

# News Release

**For Immediate Release  
November 10, 2015**

## **Pioneer Announces Business Results for 2Q Fiscal 2016**

Pioneer Corporation today announced its consolidated second-quarter and six-month business results for the period ended September 30, 2015.

### **Consolidated Financial Highlights**

(In millions of yen except per share information)

	Three months ended September 30			Six months ended September 30		
	2015	2014	Percent change	2015	2014	Percent change
Net sales	¥113,575	¥122,594	-7.4%	¥222,595	¥235,928	-5.7%
Operating income	2,009	3,103	-35.3	2,078	3,368	-38.3
Ordinary income (loss)	1,997	(1,072)	-	1,405	(1,351)	-
Net income (loss) *	¥ 520	¥ (345)	-%	¥ (1,994)	¥ (2,434)	-%
Net income (loss) * per share	¥1.42	¥(0.94)		¥(5.43)	¥(6.63)	

\* Net income (loss) attributable to owners of Pioneer Corporation

### **Consolidated Business Results**

For the second quarter of fiscal 2016, the three months ended September 30, 2015, consolidated net sales declined 7.4% year on year, to ¥113,575 million, mainly owing to the impact of the transfers of the home AV business and DJ equipment business in fiscal 2015 despite an increase in sales in Car Electronics, coupled with a positive effect from the Japanese yen's depreciation.

Operating income was ¥2,009 million, a 35.3% decrease year on year, reflecting a deterioration in the cost of sales ratio, mainly due to an increase in depreciation and amortization, as well as lower sales owing to the impact of the business transfers, and despite a decline in selling, general and administrative (SG&A) expenses as a result of the business transfers and organizational streamlining. Net income attributable to owners of Pioneer was ¥520 million, compared with a net loss of ¥345 million for the second quarter of fiscal 2015. This was mainly the result of a turnaround to an exchange gain

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from a year-earlier loss and a decrease in interest expenses, and despite a decline in operating income.

During the second quarter of fiscal 2016, the average value of the Japanese yen declined 15.0% year on year against the U.S. dollar, to ¥122.23=1 U.S. dollar, and rose 1.3% against the euro, to ¥135.98=1 euro.

**Car Electronics** sales grew 2.6% year on year, to ¥88,390 million.

Sales of car audio products increased. Consumer-market sales declined, with lower sales, mainly in Europe and Central and South America, more than offsetting an increase in North America. OEM sales rose, mainly from increases in North America and Japan.

Car navigation system sales increased. Consumer-market sales rose on higher sales both in Japan and overseas. OEM sales were roughly flat year on year, reflecting increases in Southeast Asia and China and declines in Japan and North America.

OEM sales accounted for 60% of total Car Electronics sales, compared with 56% a year earlier.

By geographic region, sales in Japan declined 1.8%, to ¥30,989 million, while overseas sales grew 5.1%, to ¥57,401 million.

Operating income declined 48.2% year on year, to ¥1,876 million, as a result of the deterioration in the cost of sales ratio, mainly due to an increase in depreciation and amortization, and despite lower SG&A expenses and higher sales.

In the **Others** segment, sales declined 30.9% year on year, to ¥25,185 million, primarily because of the transfers of businesses in fiscal 2015.

By geographic region, sales in Japan decreased 2.2%, to ¥13,606 million, and overseas sales declined 48.6%, to ¥11,579 million.

Operating income rose 29.0% year on year, to ¥877 million, reflecting a decline in SG&A expenses, and despite the business transfers.

For the first half of fiscal 2016, the six months ended September 30, 2015, consolidated net sales declined 5.7% year on year, to ¥222,595 million. Despite the increase in sales in Car Electronics, coupled with the effect from the Japanese yen's depreciation, the decline was mainly due to the transfers of the home AV and DJ equipment businesses in the previous fiscal year.

Operating income declined 38.3% from the first half of fiscal 2015, to ¥2,078 million. The decline in SG&A expenses, the result of business transfers and organizational streamlining, was more than offset by the deterioration in the cost of sales ratio, mainly due to foreign exchange rate movements, and lower sales resulting from the business transfers. The net loss attributable to owners of Pioneer was ¥1,994 million, compared with a year-earlier net loss of ¥2,434 million, mainly reflecting a turnaround to an exchange gain from a year-earlier loss and a decrease in interest expenses, and despite a decline in operating income.

During the first half of fiscal 2016, the average value of the Japanese yen declined 15.4% year on year against the U.S. dollar, to ¥121.80=1 U.S. dollar, and rose 2.9% against the euro, to ¥135.07=1 euro.

- Notes: 1. Operating income in each business segment represents operating income before elimination of intersegment transactions.
2. On March 2, 2015, the home AV, telephone, headphone-related, and DJ equipment businesses were transferred. In accordance with these transfers, the business segments from fiscal 2016 are classified as "Car Electronics" and "Others." Figures shown for the second quarter of fiscal 2015 have been reclassified accordingly.

### **Consolidated Financial Position**

Total assets as of September 30, 2015 were ¥300,473 million, a decrease of ¥27,804 million from March 31, 2015, from decreases in cash and deposits, and property, plant and equipment. Cash and deposits decreased ¥18,330 million, to ¥33,830 million. Property, plant and equipment decreased ¥3,931 million, to ¥53,698 million, mainly due to foreign exchange rate movements.

Total liabilities were ¥197,346 million, a ¥23,865 million decline from March 31, 2015. This was primarily the result of a ¥13,379 million decrease in accrued expenses, mainly from the payment of special retirement benefits associated with organizational streamlining carried out in fiscal 2015, a ¥4,786 million reduction in borrowings, mainly from repayments, and a ¥2,731 million decline in trade payables, primarily due to foreign exchange factors.

Total equity was ¥103,127 million, a decrease of ¥3,939 million from March 31, 2015, mainly reflecting a ¥2,395 million decrease in foreign currency translation adjustments and the recording of a ¥1,994 million net loss attributable to owners of Pioneer for the first half.

### **Cash Flows**

During the first half of fiscal 2016, operating activities used net cash in the amount of ¥3,386 million, compared with ¥17,125 million in net cash provided in the year-earlier period. This reflected a ¥9,901 million decrease in accrued expenses, mainly from the payment of special retirement benefits, compared with a ¥5,030 million increase in the year-earlier period, and a ¥663 million increase in trade receivables, compared with a year-earlier ¥6,084 million decrease.

Investing activities used net cash in the amount of ¥8,137 million, a ¥3,712 million increase from the year-earlier period. Although outlays for the purchase of noncurrent assets decreased ¥1,213 million, a ¥2,675 million decline in proceeds from sale of investment securities, coupled with a ¥1,823 million net decrease from payments for business transfers, led to the increase.

Financing activities used net cash in the amount of ¥5,635 million, a ¥4,623 million decrease from the year-earlier period, mainly from a smaller decrease in the amount of net borrowings of ¥5,843 million.

Foreign currency translation adjustments on cash and cash equivalents were a negative ¥688 million, compared with a positive ¥862 million in the year-earlier period.

As a result, cash and cash equivalents as of September 30, 2015 totaled ¥33,830 million, a ¥17,846 million decrease from March 31, 2015.

## **Business Forecasts for Fiscal 2016**

The forecast for net sales for fiscal 2016, ending March 31, 2016, has been revised from the previous forecast announced on May 12, 2015, 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 2015
Net sales	¥465,000	¥487,000	¥(22,000)	-4.5%	¥501,676
Operating income	8,000	8,000	0	-	7,778
Ordinary income (loss)	6,000	6,000	0	-	(2,915)
Net income *	¥ 1,000	¥ 1,000	¥ 0	-%	¥ 14,632

\* Net income attributable to owners of Pioneer Corporation

The net sales forecast has been revised downward by ¥22.0 billion from the previous forecast, taking into account recent foreign exchange rate movements and a conservative estimate on consumption trends from the third quarter of fiscal 2016 onward. The forecasts for operating income, ordinary income and net income attributable to owners of Pioneer remain unchanged from previous forecasts.

The yen-U.S. dollar exchange rate assumption for the second half of fiscal 2016 is ¥122 and the yen-euro exchange rate assumption is ¥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 U.S. dollar, the euro, 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 car electronics 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 six months ended September 30, 2015.

**(1) CONSOLIDATED BALANCE SHEETS**

	(In millions of yen)	
	March 31, 2015	September 30, 2015
<b>ASSETS</b>		
Current assets:		
Cash and deposits	52,160	33,830
Trade receivables	79,158	78,486
Finished products	29,039	28,760
Work in process	11,065	12,940
Raw materials and supplies	23,191	20,882
Deferred tax assets	4,563	4,583
Other current assets	20,666	18,794
Allowance for doubtful receivables	(2,195)	(2,926)
<b>Total current assets</b>	<b>217,647</b>	<b>195,349</b>
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures	64,524	63,782
Machinery, vehicles, tools, furniture and fixtures	139,724	129,042
Lease assets	15,040	10,750
Others	16,537	16,108
Accumulated depreciation	(178,196)	(165,984)
<b>Net property, plant and equipment</b>	<b>57,629</b>	<b>53,698</b>
Intangible assets:		
Goodwill	522	500
Software	25,600	24,548
Software in progress	14,376	14,453
Others	1,040	945
<b>Total intangible assets</b>	<b>41,538</b>	<b>40,446</b>
Investments and other assets:		
Investment securities	6,349	6,130
Deferred tax assets	2,049	1,834
Prepaid pension costs	1,118	1,196
Others	1,908	1,752
Allowance for doubtful accounts	(80)	-
<b>Total investments and other assets</b>	<b>11,344</b>	<b>10,912</b>
<b>Total noncurrent assets</b>	<b>110,511</b>	<b>105,056</b>
Deferred assets	119	68
<b>Total assets</b>	<b>328,277</b>	<b>300,473</b>

	(In millions of yen)	
	March 31, 2015	September 30, 2015
<u>LIABILITIES</u>		
Current liabilities:		
Trade payables	76,359	73,628
Short-term borrowings	17,871	16,214
Current portion of long-term debt	6,367	3,238
Income taxes payable	2,266	3,362
Accrued expenses	44,834	31,455
Warranty reserve	2,531	2,291
Other current liabilities	23,803	21,817
Total current liabilities	174,031	152,005
Long-term liabilities:		
Long-term debt	10,000	10,000
Accrued pension and severance costs	32,202	31,222
Other long-term liabilities	4,978	4,119
Total long-term liabilities	47,180	45,341
Total liabilities	221,211	197,346
<u>EQUITY</u>		
Shareholders' equity:		
Common stock	91,732	91,732
Capital surplus	56,016	56,016
Retained earnings	33,277	31,313
Treasury stock	(11,051)	(11,051)
Total shareholders' equity	169,974	168,010
Accumulated other comprehensive income (loss):		
Unrealized loss on available-for-sale securities	(105)	(342)
Deferred gain on derivatives under hedge accounting	-	42
Foreign currency translation adjustments	(47,369)	(49,764)
Defined retirement benefit plans	(20,767)	(19,977)
Total accumulated other comprehensive loss	(68,241)	(70,041)
Non-controlling interests	5,333	5,158
Total equity	107,066	103,127
Total liabilities and equity	328,277	300,473

**(2) CONSOLIDATED STATEMENTS OF OPERATIONS – Six months ended September 30**

	(In millions of yen)	
	Six months ended September 30	
	2014	2015
Net sales	235,928	222,595
Cost of sales	188,258	184,861
Gross profit	47,670	37,734
Selling, general and administrative expenses	44,302	35,656
Operating income	3,368	2,078
Non-operating income:		
Interest income	126	125
Dividend income	138	88
Exchange gain	–	369
Others	186	158
Total non-operating income	450	740
Non-operating expenses:		
Interest expenses	1,272	652
Exchange loss	2,160	–
Equity in losses of affiliated companies	96	46
Others	1,641	715
Total non-operating expenses	5,169	1,413
Ordinary income (loss)	(1,351)	1,405
Extraordinary income:		
Gain on sale of property, plant and equipment	1,442	189
Gain on sale of investment securities	458	359
Gain on sale of investment in subsidiary	327	–
Gain on transfer of business	–	310
Total extraordinary income	2,227	858
Extraordinary loss:		
Loss on sale and disposal of property, plant and equipment	183	167
Restructuring costs	477	603
Others	–	511
Total extraordinary loss	660	1,281
Income before income taxes	216	982
Income taxes:		
Current	2,514	2,724
Deferred	223	265
Total income taxes	2,737	2,989
Net loss	(2,521)	(2,007)
Net loss attributable to non-controlling interests	(87)	(13)
Net loss attributable to owners of Pioneer Corporation	(2,434)	(1,994)

**(3) CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) – Six months ended  
September 30**

	(In millions of yen)	
	Six months ended September 30	
	2014	2015
Net loss	(2,521)	(2,007)
Other comprehensive income (loss):		
Unrealized loss on available-for-sale securities	(377)	(237)
Deferred gain on derivatives under hedge accounting	436	42
Foreign currency translation adjustments	5,104	(2,564)
Share of other comprehensive income (loss) in associates	(52)	7
Defined retirement benefit plans	963	790
Total other comprehensive income (loss)	6,074	(1,962)
Comprehensive income (loss)	3,553	(3,969)
Comprehensive income (loss) attributable to:		
Owners of Pioneer Corporation	3,401	(3,794)
Non-controlling interests	152	(175)



**(4) CONSOLIDATED STATEMENTS OF OPERATIONS – Three months ended September 30**

(In millions of yen)

	Three months ended September 30	
	2014	2015
Net sales	122,594	113,575
Cost of sales	97,147	94,316
Gross profit	25,447	19,259
Selling, general and administrative expenses	22,344	17,250
Operating income	3,103	2,009
Non-operating income:		
Interest income	80	53
Dividend income	120	49
Exchange gain	–	356
Others	127	81
Total non-operating income	327	539
Non-operating expenses:		
Interest expenses	626	245
Exchange loss	2,669	–
Equity in losses of affiliated companies	49	52
Others	1,158	254
Total non-operating expenses	4,502	551
Ordinary income (loss)	(1,072)	1,997
Extraordinary income:		
Gain on sale of property, plant and equipment	1,424	167
Gain on sale of investment securities	458	359
Gain on transfer of business	–	310
Total extraordinary income	1,882	836
Extraordinary loss:		
Loss on sale and disposal of property, plant and equipment	157	131
Restructuring costs	434	515
Others	–	149
Total extraordinary loss	591	795
Income before income taxes	219	2,038
Income taxes:		
Current	864	1,568
Deferred	(113)	(73)
Total income taxes	751	1,495
Net income (loss)	(532)	543
Net income (loss) attributable to non-controlling interests	(187)	23
Net income (loss) attributable to owners of Pioneer Corporation	(345)	520

**(5) CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) – Three months ended  
September 30**

	(In millions of yen)	
	Three months ended September 30	
	2014	2015
Net income (loss)	(532)	543
Other comprehensive income (loss):		
Unrealized loss on available-for-sale securities	(445)	(252)
Deferred gain on derivatives under hedge accounting	366	5
Foreign currency translation adjustments	6,379	(3,969)
Share of other comprehensive income (loss) in associates	(24)	4
Defined retirement benefit plans	397	474
<b>Total other comprehensive income (loss)</b>	<b>6,673</b>	<b>(3,738)</b>
<b>Comprehensive income (loss)</b>	<b>6,141</b>	<b>(3,195)</b>
Comprehensive income (loss) attributable to:		
Owners of Pioneer Corporation	5,998	(2,941)
Non-controlling interests	143	(254)

**(6) CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In millions of yen)

	Six months ended September 30	
	2014	2015
Cash flows from operating activities:		
Income before income taxes	216	982
Depreciation and amortization	11,241	13,663
Net gain on transfer of business	-	(226)
Decrease in accrued pension and severance costs	(849)	(1,155)
Interest and dividends income	(264)	(213)
Interest expenses	1,272	652
Net gain on sale and disposal of noncurrent assets	(1,259)	(22)
Gain on sale of investment securities	(458)	(359)
Decrease (increase) in trade receivables	6,084	(663)
Increase in inventories	(2,280)	(1,914)
Increase in trade payables	597	179
Increase (decrease) in accrued expenses	5,030	(9,901)
Other—net	1,743	(2,069)
<b>Subtotal</b>	<b>21,073</b>	<b>(1,046)</b>
Interest and dividends income received	263	213
Interest expenses paid	(1,334)	(638)
Income taxes paid	(2,877)	(1,915)
<b>Net cash provided by (used in) operating activities</b>	<b>17,125</b>	<b>(3,386)</b>
Cash flows from investing activities:		
Decrease in time deposits	1,093	489
Purchase of noncurrent assets	(11,080)	(9,867)
Proceeds of noncurrent assets	2,564	2,422
Proceeds from sale of investment securities	3,178	503
Net decrease from payment for business transfer	-	(1,823)
Proceeds from business transfer	-	360
Net decrease from sale of subsidiary stock resulting in change in scope of consolidation	(154)	-
Other—net	(26)	(221)
<b>Net cash used in investing activities</b>	<b>(4,425)</b>	<b>(8,137)</b>
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	1,682	(1,423)
Proceeds from long term debt	36,587	-
Repayment of long term debt	(48,664)	(3,129)
Proceeds from sale and lease-back transactions	1,043	-
Repayment of lease obligations	(906)	(1,083)
<b>Net cash used in financing activities</b>	<b>(10,258)</b>	<b>(5,635)</b>
Foreign currency translation adjustments on cash and cash equivalents	862	(688)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,304</b>	<b>(17,846)</b>
Cash and cash equivalents, beginning of period	33,904	51,676
<b>Cash and cash equivalents, end of period</b>	<b>37,208</b>	<b>33,830</b>

**(7) CHANGE IN ACCOUNTING POLICY**

Effective from the beginning of the first quarter of fiscal 2016, the year ending March 31, 2016, the Company adopted the “Revised Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No.21, issued September 13, 2013, hereinafter the “Accounting Standard for Business Combinations”), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22, issued September 13, 2013, hereinafter the “Accounting Standard for Consolidated Financial Statements”) and “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No.7, issued September 13, 2013, hereinafter the “Accounting Standard for Business Divestitures”). In applying these revised accounting standards, the Company records any differences arising from changes in interests in its subsidiary retaining control as capital surplus and acquisition-related costs are recognized as expenses when the costs are incurred. Also, regarding business combinations conducted on or after the beginning of the first quarter of fiscal 2016, the disclosure method was revised with regard to the adjustment of purchase price allocation based on provisional accounting applicable to the consolidated financial statements of the period in which the business combination occurs. In addition, the presentation method of net income was amended and the reference to “minority interests” was changed to “non-controlling interests.” To reflect these changes in presentation, the consolidated financial statements for the first half and the second quarter of fiscal 2015 and the consolidated financial statements for fiscal 2015 have been reclassified.

Concerning the application of the Accounting Standard for Business Combinations and others, based on the provisional treatment set out in Section 58-2 (4) of the Accounting Standard for Business Combinations, in Section 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and in Section 57-4 (4) of the Accounting Standard for Business Divestitures, these changes are effective from the beginning of the first quarter of fiscal 2016.

There is no impact of these changes on the consolidated financial statements for the first half and the second quarter of fiscal 2016.

**(8) SEGMENT INFORMATION**

&lt;Net Sales by Segment&gt;

(In millions of yen)

	Six months ended September 30				
	2014		2015		Percent change
	Amount	Ratio	Amount	Ratio	
Car Electronics:					
Japan	65,182	27.6 %	60,709	27.3 %	-6.9 %
Overseas	103,413	43.9	114,569	51.4	+10.8
Total	168,595	71.5	175,278	78.7	+4.0
Others:					
Japan	27,651	11.7	25,843	11.6	-6.5
Overseas	39,682	16.8	21,474	9.7	-45.9
Total	67,333	28.5	47,317	21.3	-29.7
Consolidated:					
Japan	92,833	39.3	86,552	38.9	-6.8
Overseas	143,095	60.7	136,043	61.1	-4.9
Total	235,928	100.0 %	222,595	100.0 %	-5.7 %

(In millions of yen)

	Three months ended September 30				
	2014		2015		Percent change
	Amount	Ratio	Amount	Ratio	
Car Electronics:					
Japan	31,560	25.7 %	30,989	27.3 %	-1.8 %
Overseas	54,608	44.6	57,401	50.5	+5.1
Total	86,168	70.3	88,390	77.8	+2.6
Others:					
Japan	13,913	11.4	13,606	12.0	-2.2
Overseas	22,513	18.3	11,579	10.2	-48.6
Total	36,426	29.7	25,185	22.2	-30.9
Consolidated:					
Japan	45,473	37.1	44,595	39.3	-1.9
Overseas	77,121	62.9	68,980	60.7	-10.6
Total	122,594	100.0 %	113,575	100.0 %	-7.4 %

## &lt;Sales and Income (Loss) by Segment&gt;

Six months ended September 30, 2014					(In millions of yen)	
	Car Electronics	Others	Total	Reconciliations * 1	Consolidated * 2	
Sales:						
Sales to external customers	168,595	67,333	235,928	-	235,928	
Intersegment sales	295	2,347	2,642	(2,642)	-	
Total sales	168,890	69,680	238,570	(2,642)	235,928	
Segment income (loss)	5,614	(922)	4,692	(1,324)	3,368	

## Notes:

1. Reconciliations of ¥(1,324) million recorded for segment income (loss) include elimination of intersegment transactions of ¥199 million and corporate expenses of ¥(1,523) 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.

Six months ended September 30, 2015					(In millions of yen)	
	Car Electronics	Others	Total	Reconciliations * 1	Consolidated * 2	
Sales:						
Sales to external customers	175,278	47,317	222,595	-	222,595	
Intersegment sales	268	1,812	2,080	(2,080)	-	
Total sales	175,546	49,129	224,675	(2,080)	222,595	
Segment income	2,846	121	2,967	(889)	2,078	

## Notes:

1. Reconciliations of ¥(889) million recorded for segment income include elimination of intersegment transactions of ¥(56) million and corporate expenses of ¥(833) 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 to operating income presented in the accompanying consolidated statements of operations.

## &lt;Sales and Income by Segment&gt;

Three months ended September 30, 2014					(In millions of yen)	
	Car Electronics	Others	Total	Reconciliations * 1	Consolidated * 2	
Sales:						
Sales to external customers	86,168	36,426	122,594	-	122,594	
Intersegment sales	142	1,211	1,353	(1,353)	-	
Total sales	86,310	37,637	123,947	(1,353)	122,594	
Segment income	3,620	680	4,300	(1,197)	3,103	

## Notes:

1. Reconciliations of ¥(1,197) million recorded for segment income include elimination of intersegment transactions of ¥4 million and corporate expenses of ¥(1,201) 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 to operating income presented in the accompanying consolidated statements of operations.

Three months ended September 30, 2015					(In millions of yen)	
	Car Electronics	Others	Total	Reconciliations * 1	Consolidated * 2	
Sales:						
Sales to external customers	88,390	25,185	113,575	-	113,575	
Intersegment sales	262	952	1,214	(1,214)	-	
Total sales	88,652	26,137	114,789	(1,214)	113,575	
Segment income	1,876	877	2,753	(744)	2,009	

## Notes:

1. Reconciliations of ¥(744) million recorded for segment income include elimination of intersegment transactions of ¥(62) million and corporate expenses of ¥(682) 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 to operating income presented in the accompanying consolidated statements of operations.

## &lt;Change in Segment&gt;

On March 2, 2015, the home AV, telephone, headphone-related, and DJ equipment businesses were transferred. In accordance with these transfers, the business segments from fiscal 2016 are classified as "Car Electronics" and "Others." Figures shown for the corresponding periods of fiscal 2015 have been reclassified accordingly.