Machinery and equipment, net	6,871	6,871
Tools, furniture and fixtures, net	4,274	4,114
Land	28,216	27,621
Construction in progress	1,432	1,431
Total property, plant and equipment	54,420	53,368
Intangible fixed assets		
Goodwill	10,057	7,659
Software	7,000	7,047
Other intangible fixed assets	4,617	7,031
Total intangible fixed assets	21,675	21,738
Investments and other assets		
Investment securities	3,843	4,947
Net defined benefit asset	24,720	22,656
Other investments	5,193	4,792
Allowance for doubtful receivables	(1,119)	(1,043)
Total investments and other assets	32,637	31,353
Total fixed assets	108,733	106,459
Deferred assets	49	-
Total assets	267,152	252,263

(JPY in Million)

	Previous Fiscal Year (as of Mar. 31, 2014)	End of current consolidated second quarter (as of Sep. 30, 2014)
Liabilities		
Current liabilities		
Trade notes and accounts payable	27,947	27,898
Short term loans payable	17,310	14,129
Current portion of bonds payable	-	5,879
Current portion of long-term loans payable	9,906	45,150
Other accounts payable	14,462	8,161
Accrued expenses	18,318	19,671
Income taxes payable	1,398	2,228
Warranty reserves	1,742	1,579
Sales return reserves	1,432	1,361
Other current liabilities	8,329	7,100
Total current liabilities	100,847	133,161
Long term liabilities		
Bonds payable	5,812	-
Long-term loans payable	48,635	8,346
Deferred tax liabilities for land revaluation	1,772	1,772
Deferred tax liabilities	12,979	11,749
Net defined benefit liability	34,166	33,763
Other long-term liabilities	3,112	2,727
Total long-term liabilities	106,479	58,359
Total liabilities	207,327	191,521
Net assets		
Shareholders' equity		
Paid-in capital	10,000	10,000
Capital surplus	45,875	45,574
Retained earnings	17,421	14,498
Treasury stock	(537)	(537)
Total shareholders' equity	72,759	69,535
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	205	539
Land revaluation surplus	3,209	3,209
Foreign currency translation adjustments	(13,440)	(9,892)
Remeasurements of defined benefit plans	(11,010)	(9,996)
Total accumulated other comprehensive income	(21,036)	(16,140)
Stock acquisition rights	806	-
Minority interests	7,294	7,347
Total net assets	59,824	60,742
Total liabilities and net assets	267,152	252,263

(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Accumulated period for consolidated second quarter)

(JPY in Million)

	Accumulated period for previous consolidated second quarter (Apr.1, 2013 - Sep. 30, 2013)	Accumulated period for current consolidated second quarter (Apr.1, 2014 - Sep. 30, 2014)
Net sales	148,413	135,399
Cost of sales	110,305	95,937
Gross profit	38,107	39,462
Selling, general and administrative expenses	40,276	38,340
Operating income(loss)	(2,168)	1,121
Non-operating income		
Interest income	102	83
Dividends income	60	204
Equity in earnings of unconsolidated subsidiaries and associated companies	32	-
Other non-operating income	468	553
Total non-operating income	663	841
Non-operating expense		
Interest expense	1,124	983
Foreign exchange loss	62	514
Borrowing costs	717	97
Other non-operating expenses	786	801
Total non-operating expense	2,689	2,396
Ordinary loss	(4,194)	(433)
Extraordinary profit		
Gain on sales of property, plant and equipment	36	112
Gain on sales of investment securities	55	21
Settlement received	225	-
Gain on bargain purchase	257	-
Gain on reversal of subscription rights to shares	-	806
Other extraordinary profits	-	20
Total extraordinary profit	574	962
Extraordinary loss		
Loss on sales of property, plant and equipment	96	9
Loss on disposal of property, plant and equipment	18	18
Loss on sales of shares of subsidiaries and associated companies	-	1,105
Business structure improvement expenses	192	54
Employment structural reform expenses	340	243
Other extraordinary loss	1	8
Total extraordinary loss	650	1,440
Loss before income taxes and minority interests	(4,271)	(911)
Income taxes - current	560	1,718
Income taxes - deferred	(6)	(69)
Total income taxes	553	1,649
Net loss before minority interests	(4,824)	(2,561)
Minority interests in net income	289	467
Net loss	(5,113)	(3,028)

(Consolidated Statements of Comprehensive Income)

(JPY in Million)

	Accumulated period for previous consolidated second quarter (Apr.1, 2013 -Sep.30, 2013)	Accumulated period for current consolidated second quarter (Apr.1, 2014 -Sep.30, 2014)
Net loss before minority interests	(4,824)	(2,561)
Other comprehensive income		
Unrealized gain on available-for-sale securities	2	335
Foreign currency translation adjustments	1,664	3,926
Remeasurements of defined benefit plans	-	1,013
Share of other comprehensive income of unconsolidated subsidiaries and associated companies accounted for by the equity method	(579)	-
Total other comprehensive income	1,087	5,275
Comprehensive income	(3,737)	2,713
Total comprehensive income attributable to:		
Owners of the parent	(3,908)	1,867
Minority interests	171	846

(3) Quarterly Consolidated Statement of Cash Flows

(JPY in Million)

	Accumulated period for previous consolidated second quarter (Apr.1, 2013 - Sep. 30, 2013)	Accumulated period for current consolidated second quarter (Apr.1, 2014 - Sep. 30, 2014)
Cash flows from operating activities:		
Loss before income taxes and minority interests	(4,271)	(911)
Depreciation	5,516	5,184
Amortization of goodwill	161	255
Increase in liability for retirement benefits	1,725	-
Increase in net defined benefit liability	-	2,422
Increase in net defined benefit asset	-	(1,175)
Decrease in allowance for doubtful accounts	(45)	(65)
Interest and dividends income	(163)	(288)
Interest expense	1,124	983
Gain on sales of investment securities	(55)	(21)
Loss on sales of shares of subsidiaries and associated companies	-	1,105
Gain on reversal of stock acquisition rights	-	(806)
Equity in earnings of unconsolidated subsidiaries and associated companies	(32)	-
Loss on disposal of property, plant and equipment	18	18
Gain on sales of property, plant and equipment	60	(102)
Decrease in trade notes and accounts receivable	10,061	9,229
Increase in inventories	(76)	(3,932)
Increase (decrease) in trade notes and accounts payable	(7,055)	(979)
Decrease in other accounts payable	(2,014)	(6,518)
Decrease in accrued expenses	115	1,089
Other	(250)	(448)
Sub-total	4,819	5,037
Interest and dividends received	163	288
Interest paid	(1,039)	(894)
Income taxes paid	(550)	(984)
Net cash provided by operating activities	3,393	3,446
Cash flows from investing activities:		
Purchases of property, plant and equipment	(2,828)	(2,174)
Proceeds from sales of property, plant and equipment	317	539
Purchase of intangible fixed assets	(2,375)	(1,927)
Purchase of investment securities	(12)	(657)
Proceeds from sales of investment securities	90	22
Proceeds from purchases of investments in subsidiaries resulting in change of scope of consolidation	1,424	-
Proceeds from sales of investments in subsidiaries resulting in change of scope of consolidation	-	567
Payments for absorption-type company split resulting in change in scope of consolidation	(563)	-
Other	90	(368)
Net cash used in investing activities	(3,857)	(3,999)

	(JPY in Million)	
	Accumulated period for previous consolidated second quarter (Apr. 1, 2013 - Sep. 30, 2013)	Accumulated period for current consolidated second quarter (Apr. 1, 2014 - Sep. 30, 2014)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable, net	8,626	(3,233)
Proceeds from long-term loans payable	47,562	2,500
Repayment of long-term loans payable	(47,072)	(7,552)
Redemption of bonds	(6,000)	-
Cash dividends paid	(693)	-
Other	(1,381)	(250)
Net cash used in financing activities	1,041	(8,537)
Effect of exchange rate changes on cash and cash equivalents	862	1,352
Net increase (decrease) in cash and cash equivalents	1,440	(7,737)
Cash and cash equivalents at beginning of year	57,526	54,737
Cash and cash equivalents at end of quarter	58,967	46,999