TRANSLATION - FOR REFERENCE ONLY -

JVCKENWOOD

January 31, 2014

Company	JVC KENWOOD Corporation
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(Delayed) Accounting Report for the Third Quarter of Fiscal Year Ending March 2014 (April 1, 2013 – December 31, 2013)

Consolidated Financial Highlights for the Third Quarter of Fiscal Year Ending March 2014 (April 1, 2013 – December 31, 2013)

Operating Results

(Millions of yen, except net income per share)

	First Nine Months of FYE 3/2014 April 1, 2013 to December 31, 2013	First Nine Months of FYE 3/2013 April 1, 2012 to December 31, 2012
Net sales	230,296	224,452
Operating income (loss)	(1,674)	4,783
Ordinary income (loss)	(4,530)	848
Net income (loss)	(5,698)	(1,447)
Net income (loss) per share	(41.10) yen	(10.44)yen

FYE: Fiscal year ended / ending

Sales by Segments

(Millions of yen)

	First Nine Months of FYE 3/2014 April 1, 2013 to December 31, 2013		First Nine Months of FYE 3/2013 April 1, 2012 to December 31, 2012	
Car Electronics	81,707	35%	67,977	30%
Professional Systems	68,067	30%	65,139	29%
Optical & Audio	57,254	25%	65,038	29%
Entertainment Software	27,137	12%	31,255	14%
Others	4,609	2%	4,469	2%
Intersegment Sales or Transfer	(8,480)	-4%	(9,428)	-4%
Total	230,296	100%	224,452	100%

FYE: Fiscal year ended / ending

Major Products in Each Segment

Car Electronics	Car Audio, Car AV Systems and 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 (pre-recorded)
Other projects	Radio Frequency ID Systems, Weather Satellite Data Reception Systems, Other Electronic Devices, Recording Media, Interior Furniture, etc.

1. Qualitative Information on 3Q Operating Results, etc.

(1) Qualitative Information Concerning Operating Results

(Overview of the first nine months of the fiscal year under review)

During the first nine months of the fiscal year under review, the US economy remained robust, as indicated by upswings in many sectors, notably in the job and housing markets, while Europe shows signs of long-term stagnation and, and emerging countries include China, Brazil were slowing down their growth. As a result, the global economy did not make a full-scale recovery. Meanwhile, Japan's economy picked up, as reflected by improved business confidence, due to the effects of the government's economic stimulus measures, and a rebound in personal consumption. However, the global economy as a whole has remained in uncertainties.

Under these circumstances, net sales of the JVCKENWOOD Group for the first nine months of the fiscal year under review exceeded the results of the previous period. In terms of profit and loss, all operating segments including the Car Electronics Segment saw profits decline, and the operating income of the JVCKENWOOD Group fell significantly compared to the previous corresponding period. Meanwhile, operating income for the third quarter of the fiscal year under review increased over the same period of the previous fiscal year, showing signs of recovery.

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

		1st Quarter	2nd Quarter	3rd Quarter	First nine months
Profit-and-loss exchange rates	US dollar	About 99 yen	About 99 yen	About 100 yen	About 99 yen
	Euro	About 129 yen	About 131 yen	About 137 yen	About 132 yen
FY2012 (for reference)	US dollar	About 80 yen	About 79 yen	About 81 yen	About 80 yen
	Euro	About 103 yen	About 98 yen	About 105 yen	About 102 yen

*Net Sales

Net sales for the first nine months of the fiscal year under review were 230,296 million yen, an increase of about 5.8 billion yen, or 2.6%, from a year earlier. This increase reflects a rise in sales in the Car Electronics Segment, due to the effect on the conversion of Shinwa International Holdings Limited ("Shinwa") into a consolidated subsidiary during the first quarter of the fiscal year and an increase in yen equivalent as a result of favorable exchange rate fluctuations, as well as an increase in sales in the Professional Systems Segment, which succeeded the information equipment business of TOTOKU Electric Co., Ltd. ("TOTOKU Electric"), after recovering from the impact of floods in Thailand, absorbing the impact form the sales decline in Optical & Audio Segment due to the economic slowdown in Europe and a realignment of product lines, as well as a decrease in sales in the Entertainment Software Segment due to the release postpone of major works until the fourth quarter,

Net sales for the third quarter of the fiscal year increased comparing to the previous corresponding period, due to the impact of the conversion of Shinwa into a consolidated subsidiary and an increase in yen equivalent as a result of favorable exchange rate fluctuations.

*Operating Income

Operating income for the first nine months of the fiscal year decreased by about 6.5 billion yen from a year earlier, recording the operating loss of 1,674 million yen. This decline reflects significant losses in domestic business in the Car Electronics Segment and the Imaging Business of the Optical & Audio Segment due to an increase in costs of more than 20% in yen terms, with the weakening yen against the US dollar. In addition, overseas sales were sluggish in the CE Consumer Division and Imaging Business, and major releases were postponed in the Entertainment Software Segment due to the impact on the contraction of package media market, pushing all business segments into losses.

The operating income for the third quarter of the fiscal year ended in the black due to the effects of “overall cost reforms”, “sales reforms”, and “urgent countermeasure” promoted during the third quarter in three business segments apart from the Car Electronics Segment which promoted sales of inventory of models, designed during the strong-yen period with a low profitability in the CE Consumer Division. As a result, operating income of the JVCKENWOOD Group exceeded the result of the previous corresponding period, indicating signs of recovery.

*Ordinary Income

Ordinary income for the first nine months of the fiscal year under review recorded a loss of 4,530 million yen, a decrease by about 5.4 billion yen from a year earlier because of a decrease in the operating income, although non-operating income and expenses improved.

In the third quarter of the fiscal year under review, ordinary loss decreased significantly from a year earlier because operating income increased over the same period of the previous fiscal year and foreign exchange gains of about 1.5 billion yen were recorded.

*Net Income

Net income for the first nine months of the fiscal year under review declined by about 4.3 billion yen from a year earlier to post a net loss of 5,698 million yen, reflecting the decrease in ordinary income, although extraordinary loss (income) improved.

Income taxes for the first nine months of the fiscal year under review decreased by about 300 million yen from a year earlier, while minority interests in income increased by about 500 million yen.

In the third quarter of the fiscal year under review, net loss declined significantly from a year earlier due to the improvement in extraordinary loss (income) as a result of recording of a gain on negative goodwill associated with the conversion of Shinwa into a consolidated subsidiary, as well as the improvement in ordinary income.

(Net Sales and Profits and Losses by Business Segment)

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

Total operating income (loss) by business segment is consistent with operating income (loss) in the consolidated income statements.

Net sales include inter-segment sales or transfers.

First nine months of the fiscal year ending March 2014 (from April 1, 2013 to December 31, 2013 (Millions of yen)

Business Segment	First Nine Months of FYE3/’14	First Nine Months of FYE3/’13	Year-on-year Comparison	(For reference) Third Quarter of FYE3’/14	(For reference) Third Quarter of FYE3/’13	(For reference) Year-on-year Comparison

Car Electronics	Net sales	81,707	67,977	+13,730	28,029	19,540	+8,489
	Operating income	(2,604)	970	(3,574)	(1,038)	(879)	(159)
Professional Systems	Net sales	68,067	65,139	+2,928	24,083	22,580	+1,503
	Operating income loss)	774	1,247	(473)	615	560	(55)
Optical & Audio	Net sales	57,254	65,038	(7,784)	20,740	23,919	(3,179)
	Operating income	(128)	447	(575)	585	165	+420
Entertainment Software	Net sales	27,137	31,255	(4,118)	10,102	11,152	(1,050)
	Operating income	373	1,869	(1,496)	379	558	(179)
Others	Net sales	4,609	4,469	+140	1,583	1,527	+56
	Operating income	(90)	248	(338)	(47)	11	(58)
Inter-segment	Net sales	(8,480)	(9,428)	+948	(2,656)	(3,534)	+878
Total	Net sales	230,296	224,452	+5,844	81,883	75,186	+6,697
	Operating income	(1,674)	4,783	(6,457)	494	416	＋78
	Ordinary income (loss)	(4,530)	848	(5,378)	(335)	(2,118)	+1,783
	Net income (loss)	(5,698)	(1,447)	(4,251)	(584)	(2,684)	+2,100

*Car Electronics Segment

Net sales in the Car Electronics Segment for the first nine months of the fiscal year under review increased by about 13.7 billion yen, or 20.2%, year-on-year to 81,707 million yen, due largely to the conversion of Shinwa into a consolidated subsidiary and increased sales in yen terms resulting from favorable exchange rate fluctuations.

In the CE Consumer Division, sales of Saisoku Navi, an SSD-type AV car navigation system, remained robust, while the domestic market followed a trend toward lower prices. In addition, the models that accommodate the weak yen we launched during the third quarter of the fiscal year under review got off to a good start. In overseas markets, sales were affected by shrinking car audio markets in Europe and the U.S., but grew over the same period of the previous fiscal year due to increased sales in yen terms resulting from favorable exchange rate fluctuations.

In the CE OEM Division, while shipments of SSD-type AV car navigation systems for automobile manufacturers (dealer option products) slowed and shipments of CD/DVD mechanisms for car AV equipment declined, sales grew from a year earlier due to the conversion of Shinwa into a consolidated subsidiary.

Operating income in the entire Car Electronics Segment decreased by about 3.6 billion yen from a year earlier to post an operating loss of 2,604 million yen. This decline reflects sluggish overseas sales in the CE Consumer Division and the impact on the domestic business both in the CE Consumer Division and the CE OEM Division from increased costs in yen terms resulting from a sharp depreciation of the yen against the US dollar, despite improved profit and loss resulting from the launch in the third quarter of models that accommodate the weak yen and increased profits resulting from the conversion of Shinwa into a consolidated subsidiary.

In the third quarter of fiscal year under review, the Car Electronics Segment saw an increase in sales from a year earlier as a result of the conversion of Shinwa into a consolidated subsidiary and increased sales in yen terms due to favorable exchange rate fluctuations. However, operating income declined from the same period of the previous fiscal year as we promoted sales of inventory of models with low profitability that were designed during the strong-yen period in the CE Consumer Division.

*Professional Systems Segment

In the Professional Systems Segment, net sales for the first nine months of the fiscal year under review increased by about 2.9 billion yen, or 4.5%, from a year earlier to 68,067 million yen. This increase reflects a recovery of sales in the Professional & Healthcare Division, which was affected by floods in Thailand during the same period of the previous fiscal year, and a growth in sales in the Communications Equipment Division, due to increased sales in yen terms as a result of favorable exchange rate fluctuations.

In the Communications Equipment Division, sales increased from a year earlier as a result of a growth in sales in yen terms, due to favorable exchange rate fluctuations and an increase in new orders received from operators of broadcasting businesses in Japan, although shipments were affected by austerity measures implemented by the US and Canadian governments in North America, the largest market for the business.

In the Professional & Healthcare Division, sales grew from a year earlier due to the impact of the transfer of the medical image display systems business from TOTOKU, as well as a recovery of sales notably in the domestic market.

Operating income in the entire Professional Systems Segment declined by about 0.5 billion yen, or 37.9%, from the same period of the previous fiscal year to 774 million yen as sales in the Communications Equipment Division were affected by government austerity measures in North America.

In the third quarter of the fiscal year under review, the Professional Systems Segment saw both sales and profits grow from a year earlier, due largely to the recovery of the Professional & Healthcare Division and increased sales in yen terms resulting from favorable exchange rate fluctuations.

*Optical & Audio Segment

In the Optical & Audio Segment, net sales for the first nine months of the fiscal year under review declined by about 7.8 billion yen, or 12.0%, from a year earlier to 57,254 million yen. This decline reflects decreased sales in the Imaging Division and the Audio Division, although sales increased in the Video and Optical Device Division.

In the Audio Division, sales declined from a year earlier as the home audio segment saw sales decline due to the impact of a product realignment and the spread of smartphones, although sales were robust in the AV accessory segment.

In the Imaging Division, sales fell from a year earlier because sales were sluggish in the camcorder segment as a result of significant declines in the sizes of overseas and domestic markets.

In the Video and Optical Device Division, sales grew from a year earlier as sales increased in the projector segment due to strong shipments of high-definition 4K models and a recovery of sales of optical pickups for the car-mounted equipment segment.

Although profit increased in the Home Audio Segment of the Audio Division, due to the impact of increased sales of high-definition products launched during the current third quarter, profit fell sharply in the Camcorder Segment of the Imaging Division given the segment’s high proportion of domestic sales, significant cost increases in yen terms, and rapid shrinking of overseas markets. As a result, operating income in the entire Optical & Audio Segment dropped by about 0.6 billion yen from a year earlier to post an operating loss of 128 million yen.

In the third quarter of the fiscal year under review, net sales in the Optical & Audio Segment fell from a year earlier, due to shrinking markets of the Imaging Division. However, profit and loss in the Home Audio Segment of the Audio Division improved. As a result, operating income in the Optical & Audio Segment increased over the same period of the previous fiscal year.

*Entertainment Software Segment

In the first nine months of the fiscal year under review, net sales in the entire Entertainment Software Segment fell by about 4.1 billion yen, or 13.2%, from a year earlier to 27,137 million yen, and operating income declined by about 1.5 billion yen, or 80.0%, from a year earlier to 373 million yen. These reflect a decrease in sales of the content business, due largely to the effects of the postponement of some major releases until the fourth quarter of the fiscal year under review, although the business performed well against the backdrop of strong sales of titles launched by new and mid-career artists, driven by their use as tie-in songs for TV commercials and theme songs for TV dramas. In the OEM business, sales decreased due to the shrinking overseas markets for package media.

The following were our major hits during the third quarter of the fiscal year under review. For our major hits in the first and second quarters, refer to Accounting Report for the First Quarter of Fiscal Year Ending March 2014, released effective July 31, 2013, and Accounting Report for the Second Quarter of Fiscal Year Ending March 2014, released effective November 6, 2013.

[Major big hits of Victor Entertainment]

- “SUPER SUMMER LIVE 2013 ‘Shakunetsu no Mampi !! G★Spot Kaikin !!’ Muneatsu Complete Edition,” a Blu-ray/DVD from Southern All Stars
- ”Share Otsu / Hello,” a sing from SMAP
- “Saito” and “Kazuyoshi,” albums from Kazuyoshi Saito

[Major big hits of Teichiku Entertainment]

- “JUKE BOX,” an album from Kanjani∞
- “STARDUST REVUE LIVE TOUR ‘B.O.N.D.’ 2012-2013,” a DVD from STARDUST REVUE
- “Honobono to Setsunasa to Natsukashisa to Chiaki Naomi no ‘Tasogare no Begin’ wa Anata no Koisuru Yuki wo Support Shimasu,” an album from Naomi Chiaki

(2) Qualitative Information Concerning Financial Position

(Analysis of assets, liabilities and net assets)

*Assets

Total assets at the end of the first nine months of the fiscal year under review increased by about 8.6 billion yen from the end of the previous fiscal year to 255,226 million yen. This was due to the increase in tangible fixed assets that resulted from the conversion of Shinwa into a consolidated subsidiary, as well as the weakening of the yen against other major currencies.

*Liabilities

Liabilities at the end of the first nine months of the fiscal year under review increased by about 2.2 billion yen from the end of the previous fiscal year to 181,614 million yen, resulting mainly from new borrowings from financial institutions, despite a decrease due to seasonal declines in accounts payable-other and accrued expenses, as well as a decrease in bonds payable resulting from redemptions at maturity.

Interest-bearing debts (sum of loans payable and bonds payable) declined by about 600 million yen from the end of the previous fiscal year to 85,867 million yen. Net debt (amount obtained by subtracting cash and deposits from interest-bearing debts) fell by about 0.4 billion yen from the end of the previous fiscal year to 28,346 million yen.

*Net Assets

Retained earnings as of the end of the first nine months of the fiscal year under review declined by about 6.4 billion yen from the end of the previous fiscal year to 18,294 million yen, due mainly to the recording of a net loss for the first nine months of the fiscal year under review. Total shareholders’ equity decreased by about 6.4 billion yen from the end of the previous fiscal year to 73,633 million yen.

Total net assets increased by about 6.4 billion yen from the end of the previous fiscal year to 73,611 million yen, due largely to a rise in minority interests of about 6.6 billion yen as a result of the conversion of Shinwa into a consolidated subsidiary and foreign currency translation adjustments related to investments in overseas affiliates increasing by about 6 billion yen, as the yen weakened against other major currencies including the US dollar and Euro compared to the exchange rates at the end of the previous fiscal year, while shareholders’ equity declined from the end of the previous fiscal year. Shareholders’ equity ratio decreased by 1.0 percentage points from the end of the previous fiscal year to 25.6% due to the increase in total assets.

(Cash Flow Analysis)

*Cash flow from operating activities

Net cash from operating activities for the first nine months of the fiscal year under review was 7,151 million yen, a decrease of about 2.1 billion yen from a year earlier. This was mainly due to the recording of a loss before income taxes for the first nine months of the fiscal year under review, despite an increase in inflows in line with a decrease in inventories.

*Cash flow from investing activities

Net cash used in investing activities for the first nine months of the fiscal year under review was 6,127 million yen, a decline of about 5.2 billion yen from a year earlier. This was mainly due to a decrease in outflows for the acquisition of investment securities.

*Cash flow from financing activities

Net cash used in financing activities for the first nine months of the fiscal year under review was 5,003 million yen, a decline of about 3.2 billion yen from a year earlier. This was mainly due to an increase in inflows with a net increase in short-term loans payable.

Cash and cash equivalents at the end of the third quarter of the fiscal year under review increased by about 0.1 billion yen from the end of the previous fiscal year to 56,941 million yen.

(3) Qualitative Information Concerning the Consolidated Earnings Forecast

During the first nine months of the fiscal year under review, net sales were in line with the consolidated earnings forecast for the fiscal year ending March 2014, which was announced on November 6, 2013. Meanwhile, operating income exceeded the estimate due to the effects of “overall cost reforms”, “sales reforms”, and “urgent countermeasure”, which were part of restructuring measures JVCKENWOOD has been taking since the beginning of the third quarter of the fiscal year under review.

During the fourth quarter of the fiscal year under review, JVCKENWOOD is expecting to achieve the largest quarterly net sales and operating income of the current fiscal year, considering that the Car Electronics Segment and Professional Systems Segment will have the biggest sales opportunities of the year and that various restructuring measures it has been implementing since the beginning of the current third quarter promise to continue yielding results. As we stated in the “Notice of Solicitation for Voluntary Early Retirement and Restructuring of Overseas Operation Bases” and “Notice on Transfer of Subsidiary Shares,” released separately on Jan 31, 2014, we are expecting to record an extraordinary income or loss, which we did not factor into our earnings forecast before. As stated in the “Notice on Revision of Extraordinary Loss and Extraordinary Income and Revision of Earnings Forecast for the Fiscal Year Ending March 2014;” therefore, we are revising our net income forecast in the consolidated earnings forecast for the fiscal year ending March 2014 that was announced on November 6, 2013.

*Structural Reforms in the next fiscal year and beyond

JVCKENWOOD will implement the following reform measures in the next fiscal year.

1) Structural reforms (Total of global fixed costs – reduction of about 6.5 billion yen)

<Reforms to domestic employment structure>

Soliciting about 400 applicants for voluntary early retirement targeting senior officers aged 45 and above.

- Retirement date: March 31, 2014
- Number of applicants : About 400
- Application period: From February 6 to March 3, 2014 (planned)
- Eligibility: Senior officers aged 45 and above as of the retirement date
- Applicable division: The Company and some of its domestic affiliates

・Preferential treatment: 1) Additional retirement allowance, 2) Reemployment support

Effects expected in the next fiscal year: Fixed cost reduction effects of about 4.5 billion yen (estimate)

<Restructuring of overseas sales bases>

Restructuring the operational structure of the Group’s sales companies mainly in Europe and the U.S., and implementing organizational integration and personnel reassignment

・Americas: Integrating two sales companies in the U.S. and three sales companies in Canada
・Europe: Facilitating integration of sales companies in the U.K. and France, and reducing the total fixed costs of other sales companies.
・Asia: Integrating two sales companies in Thailand and establishing a sales company in Indonesia with an eye to expanding business with centering on the Car Electronics business.
・China: Responding to the spread of urbanization in rural areas and upsurge in social infrastructure investment, and developing a sales structure that includes security and radio systems to expand B-to-B transactions.

<Restructuring of overseas production bases>

Restructuring production plants to consolidate the seven main overseas production bases into six to raise operating rates, and to enhance the capacity utilization.

・Communications Equipment: Discontinuing operation of EMS Indonesia Plant to transfer and consolidate production to Malaysia Plant (completed)
・Car Electronics: Transferring production from Malaysia Plant to Indonesia Plant (now underway)
・Professional & Healthcare: Transferring production from Malaysia Plant to Thai Plant (now underway)

Effects expected in the next fiscal year: Fixed costs reduction effects will be about 2.0 billion yen (estimate), in line with restructuring in production and sales bases.

2) Concentration and Selection Toward Expansion and Progress in the Communications Equipment Business

With an eye to expanding and achieving progress in the communications equipment business, a profit center, we will take the following measures: i) convert a specialized company in P25—a digital radio system standard for North America—into a subsidiary, 2) enter into a business alliance agreement with a company of the Airbus Group in France concerning joint development of professional wireless broadband communication systems, and 3) sell a Japanese sales agent company engaged in the mobile phone business.

I. Executing acquisition of EF Johnson Technologies Inc. (EFJT) (conversion into a wholly-owned subsidiary)

・Executing acquisition of EFJT (converting into a wholly-owned subsidiary), a company engaging in the development and marketing of professional communications systems compatible with P25 digital radio standards in North America, with an eye to accelerating the expansion of the public safety professional digital radio system business in North America within the Company’s core profit base of the Communications Equipment business.

II. Entering into a business alliance agreement with AIRBUS DEFENCE & SPACE, a division of AIRBUS Group in France

・Entering into a business alliance agreement concerning joint development of public safety professional broadband communication systems in North American and European markets (disclosed on January 16, 2014)

・Allowing provision of innovative solutions that will meet future needs of customers over a long period.

III. Selling Kenwood Geobit Corporation

・Transferring all shares of Kenwood Geobit Corporation (Kenwood Geobit), a wholly-owned consolidated subsidiary of JVCKENWOOD engaged mainly in the mobile phone sales agency business, to accelerate concentration on core business areas.

3) M&A, Strategic Alliances, and Investments in Venture Companies

JVCKENWOOD has proceeded the following strategic measures to transform the Group's business and accelerate innovation. While our growth has been propelled by such strategic measures, we strive to accelerate the strengthening of our profit base in the next fiscal year and thereafter.

*Names in parentheses indicate relevant segments.

・August 2012	Converting AltaSens, Inc. in the U.S. into a subsidiary (Optical & Audio*1)
・October 2012	Entering into a strategic alliance with Syndiant, Inc. in the U.S. (Car Electronics*2, Optical & Audio)
・June 2013	Converting Shinwa in China into a subsidiary (Car Electronics)
・July 2013	Succeeding the information equipment business of TOTOKU (Professional Systems*3)
・July 2013	Establishing CarTomo jointly with ZMP Inc. ("ZMP")(Car Electronics)
・December 2013	Investing in ZMP (Car Electronics)
・January 2014	Investing in WiL FUND I, L.P., a venture company (the entire Company)
・March 2014 (planned)	Converting EFJT in the U.S. into a subsidiary (Professional Systems)
・March 2014 (planned)	Selling off Kenwood Geobit (Professional Systems)

*1 Optical & Audio: Optical & Audio Segment

*2 Car Electronics: Car Electronics Segment

*3 Professional Systems: Professional Systems Segment

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(JPY in Million)

	Previous Fiscal Year (as of Mar. 31, 2013)	End of current consolidated third quarter (as of Dec. 31, 2013)
Assets		
Current assets		
Cash and cash equivalents	57,760	57,520
Trade notes and accounts receivable	52,749	55,215
Merchandise and finished goods	29,904	27,767
Work in process	2,547	4,361
Raw materials and supplies	6,777	9,263
Deferred tax assets	5,319	5,348
Other current assets	9,391	9,972
Allowance for doubtful accounts	(1,327)	(1,469)
Total current assets	163,123	167,981
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	12,924	14,229
Machinery and equipment, net	4,057	7,237
Tools, furniture and fixtures, net	4,634	4,339
Land	28,314	28,673
Construction in progress	1,153	1,554
Total tangible fixed assets	51,083	56,034
Intangible fixed assets		
Goodwill	4,431	4,231
Software	7,199	7,070
Other intangible fixed assets	3,393	4,766
Total intangible fixed assets	15,024	16,069
Investments and other assets		
Investment securities	7,842	4,239
Prepaid pension cost	4,551	6,415
Other investments	5,976	5,572
Allowance for doubtful receivables	(1,162)	(1,166)
Total investments and other assets	17,207	15,060
Total fixed assets	83,316	87,164
Deferred assets		
Issuance cost of subscription rights to shares	174	80
Total deferred assets	174	80
Total assets	246,614	255,226

(JPY in Million)

	Previous Fiscal Year (as of Mar. 31, 2013)	End of current consolidated third quarter (as of Dec. 31, 2013)
Liabilities		
Current liabilities		
Trade notes and accounts payable	32,104	31,580
Short term loans payable	11,472	17,936
Current portion of bonds payable	5,946	-
Current portion of long-term loans payable	50,305	9,884
Other accounts payable	10,207	8,826
Accrued expenses	18,568	17,427
Income taxes payable	1,487	1,593
Provision for product warranties	1,773	1,714
Provision for sales returns	1,663	1,345
Other current liabilities	6,100	7,613
Total current liabilities	139,630	97,922
Long term liabilities		
Bonds payable	5,677	5,778
Long-term loans payable	13,064	52,267
Deferred tax liabilities for land revaluation	1,772	1,772
Deferred tax liabilities	6,201	6,773
Provision for retirement benefits	10,687	14,003
Other long term liabilities	2,338	3,096
Total long term liabilities	39,743	83,692
Total liabilities	179,374	181,614
Net assets		
Shareholders' equity		
Paid-in capital	10,000	10,000
Capital surplus	45,875	45,875
Retained earnings	24,686	18,294
Treasury stock	(536)	(537)
Total shareholders' equity	80,025	73,633
Other comprehensive income		
Unrealized gain and loss on available-for-sale securities	250	370
Land revaluation surplus	3,209	3,209
Foreign currency translation adjustment	(17,870)	(11,835)
Total other comprehensive income	(14,410)	(8,255)
Subscription rights to shares	806	806
Minority interests	818	7,427
Total net assets	67,240	73,611
Total liabilities and net assets	246,614	255,226

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

(JPY in Million)

	Accumulated period for previous consolidated third quarter (Apr.1, 2012 – Dec.31, 2012)	Accumulated period for current consolidated third quarter (Apr.1, 2013 – Dec.31, 2013)
Net sales	224,452	230,296
Cost of sales	158,976	171,737
Gross profit	65,476	58,559
Selling, general and administrative expenses	60,692	60,233
Operating income(loss)	4,783	(1,674)
Non-operating income		
Interest income	161	158
Dividends income	85	82
Equity in earnings of affiliates	138	32
Other non-operating income	793	740
Total non-operating income	1,178	1,014
Non-operating expense		
Interest expense	2,012	1,634
Sales discounts	265	-
Foreign exchange loss	1,651	358
Loans commission	123	759
Other non-operating expenses	1,060	1,118
Total non-operating expense	5,113	3,870
Ordinary income(loss)	848	(4,530)
Extraordinary profit		
Gain on sales of fixed assets	198	88
Gain on sales of investment securities	99	55
Insurance income for disaster	178	-
Settlement received	-	541
Gain on bargain purchase	-	640
Other extraordinary profit	11	-
Total extraordinary profit	488	1,326
Extraordinary loss		
Loss on disposal of fixed assets	100	58
Loss on sales of fixed assets	82	123
Loss on valuation of investment securities	151	-
Business structural reform expenses	328	236
Employment structural reform expenses	456	345
Loss on disaster	156	-
Other extraordinary loss	32	66
Total extraordinary loss	1,308	831
Income(loss) before income taxes	27	(4,036)
Corporate tax, corporate inhabitant tax and corporate enterprise tax	1,576	1,044
Corporate tax and other adjustment	(146)	45
Income taxes	1,429	1,090
Income(loss) before minority interests	(1,401)	(5,126)
Minority interests in net income	45	572
Net income(loss)	(1,447)	(5,698)

(Statements of Comprehensive Income)

(JPY in Million)

	Accumulated period for previous consolidated third quarter (Apr.1, 2012 - Dec.31, 2012)	Accumulated period for current consolidated third quarter (Apr.1, 2013 – Dec.31, 2013)
Income(loss) before minority interests	(1,401)	(5,126)
Other comprehensive income		
Unrealized gain and loss on available-for-sale securities	(174)	176
Foreign currency translation adjustment	3,562	6,933
Share of other comprehensive income of affiliates accounted for using the equity method	215	(579)
Total other comprehensive income	3,603	6,530
Comprehensive income	2,202	1,403
Breakdown		
Comprehensive income attributable to owners of the company	2,149	456
Comprehensive income attributable to minority interests	52	947

(3) Quarterly Consolidated Statement of Cash Flows

(JPY in Million)

	Accumulated period for previous consolidated third quarter (Apr.1, 2012 – Dec.31, 2012)	Accumulated period for current consolidated third quarter (Apr.1, 2013 – Dec.31, 2013)
Cash flows from operating activities:		
Income(loss) before income taxes	27	(4,036)
Depreciation	7,483	8,383
Amortization of goodwill	236	245
Increase (decrease) in provision for retirement benefits	3,211	2,640
Increase (decrease) in allowance for doubtful accounts	(234)	(63)
Interest and dividends income	(246)	(241)
Interest expense	2,012	1,634
Loss (gain) on sales of investment securities	(72)	(55)
Equity in (earnings) losses of affiliates	(138)	(32)
Loss on disposal of fixed assets	100	58
(Gain) loss on sales of fixed assets	(115)	34
(Increase) decrease in trade notes and accounts receivable	9,014	9,321
(Increase) decrease in inventories	(1,536)	4,407
Increase (decrease) in accounts payable	(4,109)	(7,094)
Increase (decrease) in accrued expenses	(6,203)	(3,633)
Other	2,156	(2,330)
Sub-total	11,584	9,240
Interest and dividends received	518	241
Interest paid	(1,732)	(1,450)
Income taxes paid	(1,122)	(879)
Net cash provided by operating activities	9,247	7,151
Cash flows from investing activities:		
Capital investment (real estates, plants and equipments)	(4,455)	(4,024)
Proceeds from sales of properties, plants and equipments	1,261	503
Purchase of intangible fixed assets	(3,754)	(3,380)
Purchase of investment securities	(3,544)	(114)
Proceeds from sales of investment securities	274	90
Proceeds from (payments for) purchase of investments in subsidiaries resulting in change in scope of consolidation	(415)	1,424
Payments for absorption-type company split resulting in change in scope of consolidation	-	(563)
Other	(676)	(63)
Net cash provided by (used in) investing activities	(11,310)	(6,127)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable, net	(56)	4,808
Proceeds from long-term loans payable	2,300	47,562
Repayment of long-term loans payable	(3,472)	(49,079)
Redemption of bonds	(6,000)	(6,000)
Cash dividends paid	(693)	(693)
Other	(285)	(1,601)
Net cash provided by (used in) financing activities	(8,208)	(5,003)

(JPY in Million)

	Accumulated period for previous consolidated third quarter (Apr.1, 2012 – Dec.31, 2012)	Accumulated period for current consolidated third quarter (Apr.1, 2013 – Dec.31, 2013)
Effect of exchange rate fluctuations on cash and cash equivalents	1,670	3,395
Net increase (decrease) in cash and cash equivalents	(8,600)	(584)
Cash and cash equivalents at beginning of period	65,478	57,526
Cash and cash equivalents at end of quarter	56,878	56,941