

JVCKENWOOD



January 31, 2017

Company Representative	JVCKENWOOD Corporation Takao Tsuji, President & CEO (Code: 6632; First Section of the Tokyo Stock Exchange)
Contact	Shinichiro Nishishita, General Executive, Corporate Communication Division (TEL: 81-45-444-5232)

Partial Revisions to “Accounting Report for the First Quarter of Fiscal Year Ending March 2016”

JVCKENWOOD Corporation hereby announces that it has partially corrected the “Accounting Report for the First Quarter of Fiscal Year Ending March 2016.”

1. Background and Reason for Corrections

For the details and reason for the corrections, please refer to the “Notice Regarding Corrections to Earnings Results of the Company” released on January 31, 2017.

2. Details of Corrections

Corrected parts are underlined. Please note that corrections have been made to numerous items, and therefore only corrected figures are provided in this document.



July 31, 2015

Company: JVC KENWOOD Corporation
 Representative: Haruo Kawahara, Chairman and CEO
 (Code: 6632; First Section of the Tokyo Stock Exchange)
 Contact: Satoshi Fujita, CFO
 (Tel: +81-45-444-5232)
 (E-mail: prir@jvckenwood.com)

Accounting Report for the First Quarter of Fiscal Year Ending March 2016 (April 1, 2015 – June 30, 2015)

Consolidated Financial Highlights for the First Quarter of Fiscal Year Ending March 2016
 (April 1, 2015 – June 30, 2015)

Operating Results

(Millions of yen, except net income per share)

	1st Quarter of FYE 3/2016 April 1, 2015 to June 30, 2015	1st Quarter of FYE 3/2015 April 1, 2014 to June 30, 2014
Net sales	67,283	66,502
Operating income (loss)	<u>(999)</u>	<u>386</u>
Ordinary income (loss)	<u>(1,537)</u>	<u>3</u>
Net income attributable to owners of parent	<u>(2,246)</u>	<u>(2,607)</u>
Net income (loss) per share	<u>(16.20)</u> yen	<u>(18.80)</u> yen

FYE: Fiscal year ended / ending

Net Sales and Operating Income by Business Segments

(Millions of yen)

Business Segment		1st Quarter of FYE 3/2016	1st Quarter of FYE 3/2015	Year-on-year comparison
Car Electronics	Net sales	32,895	28,973	+3,922
	Operating income (loss)	<u>(778)</u>	<u>(659)</u>	<u>(1,438)</u>
Professional Systems	Net sales	17,574	17,201	+373
	Operating income (loss)	<u>(717)</u>	<u>(528)</u>	<u>(189)</u>
Optical & Audio	Net sales	9,478	10,774	(1,296)
	Operating income (loss)	<u>78</u>	<u>(214)</u>	<u>+293</u>
Entertainment Software	Net sales	5,821	7,490	(1,669)
	Operating income (loss)	251	600	(349)
Others	Net sales	1,518	2,064	(546)
	Operating income (loss)	165	(130)	+295
Intersegment Sales or Transfer	Net sales	(5)	(2)	(3)
Total	Net sales	67,283	66,502	+781
	Operating income (loss)	<u>(999)</u>	<u>386</u>	<u>(1,386)</u>
	Ordinary income (loss)	<u>(1,537)</u>	<u>3</u>	<u>(1,541)</u>
	Net income attributable to owners of parent	<u>(2,246)</u>	<u>(2,607)</u>	<u>+361</u>

1. Qualitative Information on 1Q Financial Results

(1) Description of Operating Results

Overview of the first quarter of the fiscal year under review

Looking at the global economic conditions during the first quarter of the fiscal year under review, the U.S. continued to enjoy gradual economic growth, supported mainly by strong consumer spending with the upward trend in employment and wages continuing. In Europe, the economy showed signs of a pickup despite concerns about the debt problem in Greece. In the meantime, the Chinese economy saw a slowing of growth due to weakness mainly in the manufacturing sector. Regarding Japan's economy, corporate earnings improved on the back of a weaker yen, while import costs increased. Consumer spending showed a recovery, albeit at a moderate pace, driven by a growing momentum for wage hikes mainly at major companies.

Under these circumstances, net sales for the JVCKENWOOD Group for the first Quarter of the fiscal year increased from a year earlier, due largely to the effects of acquisition of businesses. On the other hand, profit declined in all segments, except for the Optical & Audio Segment, resulting in operating income falling to a loss.

The following profit-and-loss exchange rates were used when preparing the financial statements for the first Quarter of the fiscal year.

		1 st Quarter
Profit-and-loss exchange rates	U.S. dollar	Approx. 121 yen
	Euro	Approx. 134 yen
FY2014(for reference)	U.S. dollar	Approx. 102 yen
	Euro	Approx. 140 yen

* Net Sales

Net sales for the first Quarter of the fiscal year increased by about 800 million yen, or 1.2%, year-on-year, to 67,283 million yen.

Sales in the Car Electronics Segment increased, due largely to the effects of the conversion of ASK Industries S.p.A. ("ASK") into a consolidated subsidiary effective April 1, 2015. In addition, the Professional Systems Segment saw its sales rise as sales of professional-use wireless terminals in North America, the largest market, grew strongly. On the other hand, sales in the Optical & Audio Segment declined in line with the shift in the display business to the brand license business. Sales in the Entertainment Software Segment also fell from those of a year earlier due to the transfer of all of the shares of TEICHIKU ENTERTAINMENT, INC. ("TEICHIKU") effective April 28, 2015.

* Operating Income

Operating income for the first Quarter of the fiscal year declined by about 1,400 million yen year-on-year to slip into an operating loss of 999 million yen.

Operating income in the Car Electronics Segment declined, due primarily to the decrease in profit in the consumer business as a result of a decrease in overseas sales and an increase in development costs in the OEM business to respond to new order intake.

Profit declined in the Professional Systems Segment due to the deterioration in profit and loss of a U.S. subsidiary in the professional wireless systems business because of a delay in winning of new orders after the acquisition and increase in amortization of goodwill. In the meantime, profit and loss in the Content Creation (former Video camera) Business continued its improvement from the previous quarter to achieve a turnaround in operating results from a loss to a profit. As a result, the Optical & Audio Segment returned to profit, while the Entertainment Software Segment saw its profit decline due to the effects of decrease in sales as a result of business transfer.

*** Ordinary Income**

Ordinary income for the first Quarter of the fiscal year declined by about 1,500 million yen year-on-year to slip into an operating loss of 1,537 million yen. This was mainly attributed to the decline in operating income and deterioration in non-operating income and loss due to factors such as a decline in dividend income.

*** Net income attributable to owners of parent**

Although ordinary loss increased from a year earlier, net income for the first Quarter of the fiscal year increased by about 400 million yen year-on-year to post a net loss of 2,246 million yen. This was mainly attributed to improvement in extraordinary profit and loss due to the absence of loss on sales of affiliates following the transfer of shares in a U.S. subsidiary that was posted in the previous year and decrease in taxes as a result of transfer of all the shares of TEICHIKU.

Net Sales and Profits and Losses by Business Segment

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

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 Quarter of the fiscal year ending March 31, 2016 (from April 1, 2015 to June 30, 2015) (millions of yen)

Business Segment		1st Quarter of FYE3'/16	1st Quarter of FYE3'/15	Year-on-year Comparison
Car Electronics Segment	Net sales	32,895	28,973	+3,922
	Operating income	<u>(778)</u>	<u>(659)</u>	<u>(1,438)</u>
Professional Systems Segment	Net sales	17,574	17,201	+373
	Operating income	<u>(717)</u>	<u>(528)</u>	<u>(189)</u>
Optical & Audio Segment	Net sales	9,478	10,774	(1,296)
	Operating income	<u>78</u>	<u>(214)</u>	<u>+293</u>
Entertainment Software Segment	Net sales	5,821	7,490	(1,669)
	Operating income	251	600	(349)
Others	Net sales	1,518	2,064	(546)
	Operating income	165	(130)	+295
Inter-segment elimination	Net sales	<u>(5)</u>	<u>(2)</u>	<u>(3)</u>
Total	Net sales	67,283	66,502	+781
	Operating income	<u>(999)</u>	<u>386</u>	<u>(1,386)</u>
	Ordinary income	<u>(1,537)</u>	<u>3</u>	<u>(1,541)</u>
	Net income attributable to owners of parent	<u>(2,246)</u>	<u>(2,607)</u>	<u>+361</u>

*** Car Electronics Segment**

Net sales in the Car Electronics Segment for the first Quarter of the fiscal year increased by about 3,900 million yen, or 13.5%, year-on-year to 32,895 million yen, while operating income decreased by about 1,400 million yen year-on-year to slip into an operating loss of 778 million yen.

Net Sales:

In the Consumer Business, sales in overseas markets were negatively affected by the economic downturn in the Middle East and weak market conditions in Europe, but in the domestic market, sales of Saisoku-Navi, an SSD-type AV car navigation system, were strong. As a result, net sales in the Consumer Business were almost flat from the same period of the previous fiscal year.

In the OEM Business, net sales increased, due largely to the contribution by ASK which became a consolidated

subsidiary effective April 1, 2015, despite a decrease in sales of SSD-type AV car navigation system to automobile manufacturers.

Operating Income:

In the Consumer Business, sales of Saisoku-Navi, an SSD-type AV car navigation system, were strong in Japan, but overseas sales were affected by weak market conditions in Asia and Europe. As a result, operating income in the Consumer Business declined from a year earlier.

In the OEM Business, operating income declined, due largely to increases in development costs to respond to new order intake for dealer-installed options and development costs in next-generation businesses.

*** Professional Systems Segment**

Net sales of the Professional Systems Segment for the first Quarter of the fiscal year increased by about 400 million yen, or 2.2%, year-on-year to 17,574 million yen, while operating income declined by about 200 million yen year-on-year to slip into an operating loss of 717 million yen.

Net Sales:

In the Communication Business, net sales increased due mainly to strong sales of professional-use wireless terminals in North America, the largest market, and the positive effect of favorable currency exchange rates.

In the Professional Systems Business, net sales declined as a result of consolidation of its product lineup in overseas markets. In the Healthcare Business, net sales decreased, reflecting a drop in sales in overseas markets.

Operating Income:

Operating income of the Communication Business was lower than in the same period of the previous fiscal year. This was mainly attributable to the deterioration in the profit and loss of EF Johnson Technologies, Inc., a U.S. subsidiary in the professional wireless systems business, due to a delay in the winning of new orders and an increase in amortization of goodwill. EF Johnson Technologies has introduced a new CEO and is stepping up its sales activities. Operating loss of the Professional Systems Business declined as the negative impact of the decrease in sales was offset largely by reduction of fixed costs, while operating income of the Healthcare Business fell due to the effects of decreased sales.

*** Optical & Audio Segment**

Net sales of the Optical & Audio Segment for the first Quarter of the fiscal year decreased by about 1,300 million yen, or 12.0%, year-on-year to 9,478 million yen. Operating income increased by about 300 million yen to 78 million yen, achieving a turnaround to a positive operating income from an operating loss for the same period of the previous fiscal year.

Net Sales:

The Content Creation (former Video camera) Business saw its sales grow as the consolidation of the product lineup of consumer video camera as part of the business reform measures was completed and sales of professional-use video cameras increased.

Net sales of the Imaging Business decreased as a result of shift in the display business to the brand license business.

Net sales of the AV Accessory Business increased due to robust sales both in the domestic and overseas markets

Operating Income:

Operating income of the Content Creation (former Video camera) Business and AV Accessory Business increased with the sales increase, while operating income of the Imaging Business declined due to the effects of decreased sales.

*** Entertainment Software Segment**

Net sales in the Entertainment Software Segment for the first Quarter of the fiscal year decreased by about 1,700 million yen, or 22.3%, year-on-year to 5,821 million yen, and operating income fell by about 300 million yen, or 58.2%, year-on-year to 251 million yen.

TRANSLATION - FOR REFERENCE ONLY -

Net Sales:

The Content Business marked a decline in sales due to the effects of transfer of all the shares of TEICHIKU effective April 28, 2015.

Net sales of the OEM Business increased due to an increase in the number of products entrusted by external parties and successful introduction of new products.

Operating Income:

Operating income of the Content Business declined due to the effects of transfer of all of the shares of TEICHIKU, while operating income of the OEM Business grew with the increase in sales.

Major hits for the first Quarter of the fiscal year are as follows:

Major hits of Victor Entertainment

- "SUN," a single from Gen Hoshino
- "ClaChic-Classic-," an album, "SONGS Mariko Takahashi 2007-2014," a BD/DVD, and "LIVE Adultica," a BD/DVD from Mariko Takahashi
- The album "HOT!" and the single "Oukaranman" from KEYTALK
- "Everything Becomes The Music," an album, from Kenji Furuya

Reference

As described in "Vision 2020," the mid- to long-term business plan announced on May 18, 2015, JVCKENWOOD will evolve from a traditional manufacturing and sales company into a "customer value creator" that provides solutions to customers' problems. To this end, JVCKENWOOD implemented organizational changes as of July 1, 2015, to abolish the conventional business segment based structure and restructure its businesses according to the customer industry, which are the Automotive Sector (growth-leading business) and Public Services Sector and Media Services Sector (profit-base businesses).

The first Quarter of the fiscal year were prior to the organizational changes. For reference purposes, reclassified net sales and operating income (loss) are as shown in the following.

First Quarter of the fiscal year ending March 31, 2016 (from April 1, 2015 to June 30, 2015) (millions of yen)

Business Sector		1st Quarter of FYE3'/16	1st Quarter of FYE3'/15	Year-on-year Comparison
Automotive Sector (Former Car Electronics Segment)	Net sales	32,895	28,973	+3,922
	Operating income	<u>(778)</u>	<u>659</u>	<u>(1,438)</u>
Public Services Sector (Former Professional Systems Segment) マネジメント	Net sales	17,574	17,201	+373
	Operating income	<u>(717)</u>	<u>(528)</u>	<u>(189)</u>
Media Services Sector (Former Optical & Audio and Entertainment Software Segments)	Net sales	15,300	18,264	(2,964)
	Operating income	<u>330</u>	<u>386</u>	<u>(56)</u>
Others	Net sales	1,518	2,064	(546)
	Operating income	165	(130)	+295
Inter-segment elimination	Net sales	(5)	(2)	(3)
Total	Net sales	67,283	66,502	+781
	Operating income	<u>(999)</u>	<u>386</u>	<u>(1,386)</u>
	Ordinary income	<u>(1,537)</u>	<u>3</u>	<u>(1,541)</u>
	Net income attributable to owners of parent	<u>(2,246)</u>	<u>(2,607)</u>	<u>+361</u>

(2) Description of Financial Position

Analysis of assets, liabilities, net assets, etc.

*** Assets**

Total assets decreased by about 2,000 million yen from the end of the previous fiscal year to 277,012 million yen, although merchandise and finished goods and property, plant and equipment increased as a result of conversion of ASK into a consolidated subsidiary effective April 1, 2015. This was mainly due to decreases in notes and accounts receivable-trade due to seasonal factors and in cash and deposits as a result of repayment of bank loans, acquisition of shares of ASK, and additional acquisition of shares of Shinwa International Holdings Limited ("Shinwa").

*** Liabilities**

Total liabilities increased by approximately 400 million yen from the end of the previous fiscal year to 199,687 million yen, although accrued expenses decreased due to seasonal factors. This was due to an increase in current liabilities, such as notes and accounts payable-trade, as a result of the conversion of ASK into a subsidiary.

Interest-bearing debts (sum of loans payable and bonds payable) decreased by about 1,500 million yen from the end of the previous fiscal year to 72,130 million yen.

Net debts (amount obtained by subtracting cash and deposits from interest-bearing debts) increased by approximately 8,600 million yen from the end of the previous fiscal year to 27,102 million yen.

*** Net Assets**

Retained earnings for the first Quarter of the fiscal year declined by approximately 3,000 million yen from the end of the previous fiscal year to 19,402 million yen, due mainly to the recording of a net loss attributable to shareholders of the parent company for the first Quarter of the fiscal year. Total shareholders' equity also decreased by approximately 3,000 million yen to 74,734 million yen.

Total net assets decreased by about 2,400 million yen from the end of the previous fiscal year to 77,324 million yen. This was mainly due to the decline in shareholders' equity, as well as decreases in non-controlling interest due to the additional acquisition of shares of Shinwa and in debit balance of foreign exchange translation adjustments. The capital adequacy ratio dropped by 0.2 percentage points from the end of the previous fiscal year to 25.7%.

Cash Flow Analysis

*** Cash flow from operating activities**

Net cash generated by operating activities for the first Quarter of the fiscal year was 3,509 million yen, reflecting a year-on-year increase of about 3,600 million yen. This was primarily due to a significant decline in other accounts payable as a result of payments of expenses, such as employment structural reform costs, in spite of posting a loss before income taxes.

*** Cash flow from investing activities**

Net cash used for investing activities for the first Quarter of the fiscal year was 4,622 million yen, reflecting a year-on-year increase of about 2,500 million yen in cash spent. This was due largely to acquisition of shares of subsidiary in conjunction with the change in the scope of consolidation in association with conversion of ASK into a consolidated subsidiary and an increase in cash used for purchases of property, plant and equipment and intangible assets.

*** Cash flow from financing activities**

Net cash used by financing activities for the first Quarter of the fiscal year was 9,676 million yen, reflecting a year-on-year increase of about 5,300 million yen in cash spent. This was mainly due to a decrease in net increase (decrease) in short-term loans payable as a result of repayments of bank loans and cash used for additional purchases of shares of Shinwa.

The balance of cash and cash equivalents at the end of the first quarter of the fiscal year declined by about 3,400 million yen from the end of the first quarter of the previous fiscal year to 44,388 million yen.

(3) Description of forward-looking information such as consolidated earnings forecast

Although profit declined, due largely to sale of businesses and effects of exchange rate fluctuations, operating results for the first Quarter of the fiscal year were almost within expectations. In the Car Electronics Segment, the consumer business was affected by the worsening economic climate in Asia and Europe but showed a recovery due to the launch of a new product in June. In the Professional Systems Segment, the U.S. subsidiary in the professional wireless systems business which has become a problem stepped up its sales activities under the leadership of the new CEO, and such efforts have led to an increase in the backlog of orders.

In the second quarter of the fiscal year and onwards, JVCKENWOOD will shift to businesses organized according to the customer industry and thoroughly implement a more market-oriented business operation to increase earnings, with the aim of materializing “Vision 2020” announced in May 2015.

As for the outlook of business by business segment, in the Automotive Sector (the former Car Electronics Segment) the Consumer Business is expected to recover and the Dealer-installed Option Business will start shipments of dealer-installed option products for new customers. The Public Services Sector (the former Professional Systems Segment) is expected to achieve continuous expansion of order intake in the Communications Equipment Division. In addition, the Media Services Sector (the former Optical & Audio and Entertainment Software Segments) is expected to grow steadily. Considering the above, JVCKENWOOD will not change the full-year earnings forecast announced at the beginning of this fiscal year.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(JPY in Million)

	Previous Fiscal Year (as of Mar. 31, 2015)	End of current consolidated first quarter (as of Jun. 30, 2015)
Assets		
Current assets		
Cash and cash equivalents	55,077	45,028
Trade notes and accounts receivable	57,944	51,024
Merchandise and finished goods	25,836	28,547
Work in process	2,935	4,688
Raw materials and supplies	8,381	10,607
Deferred tax assets	3,836	3,920
Other current assets	9,012	10,538
Allowance for doubtful accounts	(1,612)	(1,637)
Total current assets	161,411	152,717
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	13,009	14,417
Machinery and equipment, net	6,870	8,115
Tools, furniture and fixtures, net	5,451	5,728
Land	27,703	27,804
Construction in progress	400	931
Total property, plant and equipment, net	53,435	56,997
Intangible fixed assets		
Goodwill	7,998	9,812
Software	9,818	10,252
Other intangible fixed assets	5,282	5,326
Total intangible fixed assets	23,099	25,390
Investments and other assets		
Investment securities	5,058	5,621
Net defined benefit asset	29,729	29,656
Other investments	7,218	7,586
Allowance for doubtful accounts	(911)	(958)
Total investments and other assets	41,095	41,906
Total fixed assets	117,630	124,294
Total assets	279,041	277,012

(JPY in Million)

	Previous Fiscal Year (as of Mar. 31, 2015)	End of current consolidated first quarter (as of Jun. 30, 2015)
Liabilities		
Current liabilities		
Trade notes and accounts payable	30,033	32,574
Short-term loans payable	16,827	15,626
Current portion of bonds payable	5,946	5,980
Current portion of long-term loans payable	43,009	43,241
Other accounts payable	10,584	8,315
Accrued expenses	19,196	16,727
Income taxes payable	1,762	1,597
Warranty reserves	1,505	1,517
Sales return reserves	1,418	847
Other current liabilities	8,906	11,820
Total current liabilities	139,189	138,249
Long-term liabilities		
Long-term loans payable	7,835	7,282
Deferred tax liabilities for land revaluation	1,606	1,606
Deferred tax liabilities	14,548	14,505
Net defined benefit liability	33,357	34,379
Other long-term liabilities	2,742	3,664
Total long-term liabilities	60,090	61,438
Total liabilities	199,279	199,687
Equity		
Shareholders' equity		
Common stock	10,000	10,000
Capital surplus	45,875	45,871
Retained earnings	22,421	19,402
Treasury stock	(538)	(538)
Total shareholders' equity	77,758	74,734
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	569	623
Deferred loss on derivatives under hedge accounting	—	(88)
Land revaluation surplus	3,375	3,375
Foreign currency translation adjustments	(6,383)	(4,743)
Remeasurements of defined benefit plans	(3,000)	(2,740)
Total accumulated other comprehensive income	(5,437)	(3,572)
Non-controlling interests	7,441	6,162
Total equity	79,762	77,324
Total liabilities and equity	279,041	277,012

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

(JPY in Million)

	Accumulated period for previous consolidated first quarter (Apr.1, 2014 - Jun.30, 2014)	Accumulated period for current consolidated first quarter (Apr.1, 2015 - Jun.30, 2015)
Net sales	66,502	67,283
Cost of sales	46,789	48,620
Gross profit	19,712	18,662
Selling, general and administrative expenses	19,326	19,662
Operating income(loss)	386	(999)
Non-operating income		
Interest income	37	64
Dividend income	200	77
Other non-operating income	340	291
Total non-operating income	579	433
Non-operating expense		
Interest expense	501	507
Foreign exchange loss	145	190
Other non-operating expenses	315	273
Total non-operating expense	962	971
Ordinary loss	3	(1,537)
Extraordinary profit		
Gain on sales of property, plant and equipment	37	13
Gain on sales of investment securities	21	—
Gain on sales of shares in subsidiaries and associated companies	—	486
Total extraordinary profit	59	500
Extraordinary loss		
Loss on sales of property, plant and equipment	7	1
Loss on disposal of property, plant and equipment	12	10
Loss on sales of shares in subsidiaries and associated companies	1,105	—
Business structural improvement expenses	26	48
Employment structural improvement expenses	130	474
Other extraordinary loss	5	3
Total extraordinary loss	1,287	538
Loss before income taxes and minority interests	(1,224)	(1,575)
Income taxes - current	1,088	528
Income taxes - deferred	3	△55
Total income taxes	1,091	473
Net loss	(2,316)	(2,048)
Net income attributable to non-controlling interests	290	197
Net loss attributable to owners of parent	(2,607)	(2,246)

(Consolidated Statements of Comprehensive Income)

(JPY in Million)

	Accumulated period for previous consolidated first quarter (Apr.1, 2014 - Jun.30, 2014)	Accumulated period for current consolidated first quarter (Apr.1, 2015 - Jun.30, 2015)
Net loss	<u>(2,316)</u>	<u>(2,048)</u>
Other comprehensive income		
Unrealized gain on available-for-sale securities	140	55
Deferred loss on derivatives under hedge accounting	—	(88)
Foreign currency translation adjustments	(850)	1,748
Remeasurements of defined benefit plans	506	260
Total other comprehensive income	<u>(203)</u>	<u>1,976</u>
Comprehensive income	<u>(2,519)</u>	<u>(72)</u>
Total comprehensive income attributable to:		
Owners of the parent	<u>(2,709)</u>	<u>(381)</u>
Non-controlling interests	189	309

(3) Quarterly Consolidated Statement of Cash Flows

(JPY in Million)

	Accumulated period for previous consolidated first quarter (Apr.1, 2014 - Jun.30, 2014)	Accumulated period for current consolidated first quarter (Apr.1, 2015 - Jun.30, 2015)
Cash flows from operating activities		
Loss before income taxes and minority interests	(1,224)	(1,575)
Depreciation	2,467	2,862
Amortization of goodwill	158	162
Increase in net defined benefit liability	1,035	895
Increase in net defined benefit asset	(657)	(849)
Decrease in allowance for doubtful accounts	(14)	(19)
Interest and dividend income	(238)	(141)
Interest expense	501	507
Gain on sales of investment securities	(21)	-
Loss (gain) on sales of shares in subsidiaries and associated companies	1,105	(486)
Loss on disposal of property, plant and equipment	12	10
Gain on sales of property, plant and equipment	(30)	(11)
Decrease in trade notes and accounts receivable	10,022	12,078
Increase in inventories	(3,406)	(2,178)
Increase (decrease) in trade notes and accounts payable	46	(2,661)
Decrease in other accounts payable	(6,416)	(1,856)
Decrease in accrued expenses	(1,672)	(2,485)
Other, net	(1,079)	688
Sub-total	586	4,937
Interest and dividend received	188	141
Interest paid	(409)	(414)
Income taxes paid	(471)	(1,156)
Net cash provided by operating activities	(105)	3,509
Cash flows from investing activities		
Purchases of property, plant and equipment	(830)	(1,514)
Proceeds from sales of property, plant and equipment	16	191
Purchase of intangible fixed assets	(951)	(1,732)
Purchase of investment securities	(654)	(543)
Purchases of investments in subsidiaries resulting in change of scope of consolidation	-	(2,080)
Proceeds from sales of investments in subsidiaries resulting in change of scope of consolidation	567	1,057
Proceeds from sales of investment securities	22	-
Other, net	(324)	(0)
Net cash used in investing activities	(2,156)	(4,622)
Cash flows from financing activities		
Decrease in short-term loans payable, net	(225)	(4,131)
Proceeds from long-term loans payable	1,300	500

TRANSLATION - FOR REFERENCE ONLY -

Repayment of long-term loans payable	(5,217)	(3,215)
Cash dividends paid	—	(693)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(1,523)
Other, net	(258)	(612)
Net cash used in financing activities	(4,401)	(9,676)
Effect of exchange rate changes on cash and cash equivalents	(334)	726
Net decrease in cash and cash equivalents	(6,996)	(10,063)
Cash and cash equivalents at beginning of year	54,737	54,452
Cash and cash equivalents at end of quarter	47,740	44,388