

News Release

**For Immediate Release
February 9, 2015**

Pioneer Announces Business Results for 3Q Fiscal 2015

Pioneer Corporation today announced its consolidated third-quarter and nine-month business results for the periods ended December 31, 2014.

Consolidated Financial Highlights

(In millions of yen except per share information)

	Three months			Nine months		
	ended December 31			ended December 31		
	2014	2013	Percent change	2014	2013	Percent change
Net sales	¥136,433	¥126,297	+8.0%	¥372,361	¥362,627	+2.7%
Operating income	1,664	2,757	-39.6	5,032	3,326	+51.3
Ordinary loss	(2,125)	(124)	-	(3,476)	(2,077)	-
Net loss	¥ (2,303)	¥ (1,748)	-%	¥ (4,737)	¥ (6,699)	-%
Net loss per share	¥(6.27)	¥(4.76)		¥(12.90)	¥(19.01)	

Consolidated Business Results

For the third quarter of fiscal 2015, the three months ended December 31, 2014, consolidated net sales rose 8.0% year on year, to ¥136,433 million, owing to increased sales in both the Car Electronics and Home Electronics segments, reflecting the Japanese yen's depreciation.

Operating income for the quarter declined 39.6% year on year, to ¥1,664 million, owing to an increase in selling, general and administrative (SG&A) expenses and a deterioration in the cost of sales ratio, resulting mainly from the negative effect of foreign exchange rates, and despite an increase in net sales. The net loss grew to ¥2,303 million, from a year-earlier net loss of ¥1,748 million. This was the result of the decrease in operating income combined with a ¥3,256 million foreign exchange loss, despite the recording of gain on sale of investment securities.

During the third quarter of fiscal 2015, the average value of the Japanese yen declined 12.3% against the U.S. dollar year on year, to ¥114.54=1 U.S. dollar, and 4.5% against the euro, to ¥143.07=1 euro.

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Car Electronics sales grew 7.1% year on year, to ¥92,342 million. Car navigation system sales declined. Although consumer-market sales rose in North America and Europe, a shift to lower-priced models led to a decline in the Japanese market, resulting in a net decline. OEM sales declined in Japan but rose in China and North America, for a net increase. Car audio product sales rose. Consumer-market sales declined in Europe but growth in other areas, particularly the Middle East and Central and South America, resulted in a net increase. OEM sales declined in China but rose in North America and Southeast Asia, for a net increase. Total OEM sales accounted for 56% of total Car Electronics sales, compared with 54% a year earlier.

By geographic region, sales in Japan declined 15.0%, to ¥30,889 million, while overseas sales rose 23.3%, to ¥61,453 million.

The segment recorded an 8.4% decrease in operating income year on year, to ¥2,466 million, on an increase in SG&A expenses and a deterioration in the cost of sales ratio, mainly resulting from foreign exchange factors, and despite an increase in net sales.

Home Electronics sales grew 12.6% year on year, to ¥34,284 million, primarily on increased sales of optical disc drive-related products and equipment for cable-TV systems.

By geographic region, sales in Japan grew 27.5%, to ¥11,539 million, and overseas sales rose 6.3%, to ¥22,745 million.

The segment recorded an operating loss of ¥355 million, compared with year-earlier operating income of ¥489 million, on a deterioration in the cost of sales ratio and an increase in SG&A expenses, and despite an increase in net sales.

In the **Others** segment, sales rose 1.4% year on year, to ¥9,807 million, mainly from increased sales of factory automation systems.

By geographic region, sales in Japan declined 8.1%, to ¥5,699 million, while overseas sales rose 18.5%, to ¥4,108 million.

The operating loss contracted to ¥42 million, from a year-earlier loss of ¥444 million, reflecting a reduction in SG&A expenses and despite a deterioration in the cost of sales ratio.

For the nine months ended December 31, 2014, consolidated net sales rose 2.7% year on year, to ¥372,361 million, owing to increased sales of OEM and consumer-market car audio products, reflecting the Japanese yen's depreciation, and increased sales of factory automation systems. These factors more than offset the decline in sales of consumer-market car navigation systems mainly resulting from the shift to lower-priced models.

Operating income increased 51.3% year on year, to ¥5,032 million, owing to an improved cost of sales ratio combined with the increase in net sales. These gains more than made up for the increase in SG&A expenses from foreign exchange factors and from the conclusion of short-term, fixed cost reduction measures carried out in fiscal 2014. The net loss contracted to ¥4,737 million, from a year-earlier loss of ¥6,699 million. This was the result of the increase in operating income, combined with gain on sale of investment securities and gain on sale of noncurrent assets, among other factors, despite a ¥5,416 million foreign exchange loss.

During the nine months ended December 31, 2014, the average value of the Japanese yen declined 7.0% against the U.S. dollar year on year, to ¥106.87=1 U.S. dollar, and 5.8% against the euro, to ¥140.30=1 euro.

- Notes: 1. Operating income (loss) in each business segment represents operating income (loss) before elimination of intersegment transactions.
2. In the first quarter of fiscal 2015, telephones were reclassified from the Others segment to the Home Electronics segment. Consequently, figures for the third quarter of fiscal 2014 were also reclassified in accordance with the presentation used in the third quarter of fiscal 2015.

Consolidated Financial Position

Total assets as of December 31, 2014, were ¥345,514 million, an increase of ¥17,601 million from March 31, 2014. Although investment securities decreased, the increase in total assets reflected growth in cash and deposits, and inventories. Investment securities decreased ¥4,367 million year on year, to ¥2,862 million, from the sale of shares held. On the other hand, cash and deposits increased ¥9,400 million, to ¥44,797 million. Inventories increased ¥8,570 million, to ¥78,941 million, mostly from the effect of the Japanese yen's depreciation.

Total liabilities were ¥258,266 million, an ¥8,169 million increase from March 31, 2014. Although borrowings decreased ¥10,240 million, trade payables grew ¥14,368 million, reflecting the Japanese yen's depreciation and an increase in purchasing amounts, and accrued expenses rose ¥5,660 million.

Total equity was ¥87,248 million, an increase of ¥9,432 million from March 31, 2014. Although a ¥4,737 million net loss was recorded for the nine months ended December 31, 2014, the Japanese yen's depreciation resulted in a ¥12,544 million increase in foreign currency translation adjustments.

Cash Flows

During the nine months ended December 31, 2014, operating activities provided net cash in the amount of ¥29,293 million, an increase of ¥3,372 million from the year-earlier period. Although the amount of increase in trade payables decreased ¥15,605 million, this was more than offset by the absence of the year-earlier ¥6,211 million decrease in the provision for restructuring costs, a turnaround to a ¥4,490 million increase in accrued expenses from a year-earlier ¥172 million decrease, a ¥3,031 million larger decrease in the amount of trade receivables, and a ¥2,327 million improvement in the loss before income taxes and minority interests, among other factors.

Investing activities used net cash in the amount of ¥9,452 million, a ¥9,154 million decrease from the year-earlier period, reflecting a ¥4,609 million inflow from the sale of investment securities, and a ¥2,098 million decrease in outlays for the purchase of noncurrent assets.

Financing activities used net cash in the amount of ¥11,959 million, compared with ¥6,632 million provided in the year-earlier period. This reflected an ¥8,863 million larger decrease in the amount of net borrowings from the year-earlier period, and the absence of the year-earlier ¥8,643 million inflow from the capital increase through third-party allotments.

Foreign currency translation adjustments on cash and cash equivalents were a positive ¥2,527 million, a ¥523 million increase from the year-earlier period.

As a result, cash and cash equivalents as of December 31, 2014, totaled ¥44,313 million, a ¥10,409 million increase from March 31, 2014.

Business Forecasts for Fiscal 2015

Consolidated business forecasts for fiscal 2015, ending March 31, 2015, have been revised from those announced on November 7, 2014, as shown below.

(In millions of yen)

	Revised forecasts (A)	Previous forecasts (B)	Amount change (A - B)	Percent change (A-B / B)	Results for fiscal 2014
Net sales	¥515,000	¥515,000	¥ 0	-%	¥498,051
Operating income	12,500	12,500	0	-	11,169
Ordinary income	4,000	5,500	(1,500)	-27.3	5,111
Net income	¥ 18,500	¥ 20,000	¥(1,500)	-7.5%	¥ 531

The forecasts for net sales and operating income remain unchanged, as announced in November 2014. On the other hand, the forecasts for ordinary income and net income have been lowered to reflect the estimated increase in the foreign exchange loss as a result of the U.S. dollar's appreciation.

For the revised forecasts, the yen-U.S. dollar exchange rate assumption for the fourth quarter of fiscal 2015 is ¥115, a depreciation of ¥10 from the previous assumption, while the yen-euro exchange rate assumption remains unchanged at ¥135.

Cautionary Statement with Respect to Forward-Looking Statements

Statements made in this release with respect to our current plans, estimates, strategies and beliefs, and other statements that are not historical facts are forward-looking statements about our future performance. These statements are based on management's assumptions and beliefs in light of the information currently available to it. We caution that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. It is not our obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We disclaim any such obligation. Risks and uncertainties that might affect us include, but are not limited to: (i) general economic conditions in our markets, particularly levels of consumer spending, and levels of demand in the major industrial sectors which we serve; (ii) exchange rates, particularly between the Japanese yen and the euro, the U.S. dollar, and other currencies in which we make significant sales or in which our assets and liabilities are denominated; (iii) our ability to continuously design and develop and win acceptance for our products in extremely competitive markets; (iv) our ability to successfully implement our business strategies; (v) the success of our joint ventures, alliances and other business relationships with third parties; (vi) our ability to access funding; (vii) our continued ability to devote sufficient resources to research and development, and capital expenditure; (viii) our ability to ensure the quality of our products; (ix) conditions in which we are able to continuously procure key parts essential to our manufacturing operations; and (x) the outcome of contingencies.

Pioneer Corporation is a leading global manufacturer of consumer- and business-use electronics products such as car electronics, audio and video products. Its shares are traded on the Tokyo Stock Exchange.

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Attached are consolidated financial statements for the three months and the nine months ended December 31, 2014.

(1) CONSOLIDATED BALANCE SHEETS

	(In millions of yen)	
	March 31, 2014	December 31, 2014
ASSETS		
Current assets:		
Cash and deposits	¥ 35,397	¥ 44,797
Trade receivables	85,560	84,211
Finished products	34,778	37,751
Work in process	11,279	14,027
Raw materials and supplies	24,314	27,163
Deferred tax assets	4,542	4,305
Other current assets	16,990	20,587
Allowance for doubtful receivables	(1,448)	(1,571)
Total current assets	211,412	231,270
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures	68,419	66,810
Machinery, vehicles, tools, furniture and fixtures	143,907	153,283
Lease assets	12,668	15,789
Others	18,577	17,918
Accumulated depreciation	(182,742)	(192,205)
Net property, plant and equipment	60,829	61,595
Intangible assets:		
Goodwill	564	531
Software	17,058	19,850
Software in progress	21,237	19,746
Others	1,198	1,091
Total intangible assets	40,057	41,218
Investments and other assets:		
Investment securities	7,229	2,862
Deferred tax assets	5,697	5,867
Others	2,580	2,584
Allowance for doubtful accounts	(111)	(26)
Total investments and other assets	15,395	11,287
Total noncurrent assets	116,281	114,100
Deferred assets	220	144
Total assets	¥ 327,913	¥ 345,514

	(In millions of yen)	
	March 31, 2014	December 31, 2014
<u>LIABILITIES</u>		
Current liabilities:		
Trade payables	¥ 71,657	¥ 86,025
Short-term borrowings	22,178	25,466
Current portion of long-term debt	65,270	41,742
Income taxes payable	2,817	2,037
Accrued expenses	28,973	34,633
Warranty reserve	2,290	2,489
Other current liabilities	18,631	19,459
Total current liabilities	211,816	211,851
Long-term liabilities:		
Long-term debt	-	10,000
Liabilities related to retirement benefits	34,585	33,393
Other long-term liabilities	3,696	3,022
Total long-term liabilities	38,281	46,415
Total liabilities	250,097	258,266
<u>EQUITY</u>		
Shareholders' equity:		
Common stock	91,732	91,732
Capital surplus	56,016	56,016
Retained earnings	17,849	13,908
Treasury stock	(11,051)	(11,051)
Total shareholders' equity	154,546	150,605
Accumulated other comprehensive income (loss):		
Unrealized gain on available-for-sale securities	1,168	13
Deferred gain on derivatives under hedge accounting	-	256
Foreign currency translation adjustments	(59,688)	(47,144)
Defined retirement benefit plans	(23,567)	(22,306)
Total accumulated other comprehensive loss	(82,087)	(69,181)
Minority interests	5,357	5,824
Total equity	77,816	87,248
Total liabilities and equity	¥327,913	¥345,514

(2) CONSOLIDATED STATEMENTS OF OPERATIONS — Nine months ended December 31

(In millions of yen)

	Nine months ended December 31	
	2013	2014
Net sales	¥362,627	¥372,361
Cost of sales	291,356	297,166
Gross profit	71,271	75,195
Selling, general and administrative expenses	67,945	70,163
Operating income	3,326	5,032
Non-operating income:		
Interest income	130	134
Dividend income	81	152
Others	190	228
Total non-operating income	401	514
Non-operating expenses:		
Interest expense	2,007	1,850
Equity in losses of affiliated companies	180	67
Exchange loss	2,230	5,416
Others	1,387	1,689
Total non-operating expenses	5,804	9,022
Ordinary loss	(2,077)	(3,476)
Extraordinary income:		
Gain on sale of noncurrent assets	118	1,512
Gain on sale of investment securities	—	1,596
Gain on sale of investment in subsidiary	—	327
Insurance income for disaster	66	—
Others	3	—
Total extraordinary income	187	3,435
Extraordinary loss:		
Restructuring costs	1,182	571
Loss on sale and disposal of noncurrent assets	204	266
Others	6	77
Total extraordinary loss	1,392	914
Loss before income taxes and minority interests	(3,282)	(955)
Income taxes:		
Current	3,069	3,463
Deferred	625	466
Total income taxes	3,694	3,929
Loss before minority interests	(6,976)	(4,884)
Minority interests	(277)	(147)
Net loss	¥ (6,699)	¥ (4,737)

(3) CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME — Nine months ended December 31

(In millions of yen)

	Nine months ended December 31	
	2013	2014
Loss before minority interests	¥(6,976)	¥ (4,884)
Other comprehensive income (loss):		
Unrealized gain (loss) on available-for-sale securities	844	(1,155)
Deferred gain (loss) on derivatives under hedge accounting	(142)	256
Foreign currency translation adjustments	8,870	13,093
Portion of other comprehensive gain of associates	188	65
Pension adjustments recognized by foreign subsidiaries	(453)	—
Defined retirement benefit plans	—	1,261
Total other comprehensive income	9,307	13,520
Comprehensive income	¥ 2,331	¥ 8,636
Comprehensive income attributable to:		
Shareholders of the parent company	¥ 2,208	¥ 8,169
Minority interests	¥ 123	¥ 467

(4) CONSOLIDATED STATEMENTS OF OPERATIONS — Three months ended December 31

(In millions of yen)

	Three months ended December 31	
	2013	2014
Net sales	¥126,297	¥136,433
Cost of sales	99,451	108,908
Gross profit	26,846	27,525
Selling, general and administrative expenses	24,089	25,861
Operating income	2,757	1,664
Non-operating income:		
Interest income	56	8
Dividend income	14	14
Equity in earnings of affiliated companies	—	29
Others	14	42
Total non-operating income	84	93
Non-operating expenses:		
Interest expense	677	578
Equity in losses of affiliated companies	270	—
Exchange loss	1,546	3,256
Others	472	48
Total non-operating expenses	2,965	3,882
Ordinary loss	(124)	(2,125)
Extraordinary income:		
Gain on sale of noncurrent assets	18	70
Gain on sale of investment securities	—	1,138
Others	3	—
Total extraordinary income	21	1,208
Extraordinary loss:		
Restructuring costs	297	94
Loss on sale and disposal of noncurrent assets	27	83
Others	2	77
Total extraordinary loss	326	254
Loss before income taxes and minority interests	(429)	(1,171)
Income taxes:		
Current	829	949
Deferred	421	243
Total income taxes	1,250	1,192
Loss before minority interests	(1,679)	(2,363)
Minority interests	69	(60)
Net loss	¥ (1,748)	¥ (2,303)

**(5) CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME — Three months ended
December 31**

	(In millions of yen)	
	Three months ended December 31	
	2013	2014
Loss before minority interests	¥(1,679)	¥(2,363)
Other comprehensive income (loss):		
Unrealized loss on available-for-sale securities	(103)	(778)
Deferred gain (loss) on derivatives under hedge accounting	95	(180)
Foreign currency translation adjustments	6,183	7,989
Portion of other comprehensive gain (loss) of associates	(19)	117
Pension adjustments recognized by foreign subsidiaries	(271)	-
Defined retirement benefit plans	-	298
Total other comprehensive income	5,885	7,446
Comprehensive income	¥ 4,206	¥ 5,083
Comprehensive income attributable to:		
Shareholders of the parent company	¥ 3,832	¥ 4,768
Minority interests	¥ 374	¥ 315

(6) CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of yen)

	Nine months ended December 31	
	2013	2014
Cash flows from operating activities:		
Loss before income taxes and minority interests	¥ (3,282)	¥ (955)
Depreciation and amortization	18,936	17,199
Increase in accrued pension and severance costs	656	-
Decrease in liabilities related to retirement benefits	-	(1,130)
Decrease in provision for restructuring costs	(6,211)	-
Interest and dividend income	(211)	(286)
Interest expense	2,007	1,850
Equity in losses of affiliated companies	180	67
Net loss (gain) on sale and disposal of noncurrent assets	86	(1,246)
Gain on sale of investment securities	-	(1,596)
Decrease in trade receivables	2,513	5,544
Increase in inventories	(3,087)	(2,980)
Increase in trade payables	20,685	5,080
Increase (decrease) in accrued expenses	(172)	4,490
Other—net	(2,001)	8,699
Subtotal	30,099	34,736
Interest and dividend income received	211	287
Interest expense paid	(1,951)	(1,888)
Income taxes paid	(2,438)	(3,842)
Net cash provided by operating activities	25,921	29,293
Cash flows from investing activities:		
Decrease (increase) in time deposits	(144)	1,093
Purchase of noncurrent assets	(19,659)	(17,561)
Proceeds from sale of noncurrent assets	1,153	2,607
Proceeds from sale of investment securities	-	4,609
Net decrease from sale of subsidiary stock resulting in change in scope of consolidation	-	(154)
Other—net	44	(46)
Net cash used in investing activities	(18,606)	(9,452)
Cash flows from financing activities:		
Net increase in short-term borrowings	944	2,009
Proceeds from long-term debt	34,464	36,587
Repayment of long-term debt	(38,064)	(50,115)
Proceeds from sale and lease-back transactions	2,030	1,043
Proceeds from issuance of new shares	8,643	-
Repayment of lease obligations	(1,380)	(1,483)
Other—net	(5)	-
Net cash provided by (used in) financing activities	6,632	(11,959)
Foreign currency translation adjustments on cash and cash equivalents	2,004	2,527
Net increase in cash and cash equivalents	15,951	10,409
Cash and cash equivalents, beginning of period	20,967	33,904
Cash and cash equivalents, end of period	¥ 36,918	¥ 44,313

(7) CHANGE IN ACCOUNTING POLICY

Effective from the first quarter of fiscal 2015, the Company has applied ASBJ Statement No. 26, issued on May 17, 2012, “Accounting Standard for Retirement Benefits” (hereinafter the “Retirement Benefit Accounting Standard”) and ASBJ Guidance No. 25, May 17, 2012, “Guidance on Accounting Standard for Retirement Benefits” (hereinafter the “Guidance on Retirement Benefits”), in accordance with the provisions of Paragraph 35 of the Retirement Benefit Accounting Standard and Paragraph 67 of the Guidance on Retirement Benefits. Consequently, the Company has changed the method of attributing projected benefit to periods from the straight-line basis to the benefit formula basis in line with the revision of the method for calculating retirement benefit obligations and service costs. With respect to the method for the determining the discount rate, the Company has been using a single weighted-average discount rate that reflects the periods until the expected payment of retirement benefits and the amount of projected benefits every such period.

With regard to the application of the Retirement Benefit Accounting Standard, etc., in accordance with the transitional treatment provided in Paragraph 37 of the Retirement Benefit Accounting Standard, the effect of the changing the method for calculating retirement benefit obligations and service costs was recognized by adjusting retained earnings at the beginning of fiscal 2015.

As a result, liabilities related to retirement benefits at the beginning of fiscal 2015 decreased by ¥812 million and retained earnings increased by ¥796 million. The impact of these changes on profit and loss for the first nine months and the third quarter of fiscal 2015 was immaterial.

(8) SEGMENT INFORMATION

<Net Sales by Segment>

(In millions of yen)

	Nine months ended December 31				
	2013		2014		Percent change
	Amount	Ratio	Amount	Ratio	
Car Electronics:					
Japan	¥108,981	30.1%	¥ 96,071	25.8%	-11.8%
Overseas	144,745	39.9	164,866	44.3	+13.9
Total	253,726	70.0	260,937	70.1	+2.8
Home Electronics:					
Japan	24,329	6.7	27,123	7.3	+11.5
Overseas	56,939	15.7	53,977	14.5	-5.2
Total	81,268	22.4	81,100	21.8	-0.2
Others:					
Japan	16,455	4.5	17,766	4.8	+8.0
Overseas	11,178	3.1	12,558	3.3	+12.3
Total	27,633	7.6	30,324	8.1	+9.7
Consolidated:					
Japan	149,765	41.3	140,960	37.9	-5.9
Overseas	212,862	58.7	231,401	62.1	+8.7
Total	¥362,627	100.0%	¥372,361	100.0%	+2.7%

(In millions of yen)

	Three months ended December 31				
	2013		2014		Percent change
	Amount	Ratio	Amount	Ratio	
Car Electronics:					
Japan	¥ 36,345	28.8%	¥ 30,889	22.6%	-15.0%
Overseas	49,841	39.4	61,453	45.1	+23.3
Total	86,186	68.2	92,342	67.7	+7.1
Home Electronics:					
Japan	9,053	7.2	11,539	8.5	+27.5
Overseas	21,391	16.9	22,745	16.6	+6.3
Total	30,444	24.1	34,284	25.1	+12.6
Others:					
Japan	6,200	4.9	5,699	4.2	-8.1
Overseas	3,467	2.8	4,108	3.0	+18.5
Total	9,667	7.7	9,807	7.2	+1.4
Consolidated:					
Japan	51,598	40.9	48,127	35.3	-6.7
Overseas	74,699	59.1	88,306	64.7	+18.2
Total	¥126,297	100.0%	¥136,433	100.0%	+8.0%

<Sales and Income (Loss) by Segment>

(In millions of yen)

Nine months ended December 31, 2013	Segment			Total	Reconciliations * 1	Consolidated * 2
	Car Electronics	Home Electronics	Others			
Sales:						
Sales to external customers	¥253,726	¥81,268	¥27,633	¥362,627	-	¥362,627
Intersegment sales	544	134	6,098	6,776	¥(6,776)	-
Total sales	254,270	81,402	33,731	369,403	(6,776)	362,627
Segment income (loss)	¥ 5,639	¥ (703)	¥ (1,240)	¥ 3,696	¥ (370)	¥ 3,326

Notes:

1. Reconciliations of ¥(370) million recorded for segment income (loss) include elimination of intersegment transactions of ¥388 million and corporate expenses of ¥(758) million that are not allocated to any segment. Corporate expenses principally consist of allocation variance of general and administrative expenses, and general and administrative expenses and R&D expenses which are not attributable to any segment.
2. Adjustments are made to reconcile segment income (loss) to operating income presented in the accompanying consolidated statements of operations.

(In millions of yen)

Nine months ended December 31, 2014	Segment			Total	Reconciliations * 1	Consolidated * 2
	Car Electronics	Home Electronics	Others			
Sales:						
Sales to external customers	¥260,937	¥81,100	¥30,324	¥372,361	-	¥372,361
Intersegment sales	444	86	5,964	6,494	¥(6,494)	-
Total sales	261,381	81,186	36,288	378,855	(6,494)	372,361
Segment income (loss)	¥ 8,080	¥ (1,076)	¥ (249)	¥ 6,755	¥(1,723)	¥ 5,032

Notes:

1. Reconciliations of ¥(1,723) million recorded for segment income (loss) include elimination of intersegment transactions of ¥386 million and corporate expenses of ¥(2,109) million that are not allocated to any segment. Corporate expenses principally consist of allocation variance of general and administrative expenses, and general and administrative expenses and R&D expenses which are not attributable to any segment.
2. Adjustments are made to reconcile segment income (loss) to operating income presented in the accompanying consolidated statements of operations.

(In millions of yen)

Three months ended December 31, 2013	Segment			Total	Reconciliations * 1	Consolidated * 2
	Car Electronics	Home Electronics	Others			
Sales:						
Sales to external customers	¥86,186	¥30,444	¥ 9,667	¥126,297	-	¥126,297
Intersegment sales	106	45	2,131	2,282	¥(2,282)	-
Total sales	86,292	30,489	11,798	128,579	(2,282)	126,297
Segment income (loss)	¥ 2,691	¥ 489	¥ (444)	¥ 2,736	¥ 21	¥ 2,757

Notes:

1. Reconciliations of ¥21 million recorded for segment income (loss) include elimination of intersegment transactions of ¥205 million and corporate expenses of ¥(184) million that are not allocated to any segment. Corporate expenses principally consist of allocation variance of general and administrative expenses, and general and administrative expenses and R&D expenses which are not attributable to any segment.
2. Adjustments are made to reconcile segment income (loss) to operating income presented in the accompanying consolidated statements of operations.

(In millions of yen)

Three months ended December 31, 2014	Segment			Total	Reconciliations * 1	Consolidated * 2
	Car Electronics	Home Electronics	Others			
Sales:						
Sales to external customers	¥92,342	¥34,284	¥ 9,807	¥136,433	-	¥136,433
Intersegment sales	149	25	2,147	2,321	¥(2,321)	-
Total sales	92,491	34,309	11,954	138,754	(2,321)	136,433
Segment income (loss)	¥ 2,466	¥ (355)	¥ (42)	¥ 2,069	¥ (405)	¥ 1,664

Notes:

1. Reconciliations of ¥(405) million recorded for segment income (loss) include elimination of intersegment transactions of ¥179 million and corporate expenses of ¥(584) million that are not allocated to any segment. Corporate expenses principally consist of allocation variance of general and administrative expenses, and general and administrative expenses and R&D expenses which are not attributable to any segment.
2. Adjustments are made to reconcile segment income (loss) to operating income presented in the accompanying consolidated statements of operations.

<Change in Segment>

In the first quarter of fiscal 2015, telephones were reclassified from the Others segment to the Home Electronics segment. Accordingly, figures for the first nine months and the third quarter of fiscal 2014 have been reclassified to conform with the presentation used in the first nine months and the third quarter of fiscal 2015.