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**(Delayed) Accounting Report for the First Half of Fiscal Year Ending March 2014  
 (April 1, 2013 – September 30, 2013)**

**Consolidated Financial Highlights for the First Half of Fiscal Year Ending March 2014  
 (April 1, 2013 – September 30, 2013)**

**Operating Results** (Millions of yen, except net income per share)

	First Half of FYE 3/2014 April 1, 2013 to September 30, 2013	First Half of FYE 3/2013 April 1, 2012 to September 30, 2012
Net sales	148,413	149,266
Operating income (loss)	(2,168)	4,366
Ordinary income (loss)	(4,194)	2,966
Net income (loss)	(5,113)	1,237
Net income (loss) per share	(36.88) yen	8.92 yen

FYE: Fiscal year ended / ending

**Sales by Segments** (Millions of yen)

	First Half of FYE 3/2014 April 1, 2013 to September 30, 2013		First Half of FYE 3/2013 April 1, 2012 to September 30, 2012	
Car Electronics	53,677	36%	48,436	32%
Professional Systems	43,983	30%	42,559	29%
Optical & Audio	36,513	25%	41,118	28%
Entertainment Software	17,035	11%	20,103	13%
Others	3,025	2%	2,942	2%
Intersegment Sales or Transfer	(5,823)	-4%	(5,894)	-4%
Total	148,413	100%	149,266	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 2Q Operating Results, etc.

### (1) Qualitative Information Concerning Operating Results

#### (Overview of the first six months of the fiscal year under review)

An overview of the global economy during the first six months of the fiscal year under review reveals that the US economy showed signs of a moderate recovery as a result mainly of fiscal and monetary policies implemented actively by the government, while economic stagnation in Europe was protracted and growth of emerging economies led by China slowed, failing to indicate a full-scale rebound was underway. In Japan, the economy followed a recovery track and business confidence improved, reflecting an improved export environment and a pickup in consumer spending, due to the effects of various stimulus policies implemented by the government. However, the outlook for the global economy on the whole remained clouded by uncertainties.

Under these circumstances, net sales of the JVCKENWOOD Group for the first six months of the fiscal year under review leveled off from a year earlier. 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 below the level of the corresponding period of the previous year.

As a result of organizational changes implemented effective June 25, 2013, business segments of the JVCKENWOOD Group have undergone change.

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

		1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter
Profit-and-loss exchange rate	US dollar	About 99 yen	About 99 yen
	Euro	About 129 yen	About 131 yen
FY2012 (for reference)	US dollar	About 80 yen	About 79 yen
	Euro	About 103 yen	About 98 yen

#### \*Net Sales

Net sales for the first six months of the fiscal year under review were 148,413 million yen, a decrease of about 0.9 billion yen, or 0.6%, from a year earlier. This decrease reflects a decline in sales in the Optical & Audio Segment due to the impact of the economic slowdown in Europe and the realignment of some models, as well as a decrease in sales in the Entertainment software Segment, due largely to the postponement of major releases until the second half of the fiscal year under review, although sales increased in the Car Electronics Segment due to the impact of the conversion of Shinwa International Holdings Limited ("Shinwa") into a consolidated subsidiary during the first quarter of the fiscal year under review and an increase in sales in yen terms, as a result of favorable exchange rate fluctuations. Sales also grew in the Professional Systems Segment, which recovered from the impact of floods in Thailand that affected the segment in the previous fiscal year and the succession of the information equipment business of TOTOKU Electric Co., Ltd. ("TOTOKU Electric").

#### \*Operating Income

Operating income for the first six months of the fiscal year under review decreased by about 6.5 billion yen from a year earlier, recording an operating loss of 2,168 million yen. This decline reflects a significant loss recorded in the Car Electronics Segment and the Imaging Business in the Optical & Audio Segment in Japan, resulting from a more than 20% increase in costs in yen terms due to the weakening of the yen against the US dollar. In addition, sales in the CE Consumer Division and the Imaging Business were sluggish overseas, and major releases were postponed

until the second half of the fiscal year under review in the Entertainment software segment, pushing all business segments into losses.

### \*Ordinary Income

Ordinary income for the first six months of the fiscal year under review decreased by about 7.2 billion yen from a year earlier, recording an operating loss of 4,194 million yen. This decline reflects a decline in operating income, as well as a deterioration in non-operating income and expenses due to increased borrowing costs as the refinancing of loans was concentrated in September.

### \*Net Income

Net income for the first six months of the fiscal year under review declined about 6.4 billion yen from a year earlier to post a net loss of 5,113 million yen, reflecting the decrease in ordinary income, although the extraordinary loss (income) improved.

Income taxes for the first six months of the fiscal year under review declined about 0.4 billion yen from a year earlier.

### (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 half of the fiscal year ending March 2014 (from April 1, 2013 to September 30, 2013) (Millions of yen)

Business Segment		First Half of FYE3'/13	First Half of FYE3'/12	Year-on-year Comparison
Car Electronics	Net sales	53,677	48,436	+5,241
	Operating income (loss)	(1,565)	1,849	(3,414)
Professional Systems	Net sales	43,983	42,559	+1,424
	Operating income (loss)	159	686	(527)
Optical & Audio	Net sales	36,513	41,118	(4,605)
	Operating income (loss)	(713)	282	(995)
Entertainment software	Net sales	17,035	20,103	(3,068)
	Operating income (loss)	(6)	1,310	(1,316)
Others	Net sales	3,025	2,942	+83
	Operating income (loss)	(42)	237	(279)
Inter-segment eliminations	Net sales	(5,823)	(5,894)	+71
Total	Net sales	148,413	149,266	(853)
	Operating income (loss)	(2,168)	4,366	(6,534)
	Ordinary income (loss)	(4,194)	2,966	(7,160)
	Net income (loss)	(5,113)	1,237	(6,350)

### \*Car Electronics Segment

Net sales in the Car Electronics Segment for the first six months of the fiscal year review increased about 5.2 billion yen, or 10.8%, year-on-year to 53,677 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 overseas markets, sales were affected by shrinking car audio markets in Europe and the U.S., but remained almost at the same level as 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 impact of the conversion of Shinwa into a consolidated subsidiary.

Operating income in the entire Car Electronics Segment decreased about 3.4 billion yen from a year earlier to post an operating loss of 1,565 million yen, despite the increase in profit, as a result of the conversion of Shinwa into a consolidated subsidiary, due to the impact of sluggish overseas sales in the CE Consumer Division and increased costs in yen terms in the domestic business both in the CE Consumer Division and CE OEM Division resulting from a significant weakening of the yen against the US dollar.

#### **\*Professional Systems Segment**

In the Professional Systems Segment, net sales for the first six months of the fiscal year under review increased about 1.4 billion yen, or 3.3%, from a year earlier to 43,983 million yen. This increase reflects a recovery of sales in the Professional & Healthcare Division, which was affected by floods in Thailand in the same period of the previous fiscal year and a surge in sales of 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 U.S. 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 succession of the medical image display systems business from TOTOKU, as well as a recovery of sales centered on the domestic market.

Operating income in the entire Professional Systems Segment declined about 0.5 billion yen, or 76.8%, from the same period of the previous fiscal year to 159 million yen, due largely to a decrease in sales in the Communications Equipment Division, which derives a high proportion of its sales from North America.

#### **\*Optical & Audio Segment**

In the Optical & Audio Segment, during the first six months of the fiscal year under review, net sales declined about 4.6 billion yen, or 11.2%, from a year earlier to 36,513 million yen. This decrease reflects falling sales in the Imaging Division and Audio Division, although sales increased in the Video and Optical Device Division.

In the Audio Division, sales were robust in the AV Accessory segment, but declined in the home audio segment, due to the impact of a product realignment, resulting in a decrease in sales from a year earlier.

In the Imaging Division, sales declined 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, because sales increased in the projector segment due largely to strong shipments of high-definition 4K models, although sales of optical pickups for the car-mounted equipment segment declined.

Meanwhile, the camcorder segment in the Imaging Division has a high proportion of domestic sales, and sales declined significantly due to a sharp increase in costs in yen terms and a rapid shrinking of the overseas market. As a result, net sales in the entire Optical & Audio Segment declined about 1.0 billion yen from a year earlier to 713 million yen.

#### **\*Entertainment Software Segment**

In the Entertainment Software Segment during the first six months of the fiscal year under review, net sales declined from a year earlier, due largely to the effects of the postponement of major releases until the second half of the fiscal year, while the content business performed well due to 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 market for package media. Consequently, net sales in the entire Entertainment software Segment fell about 3.1 billion yen, or 15.3%, year-on-year to 17,035 million yen and operating income declined by about 1,300 million yen to post an operating loss of 6 million yen.

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

[Major big hits of Victor Entertainment]

- "Peace to Highlight," a single from Southern All Stars

- "Ama-chan Uta no Album" and "Ama-chan Original Sound Track Vol. 2 of NHK's TV drama series 'Ama-chan'"
- "Fuki Koboreru Hodo No I, Ai, Ai," an album from CreepHype

[Major big hits of Teichiku Entertainment]

- "Aishite Yamanai Rock 'n' Roll," a single from LIFriends
- "BEGIN's Ichigo Ichie BOX" CD box sets from BEGIN
- "Kavkanize," an album from Shishido Kavka

## **(2) Qualitative Information Concerning Financial Position (Analysis of assets, liabilities and net assets)**

### **\*Assets**

Total assets at the end of the first six months of the fiscal year under review increased about 5.2 billion yen from the end of the previous fiscal year to 251,810 million yen. This was due to the increase in tangible fixed assets that resulted from the conversion of Shinwa into a consolidated subsidiary, although trade notes and accounts receivable declined due to seasonal factors.

### **\*Liabilities**

Liabilities at the end of the first six months of the fiscal year under review increased about 4.6 billion yen to 183,933 million yen, as a result mainly of new borrowings from financial institutions, despite declines in trade notes and accounts payable and in bonds payable resulting from redemptions at maturity.

Interest-bearing debts (sum of loans payable and bonds payable) increased about 4.9 billion yen from the end of the previous fiscal year to 91,411 million yen. Net debt (amount obtained by subtracting cash and deposits from interest-bearing debts) rose about 3.3 billion yen to 32,034 million yen.

Of 91,411 million yen of interest-bearing debts, we extended the borrowing period to two years for about 43.2 billion yen of interest-bearing debts that were due at the end of September 2013, and obtained a new three-year loan of approximately 4.0 billion yen.

### **\*Net Assets**

Retained earnings as of the end of the first six months of the fiscal year under review declined about 5.8 billion yen from the end of the previous fiscal year to 18,879 million yen, due mainly to the recording of a net loss for the first six months of the fiscal year under review. Total shareholders' equity decreased about 5,800 million yen from the end of the previous fiscal year to 74,218 million yen.

Total net assets increased about 0.6 billion yen from the end of the previous fiscal year to 67,876 million yen, due largely to a rise in minority interests of about 5.2 billion yen as a result of the conversion of Shinwa into a consolidated subsidiary, while shareholders' equity declined from the end of the previous fiscal year. Shareholders' equity ratio decreased 2.4 percentage points from the end of the previous fiscal year to 24.2%, due to an increase in total assets.

## **(Cash Flow Analysis)**

### **\*Cash flow from operating activities**

Net cash from operating activities for the first six months of the fiscal year under review was 3,393 million yen, a decrease of about 5.0 billion yen from a year earlier. This was mainly due to a decrease in trade payables, coupled with the recording of a loss before income taxes for the first six months of the fiscal year under review, despite an increase of inflows in line with the decline in accounts receivable.

### **\*Cash flow from investing activities**

Net cash used in investing activities for the first six months of the fiscal year under review was 3,857 million yen, a decline of about 4.1 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 from financing activities for the first six months of the fiscal year under review was 1,041 million yen, an increase of about 9.7 billion yen. This was mainly due to an increase in inflows with a net increase (decrease) in

short-term loans payable.

Cash and cash equivalents at the end of the first six months of the fiscal year under review increased about 3.5 billion yen from the end of the previous fiscal year to 58,967 million yen.

### **(3) Qualitative Information Concerning the Consolidated Earnings Forecast**

Net sales and operating income failed to meet the forecast at the beginning of the fiscal year review due largely to the effects of shrinking markets.

During and after the third quarter of the fiscal year under review, we will implement the following short-term measures: 1) terminating 2013 models at the end of the third quarter of the fiscal year under review, earlier than initially planned, because they have low profitability as a result of increased costs in yen terms due to the depreciation of the yen against the US dollar; 2) moving up the schedule for launching upcoming models that accommodate the weak yen against the US dollar; and, 3) pushing forward with structural reforms through the Business Restructuring Taskforce. Meanwhile, we expect that the business environment will continue to be difficult, and have accordingly revised the earnings forecast for the fiscal year ending March 2014 announced on May 15, 2013 and the dividends forecast announced on April 26, 2013, as described in the "Notice on Revision of Earnings Forecast for the Fiscal Year Ending March 2014 and Dividends Forecast" released separately on November 6, 2013.

### **\*Priority Measures**

In the light of the earnings results for the first six months of the fiscal year under review, we will implement structural reforms through the Business Restructuring Taskforce by pressing ahead with three priority measures to be taken with different timings to achieve an earnings recovery.

#### **(1) Major business restructuring measures to be taken during the current fiscal year (in the third and fourth quarter)**

##### **<Total cost reform>**

- Moving up the launch of new models that accommodate the weakening of the yen against the US dollar  
We will terminate sales of 2013 models with low profitability, which were designed during the strong-yen period, at the end of the second quarter of the fiscal year under review. Then, we will eliminate their inventories by the end of the third quarter, reduce costs by accommodating the weakening of the yen, and launch 2014 models with improved profitability ahead of the initial schedule.
- Reducing cost of materials  
Reducing procurement costs by comprehensively reviewing procurement sources

##### **<Sales reform>**

- Reviewing policies by region and channel, and stepping up responses to changes in selling prices and product trends

##### **<Emergency measures>**

- Cutting directors' remuneration and salaries and bonuses of executives
- Cutting IT and other costs

#### **(2) Profit reform with an eye toward the next fiscal year**

##### **<Cost reform>**

- Reducing costs by promoting Value Engineering (VE) activities (beginning with 2014 models)

##### **<Fixed cost reform>**

- Domestic: Reform of employment structure
- Overseas: Implementing reforms such as restructuring and downsizing sales companies mainly in Europe and the U.S.  
Increasing operating rate by restructuring production bases

#### **(3) Medium-term measures**

##### **<Developing next-generation business>**

- A. Car optronics and advanced vehicle technologies (i-ADAS<sup>\*1</sup> taskforce)

- Expanding business by developing car optronics technologies and expertise in new fields such as head-up displays, automatic driving, telematics, and sensing based on the JVCKENWOOD Group's core technologies
  - Rolling out advanced vehicle technologies jointly with venture companies
- B. Broadband multimedia system
- The focus of the land mobile radio equipment market will shift from narrowband audio communication to large-volume data communication such as video transmission using public broadband
- C. Next-generation imaging (cameras)
- Developing in-vehicle cameras aimed at significantly developing car optronics
  - Attempting to expand the security business by leveraging high image quality and communication functions
  - Rolling out high image quality (4K/8K) cameras with an eye toward the 2020 Tokyo Summer Olympics
- <Promoting growth business and changing the scope of business>
- D. Healthcare business and cyber hospital
- Healthcare business  
Succeeded TOTOKU's medical image display systems business in July 2013, expanding business in the medical field
  - Cyber hospital  
Commercialization through cross-departmental collaboration between medical and engineering fields (using special zone for medical services)
- E. Emerging markets
- [Brazil]
- Sales in the Car Electronics Segment grew significantly as a result of the withdrawal of competitors, and we will improve the production system with an eye toward oligopolistic control of the market in the future.
- [China]
- Capturing trends of infrastructure development with urbanization in rural areas, completing restructuring and development of the joint-venture company in Beijing, and strengthening the professional equipment business (radio equipment and security cameras, etc.)
  - Creating synergies through the conversion of Shinwa into a consolidated subsidiary
- [India]
- Developing a specialized model of land mobile radio equipment
  - Obtaining collaboration with local companies to win orders for the car OEM business.
- [ASEAN]
- Making a full-fledged entry into the Cambodian, Laotian, and Burmese markets for consumer and professional businesses with Thailand as a base.
  - Considering establishment of a new sales company in Indonesia
- F. Collaborating with venture companies
- Developing concrete strategies for creating a world-scale new business by developing new business models through collaboration with venture companies
- [Major achievements]
- Establishing CarTomo jointly with ZMP Inc. (announced on July 18, 2012)
- G. M&As and strategic alliances
- Actively working toward changing the scope of business and achieving non-continuous growth
- [Major achievements]
- Converting Shinwa into a consolidated subsidiary (effective June 3, 2013)
  - Succeeding the Information Equipment business including medical image display systems from TOTOKU (effective July 1, 2013)

\*1 i-ADAS...innovative Advanced Driver Assistance System

\*2 4K/8K ...4K resolution is four times full HD resolution (about 4,000 x 2,000 pixels), and 8K resolution is 16 times full HD resolution (about 8,000 x 4,000 pixels).

(Note) Descriptions of future events including the earnings forecast contained in this material are based on information currently available to the Company and certain assumptions deemed reasonable. Actual business results may differ significantly from those due to various factors.



## 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 second quarter (as of Sep. 30, 2013)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	57,760	59,377
Trade notes and accounts receivable	52,749	51,194
Merchandise and finished goods	29,904	31,506
Work in process	2,547	3,419
Raw materials and supplies	6,777	8,846
Deferred tax assets	5,319	5,308
Other current assets	9,391	8,257
Allowance for doubtful accounts	(1,327)	(1,409)
Total current assets	163,123	166,501
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	12,924	13,824
Machinery and equipment, net	4,057	6,972
Tools, furniture and fixtures, net	4,634	4,214
Land	28,314	28,635
Construction in progress	1,153	1,955
Total tangible fixed assets	51,083	55,603
Intangible fixed assets		
Goodwill	4,431	4,306
Software	7,199	7,258
Other intangible fixed assets	3,393	3,605
Total intangible fixed assets	15,024	15,171
Investments and other assets		
Investment securities	7,842	3,956
Prepaid pension cost	4,551	5,742
Other investments	5,976	5,861
Allowance for doubtful receivables	(1,162)	(1,137)
Total investments and other assets	17,207	14,422
Total fixed assets	83,316	85,196
Deferred assets		
Issuance cost of subscription rights to shares	174	111
Total deferred assets	174	111
Total assets	246,614	251,810

(JPY in Million)

	Previous Fiscal Year (as of Mar. 31, 2013)	End of current consolidated second quarter (as of Sep. 30, 2013)
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	32,104	29,391
Short term loans payable	11,472	21,547
Current portion of bonds payable	5,946	-
Current portion of long-term loans payable	50,305	9,653
Other accounts payable	10,207	8,388
Accrued expenses	18,568	20,421
Income taxes payable	1,487	1,537
Provision for product warranties	1,773	1,690
Provision for sales returns	1,663	1,442
Other current liabilities	6,100	6,734
Total current liabilities	139,630	100,808
Long term liabilities		
Bonds payable	5,677	5,744
Long-term loans payable	13,064	54,465
Deferred tax liabilities for land revaluation	1,772	1,772
Deferred tax liabilities	6,201	6,215
Provision for retirement benefits	10,687	12,763
Other long term liabilities	2,338	2,163
Total long term liabilities	39,743	83,124
Total liabilities	179,374	183,933
<b>Net assets</b>		
Shareholders' equity		
Paid-in capital	10,000	10,000
Capital surplus	45,875	45,875
Retained earnings	24,686	18,879
Treasury stock	(536)	(536)
Total shareholders' equity	80,025	74,218
Other comprehensive income		
Unrealized gain and loss on available-for-sale securities	250	210
Land revaluation surplus	3,209	3,209
Foreign currency translation adjustment	(17,870)	(16,625)
Total other comprehensive income	(14,410)	(13,205)
Subscription rights to shares	806	806
Minority interests	818	6,057
Total net assets	67,240	67,876
Total liabilities and net assets	246,614	251,810

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

(JPY in Million)

	Accumulated period for previous consolidated second quarter (Apr.1, 2012 – Sep.30, 2012)	Accumulated period for current consolidated second quarter (Apr.1, 2013 – Sep.30, 2013)
Net sales	149,266	148,413
Cost of sales	104,628	110,305
Gross profit	44,637	38,107
Selling, general and administrative expenses	40,271	40,276
Operating income(loss)	4,366	(2,168)
Non-operating income		
Interest income	125	102
Dividends income	63	60
Foreign exchange gain	106	-
Equity in earnings of affiliates	80	32
Other non-operating income	635	468
Total non-operating income	1,010	663
Non-operating expense		
Interest expense	1,349	1,124
Sales discounts	180	-
Foreign exchange loss	-	62
Loans commission	82	717
Other non-operating expenses	797	786
Total non-operating expense	2,410	2,689
Ordinary income(loss)	2,966	(4,194)
Extraordinary profit		
Gain on sales of fixed assets	181	36
Gain on sales of investment securities	49	55
Insurance income for disaster	147	-
Settlement received	-	225
Gain on bargain purchase	-	257
Other extraordinary profit	6	-
Total extraordinary profit	385	574
Extraordinary loss		
Loss on disposal of fixed assets	82	18
Loss on sales of fixed assets	81	96
Loss on valuation of investment securities	155	-
Business structural reform expenses	300	192
Employment structural reform expenses	314	340
Other extraordinary loss	156	1
Total extraordinary loss	1,090	650
Income(loss) before income taxes	2,262	(4,271)
Corporate tax, corporate inhabitant tax and corporate enterprise tax	1,068	560
Corporate tax and other adjustment	(77)	(6)
Income taxes	991	553
Income(loss) before minority interests	1,270	(4,824)
Minority interests in net income	33	289
Net income(loss)	1,237	(5,113)

**(Statements of Comprehensive Income)**

(JPY in Million)

	Accumulated period for previous consolidated second quarter (Apr.1, 2012 - Sep.30, 2012)	Accumulated period for current consolidated second quarter (Apr.1, 2013 – Sep.30, 2013)
Income(loss) before minority interests	1,270	(4,824)
Other comprehensive income		
Unrealized gain and loss on available-for-sale securities	(332)	2
Foreign currency translation adjustment	(3,692)	1,664
Share of other comprehensive income of affiliates accounted for using the equity method	(180)	(579)
Total other comprehensive income	(4,205)	1,087
Comprehensive income	(2,934)	(3,737)
Breakdown		
Comprehensive income attributable to owners of the company	(2,960)	(3,908)
Comprehensive income attributable to minority interests	25	171

**(3) Quarterly Consolidated Statement of Cash Flows**

(JPY in Million)

	Accumulated period for previous consolidated second quarter (Apr.1, 2012 – Sep.30, 2012)	Accumulated period for current consolidated second quarter (Apr.1, 2013 – Sep.30, 2013)
<b>Cash flows from operating activities:</b>		
Income(loss) before income taxes	2,262	(4,271)
Depreciation	4,827	5,516
Amortization of goodwill	154	161
Increase (decrease) in provision for retirement benefits	2,230	1,725
Increase (decrease) in allowance for doubtful accounts	(194)	(45)
Interest and dividends income	(188)	(163)
Interest expense	1,349	1,124
Loss (gain) on sales of investment securities	(49)	(55)
Equity in (earnings) losses of affiliates	(80)	(32)
Loss on disposal of fixed assets	82	18
(Gain) loss on sales of fixed assets	(100)	60
(Increase) decrease in trade notes and accounts receivable	8,197	10,061
(Increase) decrease in inventories	(1,915)	(76)
Increase (decrease) in accounts payable	(3,307)	(7,055)
Increase (decrease) in accrued expenses	(3,599)	115
Other	231	(2,264)
Sub-total	9,898	4,819
Interest and dividends received	326	163
Interest paid	(1,222)	(1,039)
Income taxes paid	(597)	(550)
Net cash provided by operating activities	8,405	3,393
<b>Cash flows from investing activities:</b>		
Capital investment (real estates, plants and equipments)	(2,720)	(2,828)
Proceeds from sales of properties, plants and equipments	1,237	317
Purchase of intangible fixed assets	(2,299)	(2,375)
Purchase of investment securities	(3,302)	(12)
Proceeds from sales of investment securities	204	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	(669)	90
Net cash provided by (used in) investing activities	(7,965)	(3,857)
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term loans payable, net	(1,495)	8,626
Proceeds from long-term loans payable	2,300	47,562
Repayment of long-term loans payable	(2,315)	(47,072)
Redemption of bonds	(6,000)	(6,000)
Cash dividends paid	(693)	(693)
Other	(477)	(1,381)
Net cash provided by (used in) financing activities	(8,681)	1,041

	(JPY in Million)	
	Accumulated period for previous consolidated second quarter (Apr.1, 2012 – Sep.30, 2012)	Accumulated period for current consolidated second quarter (Apr.1, 2013 – Sep.30, 2013)
Effect of exchange rate fluctuations on cash and cash equivalents	(1,722)	862
Net increase (decrease) in cash and cash equivalents	(9,964)	1,440
Cash and cash equivalents at beginning of period	65,478	57,526
Cash and cash equivalents at end of quarter	55,514	58,967