Pioneer

PIONEER CORPORATION
1-1, Shin-ogura, Saiwai-ku, Kawasaki-shi
Kanagawa 212-0031, Japan

News Release

For Immediate Release
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Pioneer Announces Business Results for Fiscal 2015

Pioneer Corporation today announced its consolidated business results for fiscal 2015, the year ended March 31, 2015.

Consolidated Financial Highlights

(In millions of yen except per share information)

	Year ended March 31		
	2015	2014	Percent change
Net sales	¥501,676	¥498,051	+0.7%
Operating income	7,778	11,169	–30.4
Ordinary income (loss)	(2,915)	5,111	–
Net income	¥ 14,632	¥ 531	+2,655.6%
Net income per share	¥39.85	¥1.49	

Consolidated Business Results

In fiscal 2015, consolidated net sales were roughly flat with the previous fiscal year, at ¥501,676 million. Sales of Home Electronics declined, but this was offset by increased sales of Car Electronics, reflecting the Japanese yen’s depreciation.

Operating income declined 30.4% year on year, to ¥7,778 million, on a deterioration in the cost of sales ratio and an increase in selling, general and administrative (SG&A) expenses, both mainly resulting from the negative effect of foreign exchange rate movements. Net income rose to ¥14,632 million, from ¥531 million in the previous fiscal year. This reflected a ¥48,415 million gain from the transfer of the DJ equipment business, which more than offset a decrease in operating income and a ¥6,450 million foreign exchange loss, as well as a ¥3,526 million loss from the transfer of the home AV and its related businesses and ¥13,250 million of restructuring costs in line with organizational streamlining.

During fiscal 2015, the average value of the Japanese yen declined 8.8% against the U.S. dollar, to ¥109.93=1 U.S. dollar, and 3.2% against the euro, to ¥138.77=1 euro, compared with the previous fiscal year.

For further information, please contact:
Investor Relations & Public Relations Division
Corporate Management Division
Pioneer Corporation, Japan
Phone: +81-44-580-3211 / Fax: +81-44-580-4064
E-mail: pioneer_ir@post.pioneer.co.jp
IR Website: http://pioneer.jp/en/ir/

Car Electronics sales grew 2.2% year on year, to ¥355,591 million, reflecting the effect of Japanese yen's depreciation. Sales of car navigation systems declined. Consumer-market sales of car navigation systems rose in overseas markets including North America, Europe and China but Japan saw a decline as a result of a shift to lower-priced models and a drop-off in consumption in the wake of accelerated demand ahead of the consumption tax increase in April 2014, which resulted in an overall decline. OEM sales declined in Japan, but grew mainly in China and North America, led to an overall increase. Sales of car audio products increased. Consumer-market sales were flat year on year, with a decline in Europe and Japan, despite growth mainly in Central and South America and North America. OEM sales rose, with increases in North America, Southeast Asia, and Europe more than offsetting a decrease in China. OEM sales accounted for 57% of total Car Electronics sales, compared with 54% in the previous fiscal year.

By geographic region, sales in Japan declined 13.2%, to ¥131,347 million, while overseas sales rose 13.9%, to ¥224,244 million.

The segment's operating income declined 11.6%, to ¥10,995 million from an increase in SG&A expenses and a deterioration in the cost of sales ratio, mainly affected by foreign exchange rate movements, and despite increased sales.

Home Electronics sales declined 6.3% year on year, to ¥104,697 million, reflecting lower sales of home AV products and the transfers of the home AV and DJ equipment businesses.

By geographic region, sales in Japan grew 2.9%, to ¥37,139 million, while overseas sales declined 10.7%, to ¥67,558 million.

The segment's operating loss was ¥2,297 million, compared with an operating loss of ¥24 million in fiscal 2014, due to the deterioration in the cost of sales ratio, lower sales, and despite reductions in SG&A expenses.

In the **Others** segment, sales rose 8.2% year on year, to ¥41,388 million, mainly from increased sales of factory automation systems.

By geographic region, sales in Japan grew 8.5%, to ¥24,594 million, and overseas sales rose 7.7%, to ¥16,794 million.

The segment's operating loss was ¥107 million, compared with an operating loss of ¥773 million in fiscal 2014, mainly from increased sales and SG&A expense reductions.

Notes:
1. Operating income (loss) in each business segment represents operating income (loss) before elimination of intersegment transactions.
2. From fiscal 2015, telephones were reclassified from the Others segment to the Home Electronics segment. Consequently, figures for fiscal 2014 were also reclassified in accordance with the presentation used in fiscal 2015.
3. On March 2, 2015, the home AV, telephone, headphone-related, and DJ equipment businesses were transferred.

Consolidated Financial Position

Total assets as of March 31, 2015, were ¥328,277 million, an increase of ¥364 million from March 31, 2014, owing to an increase in cash and deposits that more than offset decreases in inventories and trade receivables. Inventories decreased ¥7,076 million, to ¥63,295 million, resulted from transfers of inventory stock associated with business transfers more than offsetting the effect of the Japanese yen's depreciation. Trade receivables decreased ¥6,402 million, to ¥79,158 million, mainly due to the fact that fourth-quarter sales were lower than in the fourth quarter of the previous fiscal year reflecting the effect of business transfers. Cash and deposits increased ¥16,763 million, to ¥52,160 million, mainly as a result of business transfers.

Total liabilities as of March 31, 2015, were ¥221,211 million, a decrease of ¥28,886 million from March 31, 2014. This was the result of a ¥53,210 million reduction in borrowings, which more than offset increases of ¥15,861 million in accrued expenses mainly owing to the recording of restructuring costs and ¥4,702 million in trade payables.

Total equity as of March 31, 2015, was ¥107,066 million, an increase of ¥29,250 million from March 31, 2014, reflecting net income of ¥14,632 million and an ¥12,319 million increase in foreign currency translation adjustments from the Japanese yen's depreciation.

Cash Flows

During fiscal 2015, operating activities provided net cash in the amount of ¥34,564 million, a ¥322 million increase from fiscal 2014. Although net gain on business transfers of ¥44,889 million was posted and trade payables turned around to a ¥3,843 million decrease in fiscal 2015, compared with an ¥11,278 million increase in fiscal 2014, trade receivables decreased ¥10,807 million in fiscal 2015, compared with an ¥8,648 million increase in fiscal 2014, and the amount of increase in accrued expenses grew ¥13,236 million, resulted in an overall increase.

Investing activities provided net cash in the amount of ¥36,880 million, compared with ¥21,862 million used in fiscal 2014. This was mainly because of a ¥57,124 million cash inflow from business transfers.

Financing activities used net cash in the amount of ¥55,424 million, a ¥54,537 million increase from fiscal 2014. Despite the absence of an ¥8,643 million inflow from a capital increase through third-party allotments in the previous fiscal year, the reduction in net borrowings for fiscal 2015 grew ¥44,795 million from the previous fiscal year.

Foreign currency translation adjustments on cash and cash equivalents were a positive ¥1,752 million, a ¥308 million increase from the previous fiscal year.

As a result, cash and cash equivalents as of March 31, 2015, totaled ¥51,676 million, a ¥17,772 million increase from March 31, 2014.

Business Forecasts for Fiscal 2016

Consolidated business forecasts for fiscal 2016, the year ending March 31, 2016, are as follows:

(In millions of yen)

	First half			Full year		
	Forecasts for fiscal 2016	Results for fiscal 2015	Percent change	Forecasts for fiscal 2016	Results for fiscal 2015	Percent change
Net sales	¥227,500	¥235,928	–3.6%	¥487,000	¥501,676	–2.9%
Operating income	1,000	3,368	–70.3	8,000	7,778	+2.9
Ordinary income (loss)	0	(1,351)	–	6,000	(2,915)	–
Net income (loss)	¥ (4,000)	¥ (2,434)	–%	¥ 1,000	¥ 14,632	–93.2%

Although sales of Car Electronics are expected to grow, Pioneer is forecasting a decline in net sales for fiscal 2016, reflecting the transfers of the home AV and DJ equipment businesses.

Operating income is projected to be roughly flat with the previous fiscal year, at ¥8.0 billion, with an improved cost of sales ratio and fixed cost reductions offsetting lower gross profit from the decrease in sales, and anticipated increases in depreciation and amortization and in upfront development costs. Pioneer is projecting ordinary income of ¥6.0 billion with an anticipated decrease in the foreign exchange loss, and the projection for net income is ¥1.0 billion.

These consolidated business forecasts for fiscal 2016 are based on foreign exchange rate assumptions of an average U.S. dollar–yen exchange rate of ¥120 and an average euro–yen exchange rate of ¥130 for the year.

Basic Management Policies

As its basic management policies, Pioneer aims to create new markets and cultures with products and services borne from innovative ideas and cutting-edge technologies that embody our Corporate Vision of “Spread the smiles. Feel the vibes. Share the passion. Pioneer engages you anytime, anywhere,” and to continue to realize our Group Philosophy of “Move the Heart and Touch the Soul.”

Issues to Be Addressed

In terms of Pioneer’s operating environment, continued growth is forecast for the automotive industry going forward, led by emerging markets, while developed markets are seeing the increased use of information technology in automobiles, especially with regard to automated driving and safety and reliability functions. Furthermore, it is increasing the ratio of new cars sold with pre-installed car electronics products. Pioneer is facing major changes in its growth pattern going forward.

We view these changes as an ideal opportunity to position ourselves for future success. We will concentrate our management resources in Car Electronics and implement a new growth strategy, with the aim of being a leading “comprehensive infotainment company” that creates comfort, excitement, safety, and reliability inside vehicles.

Toward this goal, we realigned our business portfolio. The transfers of the home AV and DJ equipment businesses to outside partners and organizational streamlining were completed in March 2015, and from April we have been operating under a new function-based organizational structure with Car Electronics as the main business. Going forward, we will build on our efforts to date to reduce costs through the realignment of production sites and the use of standardized and common product architectures. In addition, we will strengthen our management base by integrating car AV and car navigation system models to raise development efficiency and reduce development costs.

As well, we will accelerate our efforts to strengthen the information service business and develop highly precise map data and danger prediction technologies with a view to automated driving, that realize in-vehicle safety and reliability by connecting cars with networks. At the same time, in the OEM business, we will strengthen our ability to provide solutions and reinforce mainly the key modules that comprise the area around the driver's seat, make a full-scale entry into the car speaker business, thereby expanding our business with existing customers and acquire new customers to increase sales and strengthen our ability to generate earnings.

We will tackle the challenges in emerging markets, where large growth is expected, by expanding our businesses for compact cars. We are also developing new businesses for the future, focusing on OLED lighting and the medical and health care-related businesses, and leveraging our alliances with strategic partners as an efficient way to cultivate these businesses.

Through these initiatives, we will make every effort in fiscal 2016 to strengthen our management base to achieve sustainable growth.

Basic Rationale for Selection of Accounting Standards

To facilitate comparisons of its consolidated financial statements across time periods and with other companies, the Pioneer Group intends to prepare its consolidated financial statements based on Japanese generally accepted accounting principles (JGAAP) for the time being.

With regard to the adoption of international financial reporting standards (IFRS), Pioneer intends to monitor developments in Japan and overseas, and to respond appropriately to those developments.

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 car electronics products. Its shares are traded on the Tokyo Stock Exchange.

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Attached are consolidated financial statements for the year ended March 31, 2015.

(1) CONSOLIDATED BALANCE SHEETS

(In millions of yen)

	March 31	
	2014	2015
ASSETS		
Current assets:		
Cash and deposits	¥ 35,397	¥ 52,160
Trade receivables	85,560	79,158
Finished products	34,778	29,039
Work in process	11,279	11,065
Raw materials and supplies	24,314	23,191
Deferred tax assets	4,542	4,563
Other current assets	16,990	20,666
Allowance for doubtful receivables	(1,448)	(2,195)
Total current assets	211,412	217,647
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures	68,419	64,524
Accumulated depreciation	(44,851)	(41,942)
Net	23,568	22,582
Machinery and vehicles	65,230	60,067
Accumulated depreciation	(56,624)	(50,856)
Net	8,606	9,211
Land	18,143	16,053
Lease assets	12,668	15,040
Accumulated depreciation	(7,883)	(10,281)
Net	4,785	4,759
Construction in progress	434	484
Others	78,677	79,657
Accumulated depreciation	(73,384)	(75,117)
Net	5,293	4,540
Net property, plant and equipment	60,829	57,629
Intangible assets:		
Goodwill	564	522
Software	17,058	25,600
Software in progress	21,237	14,376
Others	1,198	1,040
Total intangible assets	40,057	41,538
Investments and other assets:		
Investment securities	7,229	6,349
Deferred tax assets	5,697	2,049
Prepaid pension cost	594	1,118
Others	1,986	1,908
Allowance for doubtful accounts	(111)	(80)
Total investments and other assets	15,395	11,344
Total noncurrent assets	116,281	110,511
Deferred assets:		
Stock issuance cost	220	119
Total deferred assets	220	119
Total assets	¥327,913	¥328,277

(In millions of yen)

	March 31	
	2014	2015
LIABILITIES		
Current liabilities:		
Trade payables	¥ 71,657	¥ 76,359
Short-term borrowings	22,178	17,871
Current portion of long-term debt	65,270	6,367
Income taxes payable	2,817	2,266
Accrued expenses	28,973	44,834
Warranty reserve	2,290	2,531
Other current liabilities	18,631	23,803
Total current liabilities	211,816	174,031
Long-term liabilities:		
Long-term debt	–	10,000
Liabilities related to retirement benefits	34,585	32,202
Other long-term liabilities	3,696	4,978
Total long-term liabilities	38,281	47,180
Total liabilities	250,097	221,211
EQUITY		
Shareholders' equity:		
Common stock	91,732	91,732
Capital surplus	56,016	56,016
Retained earnings	17,849	33,277
Treasury stock	(11,051)	(11,051)
Total shareholders' equity	154,546	169,974
Accumulated other comprehensive income (loss):		
Unrealized gain (loss) on available-for-sale securities	1,168	(105)
Foreign currency translation adjustments	(59,688)	(47,369)
Defined retirement benefit plans	(23,567)	(20,767)
Total accumulated other comprehensive loss	(82,087)	(68,241)
Minority interests	5,357	5,333
Total equity	77,816	107,066
Total liabilities and equity	¥327,913	¥328,277

(2) CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions of yen)

	Year ended March 31	
	2014	2015
Net sales	¥498,051	¥501,676
Cost of sales	396,705	403,072
Gross profit	101,346	98,604
Selling, general and administrative expenses	90,177	90,826
Operating income	11,169	7,778
Non-operating income:		
Interest income	164	169
Dividend income	117	153
Others	453	209
Total non-operating income	734	531
Non-operating expenses:		
Interest expense	2,672	2,431
Exchange loss	1,990	6,450
Borrowing cost	395	531
Equity in losses of affiliated companies	190	350
Others	1,545	1,462
Total non-operating expenses	6,792	11,224
Ordinary income (loss)	5,111	(2,915)
Extraordinary income:		
Gain on sale of noncurrent assets	1,588	2,535
Gain on sale of investment securities	–	1,596
Insurance income for disaster	630	–
Gain on transfer of business	–	48,415
Others	3	327
Total extraordinary income	2,221	52,873
Extraordinary loss:		
Loss on sale and disposal of noncurrent assets	260	2,208
Impairment loss	14	1,331
Restructuring costs	1,311	13,250
Loss on transfer of business	–	3,526
Others	82	4,413
Total extraordinary loss	1,667	24,728
Income before income taxes and minority interests	5,665	25,230
Income taxes:		
Current	3,750	6,532
Deferred	1,409	4,610
Total income taxes	5,159	11,142
Income before minority interests	506	14,088
Minority interests	(25)	(544)
Net income	¥ 531	¥ 14,632

(3) CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In millions of yen)

	Year ended March 31	
	2014	2015
Income before minority interests	¥ 506	¥14,088
Other comprehensive income (loss):		
Unrealized gain (loss) on available-for-sale securities	473	(1,273)
Deferred gain on derivatives under hedge accounting	34	–
Foreign currency translation adjustments	6,546	12,622
Portion of other comprehensive gain of associates	283	207
Defined retirement benefit plans	(269)	2,800
Total other comprehensive income	7,067	14,356
Comprehensive income	¥7,573	¥28,444
Comprehensive income attributable to:		
Shareholders of the parent company	¥7,341	¥28,478
Minority interests	¥ 232	¥ (34)

(4) CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of yen)

	Year ended March 31	
	2014	2015
SHAREHOLDERS' EQUITY		
Common Stock:		
Balance, beginning of year	¥ 87,257	¥ 91,732
Changes of items in the year:		
Issuance of new shares	4,475	–
Total changes of items in the year	4,475	–
Balance, end of year	91,732	91,732
Capital Surplus:		
Balance, beginning of year	51,541	56,016
Changes of items in the year:		
Issuance of new shares	4,475	–
Disposal of treasury stock	–	(0)
Total changes of items in the year	4,475	(0)
Balance, end of year	56,016	56,016
Retained Earnings:		
Balance, beginning of year	17,318	17,849
Cumulative effects of changes in accounting policies	–	796
Restated balance	–	18,645
Changes of items in the year:		
Net income	531	14,632
Total changes of items in the year	531	14,632
Balance, end of year	17,849	33,277
Treasury Stock:		
Balance, beginning of year	(11,050)	(11,051)
Changes of items in the year:		
Purchase of treasury stock	(1)	(0)
Disposal of treasury stock	–	0
Total changes of items in the year	(1)	(0)
Balance, end of year	(11,051)	(11,051)
Total Shareholders' Equity:		
Balance, beginning of year	145,066	154,546
Cumulative effects of changes in accounting policies	–	796
Restated balance	–	155,342
Changes of items in the year:		
Issuance of new shares	8,950	–
Net income	531	14,632
Purchase of treasury stock	(1)	(0)
Disposal of treasury stock	–	0
Total changes of items in the year	9,480	14,632
Balance, end of year	¥154,546	¥169,974

(In millions of yen)

	Year ended March 31	
	2014	2015
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized Gain (Loss) on Available-for-sale Securities:		
Balance, beginning of year	¥ 695	¥ 1,168
Changes of items in the year:		
Net changes of items other than shareholders' equity	473	(1,273)
Total changes of items in the year	473	(1,273)
Balance, end of year	1,168	(105)
Deferred Gain (Loss) on Derivatives Under Hedge Accounting:		
Balance, beginning of year	(34)	–
Changes of items in the year:		
Net changes of items other than shareholders' equity	34	–
Total changes of items in the year	34	–
Balance, end of year	–	–
Foreign Currency Translation Adjustments:		
Balance, beginning of year	(66,260)	(59,688)
Changes of items in the year:		
Net changes of items other than shareholders' equity	6,572	12,319
Total changes of items in the year	6,572	12,319
Balance, end of year	(59,688)	(47,369)
Pension Adjustments Recognized by Foreign Consolidated Subsidiaries:		
Balance, beginning of year	(3,063)	–
Changes of items in the year:		
Net changes of items other than shareholders' equity	3,063	–
Total changes of items in the year	3,063	–
Balance, end of year	–	–
Adjustment to Retirement Benefits:		
Balance, beginning of year	–	(23,567)
Changes of items in the year:		
Net changes of items other than shareholders' equity	(23,567)	2,800
Total changes of items in the year	(23,567)	2,800
Balance, end of year	(23,567)	(20,767)
Total Accumulated Other Comprehensive Loss:		
Balance, beginning of year	(68,662)	(82,087)
Changes of items in the year:		
Net changes of items other than shareholders' equity	(13,425)	13,846
Total changes of items in the year	(13,425)	13,846
Balance, end of year	¥(82,087)	¥(68,241)

(In millions of yen)

	Year ended March 31 2014	Year ended March 31 2015
MINORITY INTERESTS		
Balance, beginning of year	¥ 5,172	¥ 5,357
Changes of items in the year:		
Net changes of items other than shareholders' equity	185	(24)
Total changes of items in the year	185	(24)
Balance, end of year	5,357	5,333
TOTAL EQUITY		
Balance, beginning of year	81,576	77,816
Cumulative effects of changes in accounting policies	–	796
Restated balance	–	78,612
Changes of items in the year:		
Issuance of new shares	8,950	–
Net income	531	14,632
Purchase of treasury stock	(1)	(0)
Disposal of treasury stock	–	0
Net changes of items other than shareholders' equity	(13,240)	13,822
Total changes of items in the year	(3,760)	28,454
Balance, end of year	¥ 77,816	¥107,066

(5) CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of yen)

	Year ended March 31	
	2014	2015
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 5,665	¥ 25,230
Depreciation and amortization	24,883	23,543
Impairment loss	14	1,331
Net gain on transfer of business	–	(44,889)
Increase (decrease) in liabilities related to retirement benefits	225	(2,135)
Decrease in provision for restructuring costs	(6,211)	–
Interest and dividend income	(281)	(322)
Interest expense	2,672	2,431
Insurance income for disaster	(630)	–
Equity in losses of affiliated companies	190	350
Net gain on sale and disposal of noncurrent assets	(1,328)	(327)
Gain on sale of investment securities	–	(1,596)
Decrease (increase) in trade receivables	(8,648)	10,807
Decrease in inventories	9,773	3,917
Increase (decrease) in trade payables	11,278	(3,843)
Increase in accrued expenses	2,960	16,196
Other—net	(738)	10,489
Subtotal	39,824	41,182
Interest and dividend income received	279	321
Interest expense paid	(2,627)	(2,435)
Proceeds from insurance income for disaster	128	–
Income taxes paid	(3,362)	(4,504)
Net cash provided by operating activities	34,242	34,564
Cash flows from investing activities:		
Decrease (increase) in time deposits	(305)	1,093
Proceeds from sale of noncurrent assets	4,536	4,188
Purchase of noncurrent assets	(26,053)	(25,046)
Proceeds from sale of investment securities	–	4,609
Purchase of investment securities	(150)	(4,086)
Proceeds from transfer of business	–	57,124
Net decrease from payments for transfer of business	–	(1,122)
Other—net	110	120
Net cash provided by (used in) investing activities	(21,862)	36,880
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	818	(5,481)
Proceeds from long-term debt	56,325	42,954
Repayment of long-term debt	(66,732)	(91,857)
Repayment of lease obligation	(1,924)	(2,093)
Proceeds from sales and leasebacks	2,030	1,043
Proceeds from issuance of new shares	8,643	–
Other—net	(47)	10
Net cash used in financing activities	(887)	(55,424)
Foreign currency translation adjustments on cash and cash equivalents	1,444	1,752
Net increase in cash and cash equivalents	12,937	17,772
Cash and cash equivalents, beginning of year	20,967	33,904
Cash and cash equivalents, end of year	¥ 33,904	¥ 51,676

(6) CHANGES IN ACCOUNTING POLICY

<Fiscal year ended March 31, 2015>

Effective from 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 fiscal 2015 was immaterial.

(7) SEGMENT INFORMATION

<Net Sales by Segment>

(In millions of yen)

	Year ended March 31				
	2014		2015		Percent change
	Amount	Ratio	Amount	Ratio	
Car Electronics:					
Japan	¥151,248	30.4%	¥131,347	26.2%	–13.2%
Overseas	196,827	39.5	224,244	44.7	+13.9
Total	348,075	69.9	355,591	70.9	+2.2
Home Electronics:					
Japan	36,088	7.2	37,139	7.4	+2.9
Overseas	75,631	15.2	67,558	13.5	–10.7
Total	111,719	22.4	104,697	20.9	–6.3
Others:					
Japan	22,668	4.6	24,594	4.9	+8.5
Overseas	15,589	3.1	16,794	3.3	+7.7
Total	38,257	7.7	41,388	8.2	+8.2
Consolidated:					
Japan	210,004	42.2	193,080	38.5	–8.1
Overseas	288,047	57.8	308,596	61.5	+7.1
Total	¥498,051	100.0%	¥501,676	100.0%	+0.7%

<Segment Information>

1. Overview of Segments

The segments of the Company are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigation to determine distribution of management resources and evaluate their business results.

The Company has its business divisions identified by products and services. Each business division plans its comprehensive domestic and overseas strategy for its products and services, and operates its business activities.

Therefore, the Company consists of its business divisions, identified by products and services, which are three segments of “Car Electronics,” “Home Electronics” and “Others.”

Principal products and services included in each segment are as follows;

Car Electronics:
car navigation systems, car stereos, car AV systems and car speakers

Home Electronics:
audio systems, audio components, DJ equipment, equipment for cable-TV systems, Blu-ray Disc players, Blu-ray Disc drives, DVD players, DVD drives, AV accessories and telephones

Others:
factory automation systems, speaker units, electronic devices and parts, organic light-emitting diode displays, electronic manufacturing services and map software

On March 2, 2015, the home AV, telephones, headphone-related, and DJ equipment businesses were transferred. In accordance with these transfers, the business segments are classified into Car Electronics and Others effective April 1, 2015.

2. Sales, Income (Loss), Assets and Other Items

(In millions of yen)

Year ended March 31, 2014	Segment: Car Electronics	Segment: Home Electronics	Segment: Others	Segment: Total	Reconciliations *1	Consolidated *2
Sales:						
Sales to external customers	¥348,075	¥111,719	¥38,257	¥498,051	–	¥498,051
Intersegment sales	672	174	8,269	9,115	¥ (9,115)	–
Total sales	348,747	111,893	46,526	507,166	(9,115)	498,051
Segment income (loss)	12,431	(24)	(773)	11,634	(465)	11,169
Segment assets	88,114	20,399	20,559	129,072	198,841	327,913
Other items:						
Depreciation	18,790	2,232	2,220	23,242	1,641	24,883
Amortization of goodwill	–	–	–	–	42	42
Increase in property, plant and equipment and intangible assets	¥ 16,651	¥ 2,685	¥ 2,118	¥ 21,454	¥ 681	¥ 22,135

Notes:

1. (1) Reconciliations of ¥(465) million recorded for segment income (loss) include elimination of intersegment transactions of ¥630 million and corporate expenses of ¥(1,095) 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) Reconciliations recorded for segment assets of ¥198,841 million are corporate assets which are not allocated to any segment.
   (3) Reconciliations recorded for increase in property, plant and equipment and intangible assets of ¥681 million are capital investments principally for software.
2. Adjustments are made to reconcile segment income (loss) to operating income presented in the accompanying consolidated statements of operations.

(In millions of yen)

Year ended March 31, 2015	Segment				Reconciliations *1	Consolidated *2
	Car Electronics	Home Electronics	Others	Total		
Sales:						
Sales to external customers	¥355,591	¥104,697	¥41,388	¥501,676	–	¥501,676
Intersegment sales	1,416	75	7,886	9,377	¥ (9,377)	–
Total sales	357,007	104,772	49,274	511,053	(9,377)	501,676
Segment income (loss)	10,995	(2,297)	(107)	8,591	(813)	7,778
Segment assets	101,045	10,675	20,382	132,012	196,175	328,277
Other items:						
Depreciation	18,637	2,013	2,360	23,010	533	23,543
Amortization of goodwill	–	–	–	–	42	42
Increase in property, plant and equipment and intangible assets	¥ 27,220	¥ 2,526	¥ 2,181	¥ 31,927	¥ 659	¥ 32,586

Notes:

1. (1) Reconciliations of ¥(813) million recorded for segment income (loss) include elimination of intersegment transactions of ¥(383) million and corporate expenses of ¥(430) 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) Reconciliations recorded for segment assets of ¥196,175 million are corporate assets which are not allocated to any segment.
   (3) Reconciliations recorded for increase in property, plant and equipment and intangible assets of ¥659 million are capital investments principally for software.
2. Adjustments are made to reconcile segment income (loss) to operating income presented in the accompanying consolidated statements of operations.

<Change in Segment>

From fiscal 2015, telephones were reclassified from the Others segment to the Home Electronics segment. Accordingly, figures for fiscal 2014 have been reclassified to conform with the presentation used in fiscal 2015.