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JVCKENWOOD

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Accounting Report for the Third Quarter of Fiscal Year Ending March 2016 (April 1, 2015 – December 31, 2015)

Consolidated Financial Highlights for the Third Quarter of Fiscal Year Ending March 2016 (April 1, 2015 – December 31, 2015)

Operating Results

(Millions of yen, except net income per share)

	First Nine Months of FYE 3/2016 April 1, 2015 to December 31, 2015	First Nine Months of FYE 3/2015 April 1, 2014 to December 31, 2014
Net sales	214,540	206,943
Operating income (loss)	149	2,479
Ordinary income (loss)	(2,361)	124
Net income attributable to owners of parent	(5,658)	(652)
Net income (loss) per share	(40.79)yen	(4.70)yen

FYE: Fiscal year ended / ending

Net Sales and Operating Income by Customer industry sectors

(Millions of yen)

		First Nine Months of FYE 3/2016	First Nine Months of FYE 3/2015	Year-on-year comparison
Automotive Sector *Car Electronics	Net sales	102,687	87,926	+14,761
	Operating income (loss)	(967)	630	(1,597)
Public Service Sector *Professional Systems	Net sales	58,049	60,112	(2,063)
	Operating income (loss)	93	1,033	(940)
Media Service Sector *Optical & Audio, Entertainment Software	Net sales	49,444	54,346	(4,902)
	Operating income (loss)	652	816	(164)
Others	Net sales	4,371	4,565	(194)
	Operating income (loss)	370	(0)	+370
Inter-segment elimination	Net sales	(13)	(7)	(6)
Total	Net sales	214,540	206,943	+7,597
	Operating income (loss)	149	2,479	(2,330)
	Ordinary income (loss)	(2,361)	124	(2,485)
	Net income attributable to owners of parent	(5,658)	(652)	(5,006)

*former business segment

Major Products in Each Sector

Automotive Sector	Car Audio, Car AV Systems, Car Navigation Systems, CD and DVD Mechanism for Car-mounted Equipment, Home Audio, Optical Pickups for Car-mounted Equipment
Public Service Sector	Land Mobile Radio Equipment, Video Surveillance Equipment, Audio Equipment, Video Equipment, Professional Display Equipment, Medical Display Equipment
Media Service Sector	Camcorders, AV Accessories, Projectors, Displays, Imaging Devices, 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 3Q Financial Results

(1) Description of Operating Results

(Overview of the Third Quarter of the Fiscal Year under Review)

Looking at the global economic conditions during the first nine months of the fiscal year under review, the U.S. continued to enjoy firm economic growth, supported mainly by strong consumer spending. In Europe, the economy recovered at a moderate pace towards the second half of the period. The growth in the Chinese and other emerging economies continued to slow down. With these, combined with heightened geopolitical risks mainly in the Middle East, the overall economic conditions remained unstable. The Japanese economy remained on a moderate recovery path, with exports in the corporate sector continuing to improve on the back of a weaker yen and consumer spending showing an upturn.

Under these circumstances, net sales for the JVCKENWOOD Group for the first nine months of the fiscal year under review increased from a year earlier, due largely to the effects of acquiring businesses. Looking at profits and losses of the Group as a whole, operating income declined in all segments on a year-on-year basis. This is because the amount of unplanned advanced R&D investment increased in the Dealer-installed Option Business and Factory-installed Option Business in the Automotive Sector at the beginning of the period due in part to the winning of new orders that exceeded our plan, and there were effects of unfavorable exchange rate fluctuations, in particular in the first half of the period. During the third quarter of the fiscal year under review, domestic sales continued to be strong from the first half of the current fiscal year in the Consumer Business in the Automotive Sector and earnings of the communication systems subsidiary in the U.S. showed an improvement in the Public Services Sector. As a result, operating income returned to positive territory in both the third quarter and the first nine months of the fiscal year under review.

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
Profit-and-loss exchange rate	U.S. dollar Euro	About 121 yen About 134 yen	About 122 yen About 136 yen	About 121 yen About 133 yen
FY2014 (for reference)	U.S. dollar Euro	About 102 yen About 140 yen	About 104 yen About 138 yen	About 114 yen About 143 yen

＊Net Sales

Net sales for the first nine months of the fiscal year under review increased by about 7,600 million yen, or 3.7%, year-on-year to 214,540 million yen due to factors such as acquisition of businesses.

Sales in the Automotive Sector increased, due largely to the effects of conversion of ASK Industries S.p.A. (“ASK”) into a consolidated subsidiary effective April 1, 2015. While earnings in the communication systems subsidiary in the U.S. showed an improvement, sales in the Professional Wireless Business decreased. As a result, sales in the Public Services Sector declined from a year earlier. In the meantime, sales in the Media Service Sector decreased, due largely to the effects of transferring all of the shares of TEICHIKU ENTERTAINMENT, INC. (“TEICHIKU”) effective April 28, 2015.

＊Operating Income

Operating income for the first nine months of the fiscal year under review declined by about 2,300 million yen, or 94.0%, year-on-year to 149 million yen.

In the Automotive Sector during the third quarter of the fiscal year under review, domestic sales in the Consumer Business continued to be strong from the first half of the current fiscal year. In China, where the economy is slowing, earnings continued to be robust at Shinwa International Holdings Limited (“Shinwa”), a subsidiary of the Group, due largely to the government’s introduction of tax breaks for purchases of compact vehicles. In Europe, ASK enjoyed robust sales to European automobile manufacturers. Profits in the Public Services Sector were affected by a decrease in sales of professional wireless system terminals. Meanwhile, earnings of the communication systems subsidiary in the U.S. showed an improvement. As a result, operating income for the Group as a whole showed positive figures for both the third quarter and the first nine months of the fiscal year under review.

＊Ordinary Income

Ordinary income for the first nine months of the fiscal year under review declined by about 2,500 million yen year-on-year to an ordinary loss of 2,361 million yen, due mainly to the decline in operating income.

＊Net Income Attributable to Owners of Parent

Net income attributable to shareholders of the parent company for the first nine months of the fiscal year under review declined by about 5,000 million yen year-on-year to a net loss of 5,658 million yen. This was mainly due to the absence of income tax-deferred of about 3,500 million yen that was posted in the corresponding period of the previous fiscal year as profit arising from the booking of deferred tax assets in association with the integration with the U.S. subsidiary, in addition to the decrease in ordinary income.

In the meantime, extraordinary income/loss for the first nine months of the fiscal year under review improved from a year earlier, when a loss on sales of subsidiaries and affiliates was posted following the transfer of shares in a U.S. subsidiary, due largely to posting of a gain on liquidation of subsidiaries and affiliates.

(Net Sales and Profits and Losses by Business Segment)

In accordance with “Vision 2020,” a mid- to long-term business plan released on May 18, 2015, JVCKENWOOD is taking a step forward and going from being a traditional manufacturing and sales company to being a company that creates customer value by providing solutions to their problems. To this end, JVCKENWOOD reorganized the four business segments of Car Electronics, Professional Systems, Optical & Audio and Entertainment Software into three sectors based on customers’ industries — Automotive Sector, Public Services Sector and Media Services Sector.

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 nine months of the fiscal year under review (from April 1, 2015, to December 31, 2015) (Millions of yen)

Business Segment		First nine months of FYE3’/16	First nine months of FYE3/’15	Year-on-year comparison	(For reference) 3Q of FYE3/’16
Automotive Sector (Former Car Electronics Segment)	Net sales	102,687	87,926	+14,761	36,337
	Operating income	(967)	630	(1,597)	(220)
Public Services Sector (Former Professional Systems Segment)	Net sales	58,049	60,112	(2,063)	20,112
	Operating income	93	1,033	(940)	710
Media Services Sector (Former Optical & Audio Segment, Entertainment Software Segment)	Net sales	49,444	54,346	(4,902)	17,252
	Operating income	652	816	(164)	523
Others	Net sales	4,371	4,565	(194)	1,457
	Operating income	370	(0)	+370	115
Inter-segment elimination	Net sales	(13)	(7)	(6)	(3)
Total	Net sales	214,540	206,943	+7,597	75,156
	Operating income	149	2,479	(2,330)	1,129
	Ordinary income	(2,361)	124	(2,485)	731
	Net income attributable to owners of parent	(5,658)	(652)	(5,006)	(883)

＊Automotive Sector

Net sales in the Automotive Sector for the first nine months of the fiscal year under review increased by about 14,800 million yen, or 16.8%, year-on-year to 102,687 million yen, while operating income decreased by about 1,600 million yen year-on-year to an operating loss of 967 million yen.

(Net Sales)

In the Consumer Business, sales of Saisoku-Navi, an SSD-type AV car navigation system, were strong in the domestic market. But sales in overseas markets were negatively affected by an economic downturn in the Middle East and weak market conditions in Europe, although sales were firm for display audio systems in the U.S. As a result, net sales in the Consumer Business declined from the corresponding period of the previous fiscal year.

In the Dealer-installed Option Business, net sales increased significantly, due largely to the start of shipment of dealer-installed option products for new customers.

In the Factory-installed Option Business, net sales surged, with the addition of sales of ASK, which became a consolidated subsidiary effective April 1, 2015.

(Operating Income)

In the Consumer Business, operating income for the first nine months of the fiscal year under review declined from a year ago due to a decrease in net sales. In the meantime, operating income for the third quarter of the fiscal year under review increased from the corresponding period of the previous fiscal year, due largely to the strong domestic market conditions.

In the Dealer-installed Option Business, operating income decreased from a year earlier, mainly because of the increase in the amount of unplanned advanced R&D investment as a result of winning of new orders that exceeded our plan.

In the Factory-installed Option Business, operating income declined from a year earlier, due largely to increases in R&D investment in next-generation businesses and resulting from winning of new orders, despite the profit increase resulting from the consolidation of sales of ASK.

＊Public Services Sector

Net sales in the Public Services Sector for the first nine months of the fiscal year under review declined by about 2,100 million yen, or 3.4%, year-on-year to 58,049 million yen, and operating income declined by about 900 million yen, or 90.9%, year-on-year to 93 million yen. In the meantime, operating income in the Public Services Sector for the third quarter of the fiscal year under review was on the same level as in the corresponding period of the previous fiscal year. This was due largely to the improvement in earnings of the communication systems subsidiary in the U.S. and turnaround of the Professional Systems Business to profitability.

(Net Sales)

Net sales in the Communications System Business (formerly Communications Business) decreased from a year earlier, reflecting the decrease in sales of railroad wireless systems terminals in the U.S., due largely to the drop in oil prices.

Net sales in the Professional Systems Business declined from a year earlier, due largely to the effects of narrowing our product line in overseas markets. Net sales in the Healthcare Business decreased from the corresponding period of the previous fiscal year, due mainly to sales decreases in overseas markets.

(Operating Income)

In the Communication Systems Business, operating income decreased from a year earlier due to the aforementioned factors for the sales decrease. In the meantime, EF Johnson Technologies, Inc. (“EFJT”), the Group’s communication systems subsidiary in the U.S., has been stepping up its sales activities and kept its year-on-year increase in both sales and profit for the third quarter of the fiscal year under review.

In the Professional Systems Business, operating income increased, due largely to a change in product mix. In the Healthcare Business, operating income declined due to the effects of decreased sales.

＊Media Services Sector

For the first nine months of the fiscal year under review, net sales in the Media Services Sector declined by about 4,900 million yen, or 9.0%, year-on-year to 49,444 million yen, while operating income decreased by about 200 million yen, or 20.1%, year-on-year to 652 million yen.

(Net Sales)

In the Media Business, net sales declined, due largely to a decrease in sales of projectors, although sales of AV accessories were on the same level as in the corresponding period of the previous fiscal year.

In the Entertainment Business, net sales decreased, due primarily to the effects of transferring all of the shares of TEICHIKU.

(Operating Income)

In the Media Business, operating income decreased due to the effects of the drop in sales.

In the Entertainment Business, operating income declined due to the effects of the transferring all of the shares of TEICHIKU.

(2) Description of Financial Position

(Analysis of Assets, Liabilities, Net Assets, etc.)

＊Assets

Total assets decreased by about 7,200 million yen from the end of the previous fiscal year to 271,513 million yen. This was largely because of decreases in notes and accounts receivable-trade due to seasonal factors and in cash and deposits as a result of redemption of unsecured bonds at maturity, acquisition of shares of ASK and additional acquisition of shares of Shinwa. Total assets decreased despite increases in inventory such as merchandise and finished goods and property, plant and equipment as a result of converting ASK into a consolidated subsidiary effective April 1, 2015.

＊Liabilities

Total liabilities increased by approximately 3,200 million yen from the end of the previous fiscal year to 202,654 million yen. This was largely due to increases in notes and accounts payable-trade and bank borrowings as a result of converting ASK into a consolidated subsidiary, despite redemption of unsecured bonds at maturity and a decrease in accrued expenses.

Interest-bearing debts (sum of loans payable and bonds payable) declined by about 1,100 million yen from the end of the previous fiscal year to 72,515 million yen. Net debts (amount obtained by subtracting cash and deposits from interest-bearing debts) increased by approximately 15,300 million yen from the end of the previous fiscal year to 33,891 million yen as a result of a decrease in cash and deposits.

＊Net Assets

During the first nine months of the fiscal year under review, retained earnings declined by approximately 6,400 million yen from the end of the previous fiscal year to 15,829 million yen, due mainly to the recording of a net loss attributable to shareholders of the parent company. Total shareholders’ equity decreased by approximately 6,200 million yen from the end of the previous fiscal year to 71,065 million yen.

Total net assets decreased by about 10,400 million yen from the end of the previous fiscal year to 68,858 million yen. This was mainly due to the decline in shareholders’ equity, a decrease in non-controlling interest resulting from the additional acquisition of shares of Shinwa and an increase in debit balance of foreign currency translation adjustments as a result of appreciation of the yen against Asian currencies compared with the end of the previous fiscal year. The capital adequacy ratio dropped by 2.6 percentage points from the end of the previous fiscal year to 23.2%, due largely to the decrease in net assets.

(Cash Flow Analysis)

＊Cash flow from operating activities

Net cash provided by operating activities for the first nine months of the fiscal year under review increased by about 1,400 million yen from the corresponding period of the previous fiscal year to 6,186 million yen. This was mainly attributable to a decrease in notes and accounts receivable-trade and a significant decline in payments of employment structural reform expenses included in increase or decrease in accounts payable-other, despite the posting of a loss before income taxes.

＊Cash flow from investing activities

Net cash used in investing activities for the first nine months of the fiscal year under review increased by approximately 4,600 million yen from the corresponding period of the previous fiscal year to 11,372 million yen. This mainly reflects cash used for the acquisition of shares of a subsidiary accompanied by a change in the scope of consolidation, in association with conversion of ASK into a consolidated subsidiary, and an increase in cash spent on the acquisition of property, plant and equipment and intangible assets.

＊Cash flow from financing activities

Net cash used in financing activities for the first nine months of the fiscal year under review increased by about 2,000 million yen from the corresponding period of the previous fiscal year to 10,728 million yen. This was mainly attributable to an outflow of cash used for redeeming bonds and for additionally acquiring shares of Shinwa, although there was a cash inflow from proceeds from long-term loans payable.

Cash and cash equivalents at the end of the third quarter of the fiscal year under review decreased by about 9,800 million yen from the end of the previous fiscal year to 37,793 million yen.

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

JVCKENWOOD revised the consolidated earnings forecast for the fiscal year ending March 31, 2016 on October 30, 2015, based on the operating results for the first six months of the fiscal year and projected earnings for the third quarter and thereafter of the fiscal year under review.

During the third quarter of the fiscal year under review, meanwhile, profits and losses turned around to positive territory as we had expected. This is mainly because domestic sales maintained strong momentum from the first six months of the fiscal year in the Consumer Business in the Automotive Sector and the earnings of the communication systems subsidiary in the U.S. improved. There were, however, effects from a decrease in sales of professional wireless systems terminals in the Public Services Sector. In addition, we finished in the black also for the first nine months of the fiscal year under review.

During the fourth quarter of the fiscal year under review, we expect to see the effects of our efforts for maximizing sales by introducing new products in the Consumer Business in the Automotive Sector, promoting restructuring measures in the Communication Systems Business in the Public Services Sector, and having a steady earnings recovery at our communication systems subsidiary in the U.S. Considering the above factors, we have decided to leave the consolidated earnings forecast for the fiscal year ending March 31, 2016 unchanged.

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 third quarter (as of Dec. 31, 2015)
Assets		
Current assets		
Cash and cash equivalents	55,077	38,624
Trade notes and accounts receivable	57,944	53,649
Merchandise and finished goods	25,836	28,407
Work in process	2,935	5,273
Raw materials and supplies	8,381	10,762
Deferred tax assets	4,103	3,969
Other current assets	8,374	9,878
Allowance for doubtful accounts	(1,612)	(1,688)
Total current assets	161,039	148,877
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	13,009	12,851
Machinery and equipment, net	6,870	7,460
Tools, furniture and fixtures, net	5,451	5,585
Land	27,703	27,641
Construction in progress	400	2,080
Total property, plant and equipment, net	53,435	55,618
Intangible fixed assets		
Goodwill	7,998	8,534
Software	9,818	11,335
Other intangible fixed assets	5,282	5,170
Total intangible fixed assets	23,099	25,040
Investments and other assets		
Investment securities	5,058	5,454
Net defined benefit asset	29,729	30,029
Other investments	7,218	7,335
Allowance for doubtful accounts	(911)	(842)
Total investments and other assets	41,095	41,977
Total fixed assets	117,630	122,635
Total assets	278,669	271,513

(JPY in Million)

	Previous Fiscal Year (as of Mar. 31, 2015)	End of current consolidated third quarter (as of Dec. 31, 2015)
Liabilities		
Current liabilities		
Trade notes and accounts payable	30,033	36,756
Short-term loans payable	16,827	13,499
Current portion of bonds payable	5,946	—
Current portion of long-term loans payable	43,009	11,055
Other accounts payable	10,584	9,143
Accrued expenses	19,196	16,606
Income taxes payable	1,931	2,923
Warranty reserves	1,505	1,488
Sales return reserves	1,418	670
Other current liabilities	8,906	8,994
Total current liabilities	139,358	101,139
Long-term liabilities		
Long-term loans payable	7,835	47,961
Deferred tax liabilities for land revaluation	1,606	1,606
Deferred tax liabilities	14,548	14,095
Net defined benefit liability	33,357	34,545
Other long-term liabilities	2,742	3,306
Total long-term liabilities	60,090	101,514
Total liabilities	199,448	202,654
Equity		
Shareholders' equity		
Common stock	10,000	10,000
Capital surplus	45,574	45,272
Retained earnings	22,181	15,829
Treasury stock	(538)	(36)
Total shareholders' equity	77,217	71,065
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	569	538
Deferred loss on derivatives under hedge accounting	—	86
Land revaluation surplus	3,375	3,375
Foreign currency translation adjustments	(6,383)	(9,878)
Remeasurements of defined benefit plans	(3,000)	(2,251)
Total accumulated other comprehensive income	(5,437)	(8,128)
Non-controlling interests	7,441	5,921
Total equity	79,221	68,858
Total liabilities and equity	278,669	271,513

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

(JPY in Million)

	Accumulated period for previous consolidated third quarter (Apr.1, 2014 - Dec. 31, 2014)	Accumulated period for current consolidated third quarter (Apr.1, 2015 - Dec. 31, 2015)
Net sales	206,943	214,540
Cost of sales	146,324	155,765
Gross profit	60,619	58,774
Selling, general and administrative expenses	58,140	58,625
Operating income	2,479	149
Non-operating income		
Interest income	122	152
Dividend income	220	139
Other non-operating income	691	589
Total non-operating income	1,034	880
Non-operating expense		
Interest expense	1,449	1,298
Foreign exchange loss	726	556
Borrowing costs	135	725
Other non-operating expenses	1,077	809
Total non-operating expense	3,389	3,391
Ordinary income(loss)	124	(2,361)
Extraordinary profit		
Gain on sales of property, plant and equipment	115	128
Gain on sales of investment securities	21	—
Gain on sales of shares in subsidiaries and associated companies	—	407
Gain on liquidation of subsidiaries and associates	195	1,150
Gain on reversal of stock acquisition rights	806	—
Other extraordinary profit	73	—
Total extraordinary profit	1,213	1,686
Extraordinary loss		
Loss on sales of property, plant and equipment	11	25
Loss on disposal of property, plant and equipment	20	20
Loss on impairment of long-lived assets	—	1,111
Loss on sales of shares in subsidiaries and associated companies	1,105	—
Business structural improvement expenses	156	145
Employment structural improvement expenses	475	537
Other extraordinary loss	37	78
Total extraordinary loss	1,806	1,920
Loss before income taxes and minority interests	(468)	(2,595)
Income taxes - current	2,943	2,529
Income taxes - deferred	(3,527)	32
Total income taxes	(584)	2,562
Net income(loss)	116	(5,158)
Net income attributable to non-controlling interests	768	499
Net loss attributable to owners of parent	(652)	(5,658)

(Consolidated Statements of Comprehensive Income)

(JPY in Million)

	Accumulated period for previous consolidated third quarter (Apr.1, 2014 - Dec. 31, 2014)	Accumulated period for current consolidated third quarter (Apr.1, 2015 - Dec. 31, 2015)
Net income(loss)	116	(5,158)
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	390	(39)
Deferred loss on derivatives under hedge accounting	―	86
Foreign currency translation adjustments	10,010	(3,548)
Remeasurements of defined benefit plans	1,520	750
Total other comprehensive income	11,921	(2,751)
Comprehensive income	12,037	(7,909)
Total comprehensive income attributable to:		
Owners of the parent	10,233	(8,348)
Non-controlling interests	1,804	439

(3) Quarterly Consolidated Statement of Cash Flows

(JPY in Million)

	Accumulated period for previous consolidated third quarter (Apr.1, 2014 - Dec. 31, 2014)	Accumulated period for current consolidated third quarter (Apr.1, 2015 - Dec. 31, 2015)
Cash flows from operating activities		
Loss before income taxes and minority interests	(468)	(2,595)
Depreciation	7,778	8,747
Amortization of goodwill	397	454
Loss on impairment of long-lived assets	―	1,111
Increase in net defined benefit liability	3,714	2,594
Increase in net defined benefit asset	(1,747)	(2,637)
Decrease in allowance for doubtful accounts	(109)	(18)
Interest and dividend income	(342)	(291)
Interest expense	1,449	1,298
Gain on sales of investment securities	(21)	―
Loss (gain) on sales of shares in subsidiaries and associated companies	1,105	(407)
Gain on liquidation of subsidiaries and associates	(195)	(1,150)
Gain on reversal of stock acquisition rights	(806)	―
Loss on disposal of property, plant and equipment	20	20
Gain on sales of property, plant and equipment	(104)	(102)
Decrease in trade notes and accounts receivable	7,088	8,349
Increase in inventories	(5,920)	(4,026)
Increase in trade notes and accounts payable	1,166	2,586
Decrease in other accounts payable	(4,854)	(690)
Decrease in accrued expenses	(1,360)	(2,148)
Other, net	529	(1,909)
Sub-total	7,319	9,184
Interest and dividend received	342	291
Interest paid	(1,283)	(1,280)
Income taxes paid	(1,549)	(2,009)
Net cash provided by operating activities	4,828	6,186
Cash flows from investing activities		
Purchases of property, plant and equipment	(3,517)	(4,817)
Proceeds from sales of property, plant and equipment	576	718
Purchase of intangible fixed assets	(3,085)	(5,161)
Purchase of investment securities	(960)	(545)
Proceeds from sales of investment securities	22	―
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
Other, net	(404)	(543)
Net cash used in investing activities	(6,800)	(11,372)
Cash flows from financing activities		
Decrease in short-term loans payable, net	(1,979)	(6,031)
Proceeds from long-term loans payable	2,500	51,889
Repayment of long-term loans payable	(8,813)	(45,986)
Redemption of bonds	―	(6,000)

(JPY in Million)

	Accumulated period for previous consolidated third quarter (Apr.1, 2014 - Dec. 31, 2014)	Accumulated period for current consolidated third quarter (Apr.1, 2015 - Dec. 31, 2015)
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	(388)	(2,383)
Net cash used in financing activities	(8,681)	(10,728)
Effect of exchange rate changes on cash and cash equivalents	3,470	(744)
Net decrease in cash and cash equivalents	(7,183)	(16,659)
Cash and cash equivalents at beginning of year	54,737	54,452
Cash and cash equivalents at end of quarter	47,554	37,793