TRANSLATION - FOR REFERENCE ONLY -

JVCKENWOOD

January 31, 2017

Company	JVCKENWOOD Corporation
Representative	Takao Tsuji, President & CEO (Code: 6632; First Section of the Tokyo Stock Exchange)
Contact	Shinichiro Nishishita, General Executive, Corporate Communication Division (TEL: 81-45-444-5232)

Partial Revisions to “Accounting Report for the Fiscal Year Ended March 2014”

JVCKENWOOD Corporation hereby announces that it has partially corrected the “Accounting Report for the Fiscal Year Ended March 2014.”

1. Background and Reason for Corrections

For the details and reason for the corrections, please refer to the “Notice Regarding Corrections to Earnings Results of the Company” released on January 31, 2017.

2. Details of Corrections

Corrected parts are underlined. Please note that corrections have been made to numerous items, and therefore only corrected figures are provided in this document.

JVCKENWOOD

April 30, 2014

Company:	JVC KENWOOD Corporation
Representative:	Haruo Kawahara, Representative Director of the Board and Chief Executive Officer (CEO)
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Accounting Report for the Fiscal Year Ended March 2014
(April 1, 2013 - March 31, 2014)

Consolidated Financial Highlights for the Fiscal Year Ended March 2014
(April 1, 2013 - March 31, 2014)

Operating Results

(Millions of yen, except net income per share)

	FYE 3/2014 April 1, 2013 to March 31, 2014	FYE 3/2013 April 1, 2012 to March 31, 2013	Year-on-year comparison (%)
Net sales	316,343	306,580	103.2
Operating income (loss)	4,592	9,761	47.0
Ordinary income (loss)	100	3,263	3.1
Net income (loss)	(6,450)	1,243	-
Net income (loss) per share	(46.52) yen	8.97 yen	-

FYE: Fiscal year ended / ending

Forecast for the Fiscal Year Ending March 2015

(Millions of yen)

	FYE 3/2015 April 1, 2014 to March 31, 2015	FYE 3/2014 April 1, 2013 to March 31, 2014	YoY (%)
Net sales	300,000	316,343	94.8
Operating Income (loss)	7,500	4,592	163.3
Ordinary income (loss)	4,500	100	-
Net income (loss)	500	(6,450)	-

Paying Dividends

(yen)

	Annual dividend
FYE 3/2013	5.00
FYE 3/2014	0.00
FYE 3/2015 (forecast)	0.00

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

1. Overview of the fiscal year under review

Looking at global economic conditions during the fiscal year under review, we saw a gradual economic recovery in the U.S. as indicated by signs of improvement in many sectors including the employment and housing markets, which were stimulated by active fiscal and monetary policies of the government. On the other hand, the European economy remained sluggish and the growth of emerging economies, centered on China and Brazil, slowed, failing to show a full-scale recovery. Japan's economy showed signs of recovery due to an improved export environment resulting from various measures taken by the government, as well as a boost in personal consumption driven by a rush of demand before introduction of a consumption tax hike. Meanwhile, the outlook for the global economy on the whole remained uncertain.

Under these circumstances, net sales of the JVCKENWOOD Group for the fiscal year under review exceeded the previous year's results. In terms of profit and loss, all operating segments including Car Electronics saw profit declines, and the operating income of the Group fell significantly compared to the previous fiscal year. However, operating income for the second half of the fiscal year under review increased from a year ago with signs of a recovery becoming obvious due to the effects of the Group's business restructuring measures, such as overall cost reforms, sales reforms, and urgent countermeasures.

Profit-and-loss exchange rates used when preparing the financial statements for the fiscal year under review are as follows.

		1st quarter	2nd quarter	3rd quarter	4th quarter	Full year
Profit-and-loss	US dollar	About 99 yen	About 99 yen	About 100 yen	About 103 yen	About 100 yen
exchange rates	Euro	About 129 yen	About 131 yen	About 137 yen	About 141 yen	About 134 yen
The previous FY	US dollar	About 80 yen	About 79 yen	About 81 yen	About 92 yen	About 83 yen
(for reference)	Euro	About 103 yen	About 98 yen	About 105 yen	About 122 yen	About 107 yen

*Net sales

Net sales for the fiscal year under review were 316,343 million yen, an increase of about 9.8 billion yen, or 3.2%, from a year earlier. This increase reflect a rise in sales in the Car Electronics Segment, due to the effects of the conversion of Shinwa International Holdings Limited ("Shinwa") into a consolidated subsidiary in the first quarter and an increase in the yen equivalent of sales as a result of favorable exchange rate fluctuations. In addition, sales increased in the Professional Systems Segment, which recovered from the impact of floods in Thailand, which occurred in the previous fiscal year and took over the information equipment business of TOTOKU Electric Co., Ltd. ("TOTOKU Electric"). The increases in sales absorbed the impacts of sales declines in the Optical & Audio Segment, due to an economic slowdown in Europe and realignment of product lines, as well as in the Entertainment Software Business Segment due to the postponed release of major titles.

*Operating income

Operating income for the fiscal year under review declined by about 5.2 billion yen, or 53.0%, from a year ago to 4,592 million yen. This decrease reflected significant losses in the first half of the fiscal year under review in domestic businesses such as the CE Consumer Division and the CE OEM Division, as well as the Imaging Division of the Optical & Audio Segment, due to increased costs of more than 20% in yen terms as a result of a weakening of the yen against the US dollar. In addition, profits in all operating segments fell from a year earlier due to factors such as sluggish overseas sales in the CE Consumer Division and the Imaging Division, and postponed release of major titles and shrinking overseas market for package media in the Entertainment Software Segment.

Operating income for the second half of the fiscal year under review was positive in all operating segments due to the effects of overall cost reforms, sales reforms, and urgent countermeasures, which have been promoted since the third quarter of the fiscal year under review. As a result, the operating income of the Group improved significantly from substantial losses recorded in the first half of the fiscal year under review, clearly showing that the Group is on a recovery track.

*Ordinary income

Ordinary income for the fiscal year under review declined by about 3.2 billion yen, or 96.9%, from a year earlier to 100 million yen, because of a decline in operating income, although non-operating income and expenses improved.

Ordinary income for the second half of the fiscal year under review grew significantly from the same period of the previous fiscal year because operating income increased and foreign exchange losses decreased by about 2.1 billion yen.

*Net income

Net income for the fiscal year under review declined by about 7.7 billion yen from a year earlier to post a net loss of 6,450 million yen, reflecting the decrease in ordinary income, posting of an extraordinary loss accompanying solicitations for voluntary early retirement in Japan and restructuring of overseas business bases that have been implemented since the third quarter of the fiscal year under review and as well as an increase in tax expenses, although extraordinary income was recorded as a result of the share transfer of Kenwood Geobit Corporation.

Total income taxes for the fiscal year under review increased by about 1.5 billion yen from a year earlier, due largely to an increase in tax, and minority interests increased by about 0.6 billion yen from a year ago.

(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 by business segment include inter-segment sales or transfers.

Fiscal Year Ended March 2014 (from April 1, 2013 to March 31, 2014) (Million yen)

Business segment		FYE3/'14	FYE3/'13	YoY comparison	(For reference) 2H of FYE3/'14	(For reference) 2H of FYE3/'13	(For reference) YoY comparison
Car Electronics	Net sales	113,956	94,443	+19,513	60,278	46,006	+14,272
	Operating income	(488)	2,003	(2,492)	1,041	120	+921
Professional Systems	Net sales	96,952	91,830	+5,122	52,968	49,270	+3,698
	Operating income	3,587	4,065	(478)	3,402	3,357	+45
Optical & Audio	Net sales	74,656	87,069	(12,413)	38,142	45,950	(7,808)
	Operating income	898	1,251	(353)	1,588	946	+642
Entertainment Software Business	Net sales	36,395	40,858	(4,463)	19,359	20,754	(1,395)
	Operating income	577	2,044	(1,467)	583	734	(151)
Others	Net sales	6,134	6,024	+110	3,109	3,082	+27
	Operating income	16	395	(379)	59	157	(98)
Inter-segment	Net sales	(11,752)	(13,644)	+1,892	(5,929)	(7,750)	+1,821
Total	Net sales	316,343	306,580	+9,763	167,930	157,314	+10,616
	Operating income	4,592	9,761	(5,169)	6,676	5,315	+1,360
	Ordinary income	100	3,263	(3,163)	4,210	218	+3,992
	Net income	(6,450)	1,243	(7,695)	(1,422)	(71)	(1,351)

*Car Electronics Segment

Net sales in the Car Electronics Segment for the fiscal year under review increased by about 19.5 billion yen, or 20.7%, year on year to 113,956 million yen, due largely to the conversion of Shinwa into a consolidated subsidiary and increased sales in yen terms due to the depreciation of the yen.

In the domestic market of the CE Consumer Division, sales of Saisoku-Navi, an SSD-type AV car navigation system, remained robust throughout the year, despite a market trend toward lower prices. In addition, sales grew due to a rush of demand before introduction of the consumption tax hike. In overseas markets, sales were affected by shrinking car audio markets in Europe and the U.S., but sales in the CE Consumer Division grew from the previous fiscal year, due largely to the effects of the yen's depreciation.

In the CE OEM Division, while sales of SSD-type car navigation systems for automobile manufacturers slowed and sales of CD/DVD mechanisms for car AV equipment declined, sales grew from a year earlier due mainly to the conversion of Shinwa into a consolidated subsidiary. The ratio of OEM sales of car-mounted products including Shinwa's products, dealer option products, and optical devices for car-mounted equipment increased to 43% from 37% in the previous fiscal year.

Operating income in the entire Car Electronics Segment decreased by about 2.5 billion yen from a year earlier to post an operating loss of 488 million yen. The decline reflected a decrease in overseas sales in the CE Consumer Division and a large impact from increased costs in yen terms on domestic businesses both in the CE Consumer Division and the CE OEM Division, notably in the first half of the fiscal year under review, resulting from a sharp depreciation of the yen against the US dollar, despite increased profit from the launch of models that accommodated the yen's depreciation in the domestic market during the third quarter of the fiscal year under review, as well as increases in profit due to a rush of demand before introduction of the consumption tax increase and conversion of Shinwa into a consolidated subsidiary.

In the second half of the fiscal year under review, the Car Electronics Segment saw increases in both sales and profits from a year earlier, due to the effects of cost reform measures in response to the yen's depreciation, which the Group has been promoting from the third quarter of the fiscal year under review, conversion of Shinwa into a consolidated subsidiary, and expanded sales of Saisoku-Navi car navigation systems.

*Professional Systems Segment

In the Professional Systems Segment, net sales for the fiscal year under review increased by about 5.1 billion yen, or 5.6%, from a year earlier to 96,952 million yen. This increase reflected a recovery of sales in the Professional & Healthcare Division, which was affected by floods in Thailand during the previous fiscal year, and a growth of sales in the Communications Equipment Division due to increased sales in yen terms as a result of the yen's depreciation.

In the Communications Equipment Division, sales increased from a year earlier due to a growth in sales in yen terms resulting from the yen's depreciation, although shipments were affected by austerity measures implemented by the US 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 transfer of the medical image display systems business from TOTOKU Electric and an increase in new orders received from operators of broadcasting businesses in Japan which contributed a recovery of sales, notably in the domestic market

Operating income in the entire Professional Systems Segment declined by about 0.5 billion yen, or 11.8%, from a year earlier to 3,587 million yen as profits in the Communications Equipment Division declined as sales were affected by austerity measures implemented by governments in North America, although profits in the Professional & Healthcare Division grew following the recovery of sales in Japan.

In the second half of the fiscal year under review, the Professional Systems Segment saw both sales and profits grow from a year earlier, due largely to the recovery of the Professional & Healthcare Division and increased sales in yen terms resulting from the yen's depreciation.

*Optical & Audio Segment

In the Optical & Audio Segment, net sales for the fiscal year under review declined by about 12.4 billion yen, or 14.3%, from a year earlier to 74,656 million yen. This decline reflected decreased sales in the Imaging Division and the Audio Division, although sales increased in the Image & Optical Device Division.

In the Audio Division, sales declined from a year earlier as the home audio category saw sales decline due to the effects of a product realignment and the diffusion of smartphones, although sales were robust in the AV accessory segment.

In the Imaging Division, sales fell from a year earlier because of sluggish sales in the camcorder category as a result of significant declines in the scales of overseas and domestic markets.

In the Image & Optical Device Division, sales grew from a year earlier as sales increased in the projector category due to strong shipments of high-definition professional-use 4K models and a recovery of sales in the optical pickups for car-mounted equipment segment.

In the Audio Division, although profit increased in the home audio category, due to the impact of increased sales of high value-added products such as models that support the reproduction of high-resolution sound sources that were launched during the third quarter of the fiscal year under review, profit fell sharply in the camcorder category of the Imaging Division given the category's high proportion of domestic sales, significant cost increases in yen terms, and rapid shrinking of both domestic and overseas markets. Consequently, operating income in the Optical & Audio Segment declined by about 0.4 billion yen, or 28.2%, from a year earlier to 898 million yen.

In the second half of the fiscal year under review, net sales in the Optical & Audio Segment fell from a year earlier due to the effects of shrinking markets of the Imaging Division. However, operating income increased from the previous fiscal year due to factors such as the effects of cost reform measures in response to the yen's depreciation, which the Group has been promoting since the third quarter of the fiscal year, as well as improved profit and loss in the home audio segment of the Audio Division.

*Entertainment Software Business Segment

During the fiscal year under review, net sales in the entire Entertainment Software Business Segment fell by about 4.5 billion yen, or 10.9%, from a year earlier to 36,395 million yen, and operating income declined by about 1.5 billion yen, or 71.8%, year on year to 577 million yen. This was because sales decreased in the content business due to the effects of postponed releases of major titles, although sales were robust for titles launched by new and mid-career artists, driven by their use as tie-in songs for TV commercials and theme songs for TV programs. In the OEM business, sales decreased due to shrinking overseas markets for package media.

The following were our major hits during the fourth quarter of the fiscal year under review. For major hits in the first through third quarter, refer to Accounting Report for the First Quarter of Fiscal Year Ending March 2014, released on July 31, 2013, Accounting Report for the Second Quarter of Fiscal Year Ending March 2014, released on November 6, 2013, and Accounting Report for the Third Quarter of Fiscal Year Ending March 2014, released on January 31, 2014.

[Major hits of Victor Entertainment]

- "Showa 88-nen do! Dai 2-kai Hitori Kohaku Uta Gassen," a Blu-ray/DVD from Kuwata Keisuke
- "a boy," an album, and "Chocolate," a single from Leo Ieiri
- "THE FACES," an album from Dragon Ash

[Major hits of Teichiku Entertainment]

- "Stage Bright—A Cappela & Acoustic Live," an album from STARDUST REVUE
- "Hibiki" and "King of Otoko!" singles from Kanjani∞
- "POWER OF WIND," an album, and "Chenmen Tengoku," a single from Fudanjuku

2. Outlook for the Next Fiscal Year

Looking at the business outlook for the next fiscal year (fiscal year ending March 2015), in the Car Electronics Segment, core business of the group the CE OEM Division will enter an interval period, and the focus will be on advanced investments with an eye toward winning large orders during and after the fiscal year ending March 2015. Meanwhile, we expect to see effects of profit and loss improvements in the CE Consumer Division. As a result, we forecast a decrease in sales but an increase in profits in the Car Electronics Segment.

In the Professional Systems Segment, another core business, we can expect sales expansion in the Communications Equipment Division due to the effects of the acquisition of EF Johnson Technologies, Inc. ("EFJT") in the U.S., which was completed in March 2014. Sales are also expected to grow in the Professional & Healthcare Division as we forecast growth in the domestic market to continue, and the healthcare business centered on JVCKENWOOD Nagaoka Corporation ("JVCKENWOOD Nagaoka"), which was acquired in July 2013, will make a contribution on a full-year basis. However, KENWOOD Geobit, which was sold in March 2014, will become a factor decreasing sales. Consequently, we forecast a decrease in sales but an increase in profits in the Professional Systems Segment.

In the Optical & Audio Segment, we expect robust performance to continue in the Audio Division and Image & Optical Device Division. Meanwhile, the Imaging Division is expected to be affected by a further shrinking market in the camcorder category. As a result, we forecast decreases in both sales and profits in the Optical & Audio Segment.

In the Entertainment Software Segment, we expect structural reforms in the OEM business to have effects and the content business will continue to enjoy stable earnings. Therefore, we forecast that both sales and profits will increase in this segment.

In addition, we are expecting a reduction of 6.5 billion yen in global fixed costs for the fiscal year ending March 2015 as a result of implementing structural reforms such as solicitations for voluntary early retirement in Japan and restructuring of overseas business bases during the fiscal year under review, in view of the scale and future scope of the Group's businesses.

Meanwhile, we expect a decline in profits, resulting from a partial termination of urgent countermeasures implemented in the fiscal year under review, a backlash to the rush of demand before introduction of the consumption tax hike in the domestic market and advance investment in next-generation businesses.

Consequently, the Group's sales and profits for the next fiscal year are: net sales of 300 billion yen, operating income of 7.5 billion yen, ordinary income of 4.5 billion yen, and net income of 0.5 billion yen.

Note: The forward-looking statements, such as the earnings forecast, provided in this material are based on information obtained by JVCKENWOOD at this time and on certain premises judged to be rational. Actual earnings may differ significantly due to various factors.

(2) Analysis of Financial Position

(Analysis of assets, liabilities and net assets)

*Assets

Total assets at the end of the fiscal year under review increased by about 20.6 billion yen from the end of the previous fiscal year to 267,380 million yen. This was due to an increase in tangible fixed assets, which resulted from the conversion of Shinwa into a consolidated subsidiary, despite a decrease in inventories, and the recording of retirement benefit assets following changes to accounting standards.

*Liabilities

Liabilities at the end of the fiscal year under review increased by about 27.9 billion yen from the end of the previous fiscal year to 207,156 million yen, due largely to increases in retirement benefit liability and deferred tax liability as a result of the immediate recognition of previously unrecognized retirement benefit-related items following application of accounting standards for retirement benefits, despite a decrease from redemptions of bonds payable at maturity.

Interest-bearing debts (sum of loans payable and bonds payable) declined by about 4.8 billion yen from the end of the previous fiscal year to 81,664 million yen, due largely to redemptions of bonds payable at maturity. Net debt (amount obtained by subtracting cash and deposits from interest-bearing debts) fell by about 2.2 billion yen from the end of the previous fiscal year to 26,473 million yen.

*Net assets

Retained earnings as of the end of the fiscal year under review declined by about 7.1 billion yen from the end of the previous fiscal year to 17,821 million yen, and total shareholder's equity declined by about 7.1 billion yen to 73,159 million yen due largely to the recording of a net loss.

Total net assets decreased by about 7.3 billion yen from the end of the previous fiscal year to 60,224 million yen. This was largely due to the recording of cummulative amount of adjustments on retirement benefit plans of about 11.0 billion yen to reflect changes to accounting standards, despite a rise in minority interests of about 6.5 billion yen as a result of the conversion of Shinwa into a consolidated subsidiary and foreign currency translation adjustments related to investments in overseas affiliates increasing by about 4.4 billion yen, resulting from the yen's depreciation against other major currencies including the US dollar and Euro compared to exchange rates at the end of the previous fiscal year. Shareholders' equity ratio decreased by 7.2 percentage points from the end of the previous fiscal year to 19.5%.

(Cash Flow Analysis)

*Cash flow from operating activities

Net cash provided by operating activities for the fiscal year under review was 14,943 million yen, an increase of about 5.2 billion yen from a year earlier. This was largely due to an increase in proceeds as a result of a decrease in inventories, despite recording a loss before income taxes for the fiscal year under review.

*Cash flow from investing activities

Net cash used in investing activities for the fiscal year under review was 10,658 million yen, a decline of about 2.7

billion yen from a year earlier. This was mainly due to a decrease in expenditure for the acquisition of tangible fixed assets and proceeds from sales of shares of subsidiaries.

***Cash flow from financing activities**

Net cash used in financing activities for the fiscal year under review was 9,581 million yen, an increase of about 1.0 billion yen from a year earlier. This was largely due to an increase in expenditure for long-term loans payable.

Cash and cash equivalents at the end of the fiscal year under review decreased by about 2.8 billion yen from the end of the previous fiscal year to 54,737 million yen.

(3) Basic Policies for Distributing Profits and Paying Dividends for the Term under Review and the Next Term

The Company considers that one of its most important management objectives is to provide shareholders with a stable return on their investments, and decides how to distribute and otherwise appropriate retained earnings by giving comprehensively consideration to its profitability and financial conditions.

With regard to the fiscal year under review, we have decided to forgo year-end dividend payments as we announced in “Notice on Revision of Earnings Forecast for the Fiscal Year Ending March 2014 and Revision of Dividend Forecast” dated November 6, 2013.

For the fiscal year ending March 2015, we have decided to forgo year-end dividend payments to invest management resources in order to turn business around.

2. Management Policy

(1) Basic Management Policy

The JVCKENWOOD Group has the corporate vision of “Creating Excitement and Peace of Mind for the People of the World.” Under this vision, the Group, as a specialized global manufacturer that creates excitement and peace of mind, will focus on businesses in which it has competitive advantages, achieve profitable growth, and provide stakeholders with innovative value, while aiming to be a company that is widely trusted by society.

(2) Medium- to Long-term Business Strategies

In November 2012, the JVCKENWOOD Group formulated a new mid-term business plan with the fiscal year ending March 2016 set as the final year, aiming to achieve sustainable and profitable growth in the electronics industry, which is in the midst of a major transformation.
In the new mid-term business plan, we define the “smart AV field” and the “smart safety field” as business areas where the Group can continue to apply its strengths based on core competencies in video, audio, and radio technologies and in music and image software. As the first step in a long-term strategy centering on these business areas, we have established the medium-term vision “Re Design.” And, we have launched measures for promoting self-reformation on a group-wide basis with enthusiasm and a sense of speed, re-designing the lifestyles of people around the world by consecutively introducing products that deliver excitement and peace of mind.

During the fiscal year ended March 31, 2014, however, the Company faced a difficult operating environment with a significant rise in costs in yen terms due to a sharp depreciation of the yen against the US dollar and a substantial decrease in profits from a year earlier due to sluggish overseas sales. Given these circumstances, we have recognized a need for building new foundations for growth, along with implementing more immediately effective profit improvement measures. In addition, we will consider reviewing the mid-term business plan.

(3) Issues to be addressed and Measures

The JVCKENWOOD Group has been addressing significant cost increases in yen terms resulting from the sharp depreciation of the yen against the US dollar and sluggish overseas sales since the third quarter of the fiscal year under review by moving up the schedule for ending sales of less profitable 2013 models and accelerating the launch of 2014 models that accommodate the yen’s depreciation. In addition, we worked on total cost reforms by raising the sales composition of high value-added products and implemented urgent countermeasures such as reducing Directors’ compensation and salaries/bonuses of employees. As a result, the Group’s earnings are picking up.

With an eye toward the fiscal year ending March 2015 and beyond, the Company also took steps to cut fixed costs, such as soliciting voluntary early retirement in Japan and restructuring overseas production and sales bases. As medium-term measures, we developed next-generation businesses in growth areas to advance strategic investments and reorganize the business portfolio.

During the fiscal year ending March 31, 2015, the Company will further promote reforms. In addition, we will take the following initiatives toward taking a leap forward in the fiscal year ending March 31, 2016 and beyond.

1. Restructuring of management organizationl structure

The Company has reviewed its product-oriented organization under the conventional division-based structure, and is replacing it with a market-oriented (customer-oriented) organization that can operate its professional business activities, whose sales composition has increased to 50% of the Group’s sales, aiming to expand domestic and overseas sales generated by current business operations. The Company is also restructuring its management organization to achieve successful results from M&A activities and strategic business tie-ups, and to accelerate next-generation business development.

(1) Creation of regional CEO positions for a market-oriented structure

・To increase sales and improve consolidated performance, the Company is creating regional CEO positions in four regions (Japan, America, Europe, and Asia (emerging nations)). As a result, detailed product and service plans can be made in compliance with regional market characteristics and diversified customer needs, with the commercialization of products by domestic divisions. Under these regional CEOs, the Company can ensure accountability for consolidated performance in each region.

(2) Large-scale reorganization by business

- To accelerate collaboration among product divisions by also considering the Company's current business scale, the Company is discontinuing its division-based structure (i.e. business units implemented so far), and is substantially reorganizing it into an upper-tier organization of business segments.
- The roles of each segment's sales division are transferred to a corresponding regional CEO, and organizations responsible for planning, technology, production, quality, and services under the control of those CEOs commercialize products at the request of the regional CEO, who is also accountable for the consolidated performance of business operations.
- The Company will manage consolidated earnings by region, in addition to the conventional approach of managing consolidated earnings by business segment, aiming to expand sales and improve profits and losses from these two perspectives.

(3) Acceleration of shifting resources to growth areas

- The Company will accelerate the shift of its resources from shrinking consumer product business to growing in-car and professional product business operations and from current businesses to next-generation businesses.
- The Company will also streamline staff workloads at the head office, and accelerate the shift of human resources to operating divisions through inter-divisional integration and reorganization.

2. Building up the foundation for growth by centering around next-generation businesses

(1) Car Optronics and advanced vehicle technology

- The Company will accelerate development and commercialization of the car optronics business of such as head-up displays and electronic mirrors based on its core technologies in sound, video, and optical technologies.

(2) Broadband multimedia system

- The Company will leverage its strategic partnerships with AIRBUS DEFENCE & SPACE and M&As with EFJT and Zetron to develop broadband system and promote development and commercialization of professional radio multimedia systems, which include moving image and large-volume data communications services for use by fire, medical, and emergency care services.

(3) Next-generation imaging (camera)

- The Company will divert technologies it has cultivated in the consumer product business to rapidly expanding in-car cameras, and accelerate development and commercialization of new products centering on existing professional video camera systems, monitoring cameras, and CMOS Sensors.

3. Enhancing innovation of consolidated value chain and profit reform of current businesses

- The Company will consolidate value chain innovations to establish a system for sending orders directly from sales companies to plants and enable the prompt start of alternative production in an emergency.
- The Company will continue to promote structural reforms such as restructuring and integrating overseas sales companies, consolidating plants, improving operation capacity, and innovating production.
- The Company will promote product cost reforms in VA/VE and procurement. In addition, it will step up cost management, inventory management, and profit management by product to allocate resources with the focus on profitable products.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of Yen)

	Previous Fiscal Year (as of Mar. 31, 2013)	Current Fiscal Year (as of Mar. 31, 2014)
Assets		
Current assets		
Cash and cash equivalents	57,760	55,191
Trade notes and accounts receivable	52,749	57,387
Merchandise and finished goods	29,904	22,767
Work in process	2,547	3,414
Raw materials and supplies	6,777	8,406
Deferred tax assets	5,148	3,560
Other current assets	9,684	9,427
Allowance for doubtful accounts	(1,327)	(1,556)
Total current assets	163,245	158,598
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	12,924	13,625
Machinery and equipment, net	4,057	6,871
Tools, furniture and fixtures, net	4,634	4,274
Land	28,314	28,216
Construction in progress	1,153	1,432
Total property, plant and equipment	51,083	54,420
Intangible fixed assets		
Goodwill	4,431	10,057
Software	7,199	7,000
Other intangible fixed assets	3,393	4,617
Total intangible fixed assets	15,024	21,675
Investments and other assets		
Investment securities	7,842	3,843
Prepaid pension costs	4,551	-
Net defined benefit asset	-	24,720
Other investments	5,976	5,193
Allowance for doubtful receivables	(1,162)	(1,119)
Total investments and other assets	17,207	32,637
Total fixed assets	83,316	108,733
Deferred assets		
Issuance cost of stock acquisition rights	174	49
Total deferred assets	174	49
Total assets	246,735	267,380

(Millions of Yen)

	Previous Fiscal Year (as of Mar. 31, 2013)	Current Fiscal Year (as of Mar. 31, 2014)
Liabilities		
Current liabilities		
Trade notes and accounts payable	32,104	27,947
Short-term loans payable	11,472	17,310
Current portion of bonds payable	5,946	-
Current portion of long-term loans payable	50,305	9,906
Other accounts payable	10,207	14,462
Accrued expenses	18,568	18,318
Income taxes payable	1,330	1,227
Warranty reserves	1,773	1,742
Sales return reserves	1,663	1,432
Other current liabilities	6,100	8,329
Total current liabilities	139,473	100,676
Long-term liabilities		
Bonds payable	5,677	5,812
Long-term loans payable	13,064	48,635
Deferred tax liabilities for land revaluation	1,772	1,772
Deferred tax liabilities	6,201	12,979
Liability for retirement benefits	10,687	-
Net defined benefit liability	-	34,166
Other long-term liabilities	2,338	3,112
Total long-term liabilities	39,743	106,479
Total liabilities	179,216	207,156
Net assets		
Shareholders’ equity		
Paid-in capital	10,000	10,000
Capital surplus	45,875	45,875
Retained earnings	24,965	17,821
Treasury stock	(536)	(537)
Total shareholders’ equity	80,304	73,159
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	250	205
Land revaluation surplus	3,209	3,209
Foreign currency translation adjustments	(17,870)	(13,440)
Remeasurements of defined benefit plans	-	(11,010)
Total accumulated other comprehensive income	(14,410)	(21,036)
Stock acquisition rights	806	806
Minority interests	818	7,294
Total net assets	67,518	60,224
Total liabilities and net assets	246,735	267,380

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Income)

(Millions of Yen)

	Previous Fiscal Year (Apr. 1, 2012 - Mar. 31, 2013)	Current Fiscal Year (Apr. 1, 2013 - Mar. 31, 2014)
Net sales	306,580	316,343
Cost of sales	216,140	232,494
Gross profit	90,440	83,848
Selling, general and administrative expenses	80,679	79,256
Operating income	9,761	4,592
Non-operating income		
Interest income	201	210
Dividend income	85	82
Gain on adjustments of patent fee	318	-
Royalty income	97	158
Reversal of warranty reserves	431	263
Equity in earnings of unconsolidated subsidiaries and associated companies	120	32
Other non-operating income	687	671
Total non-operating income	1,942	1,419
Non-operating expense		
Interest expense	2,721	2,245
Sales discounts	347	-
Borrowing costs	598	982
Foreign exchange loss	2,819	920
Other non-operating expenses	1,952	1,763
Total non-operating expense	8,439	5,911
Ordinary income (loss)	3,263	100
Extraordinary profit		
Gain on sales of property, plant and equipment	244	128
Gain on sales of investment securities	279	109
Gain on sales of shares in subsidiaries and associated companies	-	2,384
Settlement received	-	579
Gain on bargain purchase	-	640
Insurance income arisen from natural disaster	918	-
Other extraordinary profit	21	36
Total extraordinary profit	1,463	3,879
Extraordinary loss		
Loss on sales of property, plant and equipment	120	128
Loss on disposal of property, plant and equipment	138	84
Loss on impairment of long-lived assets	-	469
Loss on sales of investment securities	175	0
Business structure improvement expenses	284	677
Employment structure improvement expenses	555	4,495
Loss on compensation of lease contracts	45	-
Loss on natural disaster	155	-
Other extraordinary loss	47	563
Total extraordinary loss	1,524	6,418
Income (loss) before income taxes and minority interests	3,203	(2,438)

	Previous Fiscal Year (Apr. 1, 2012 - Mar. 31, 2013)	Current Fiscal Year (Apr. 1, 2013 - Mar. 31, 2014)
Income taxes - current	1,975	1,496
Income taxes - deferred	(51)	1,883
Total income taxes	1,924	3,379
Net income (loss) before minority interests	1,278	(5,818)
Minority interests in net income	34	632
Net income (loss)	1,243	(6,450)

(Consolidated Statement of Comprehensive Income)

(Millions of Yen)

	Previous Fiscal Year (Apr. 1, 2012 - Mar. 31, 2013)	Current Fiscal Year (Apr. 1, 2013 - Mar. 31, 2014)
Net income (loss) before minority interests	1,278	(5,818)
Other comprehensive income		
Unrealized gain on available-for-sale securities	87	11
Foreign currency translation adjustments	9,032	5,152
Share of other comprehensive income of unconsolidated subsidiaries and associated companies accounted for by the equity method	579	(579)
Total other comprehensive income	9,699	4,584
Comprehensive income	10,977	(1,233)
Total comprehensive income attributable to:		
Owners of the parent	10,925	(2,066)
Minority interests	52	832

(3) Consolidated Statement of Cash Flows

(Millions of Yen)

	Previous Fiscal Year (Apr. 1, 2012 - Mar. 31, 2013)	Current Fiscal Year (Apr. 1, 2013 - Mar. 31, 2014)
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	3,203	(2,438)
Depreciation	10,441	10,986
Amortization of goodwill	318	329
Loss on impairment of long-lived assets	-	469
Decrease in allowance for doubtful accounts	(436)	(394)
Increase in liability for retirement benefits	4,544	-
Increase in net defined benefit liability	-	487
Increase in prepaid pension costs	(2,587)	-
Increase in net defined benefit asset	-	(2,575)
Interest and dividend income	(287)	(293)
Interest expense	2,721	2,245
Equity in earnings of unconsolidated subsidiaries and associated companies	(120)	(32)
Gain on sales of investment securities	(103)	(109)
Gain on sales of shares in subsidiaries and associated companies	-	(2,384)
Loss on disposal of property, plant and equipment	138	84
(Gain) loss on sales of property, plant and equipment	(124)	0
Decrease in trade notes and accounts receivable	5,479	6,543
Decrease in inventories	215	11,717
Decrease in trade notes and accounts payable	(4,650)	(8,696)
Decrease in accrued expenses	(6,112)	(3,459)
Other	826	5,078
Sub-total	13,466	17,557
Interest and dividend received	558	293
Interest paid	(2,449)	(2,095)
Insurance received arisen from natural disaster	211	705
Income taxes paid	(2,016)	(1,518)
Net cash provided by operating activities	9,771	14,943
Cash flows from investing activities:		
Purchases of property, plant and equipment	(6,164)	(4,862)
Proceeds from sales of property, plant and equipment	1,526	564
Purchases of intangible fixed assets	(4,979)	(4,396)
Purchases of investment securities	(3,557)	(220)
Proceeds from sales of investment securities	779	206
Proceeds from purchases of investments in subsidiaries resulting in change of scope of consolidation	-	1,424
Purchases of investments in subsidiaries resulting in change of scope of consolidation	(415)	(5,934)
Proceeds from sales of investments in subsidiaries resulting in change of scope of consolidation	-	3,084
Payments for absorption-type company split resulting in change of scope of consolidation	-	(563)
Other	(545)	39
Net cash used in investing activities	(13,356)	(10,658)

	Previous Fiscal Year (Apr. 1, 2012 - Mar. 31, 2013)	Current Fiscal Year (Apr. 1, 2013 - Mar. 31, 2014)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable, net	(9,205)	4,244
Proceeds from long-term loans payable	13,400	47,562
Repayments of long-term loans payable	(4,830)	(52,678)
Redemption of bonds	(6,000)	(6,000)
Cash dividends paid	(693)	(693)
Other	(1,280)	(2,017)
Net cash used in financing activities	(8,608)	(9,581)
Effect of exchange rate changes on cash and cash equivalents	4,161	2,507
Net decrease in cash and cash equivalents	(8,032)	(2,788)
Cash and cash equivalents at beginning of year	65,478	57,526
Increase in cash and cash equivalents resulting from change of scope of consolidation	80	-
Cash and cash equivalents at end of year	57,526	54,737

4. Others

Change of Officers

(1) Reasons of change

Corporate restructuring is currently the main issue facing the Company due to a significant decrease in profits for the fiscal year ended March 2014 and other factors, and the Company has so far taken measures related to foreign exchange rates and strengthen competitiveness to solve various problems. The Company has also taken emergency measures, conducted structural reforms, and made various positive investments (e.g. next-generation business investment activities, M&As, and investments in venture companies) as part of its growth strategy.

In addition to generate good results through these measures and achieve a successful turnaround for the fiscal year ending March 2015, the Company is implementing the following structural reforms effective May 14, 2014 toward future growth,. Regarding responsibilities delegated to Directors concurrently responsible as Executive Officers, the Company is changing the responsibilities entrusted to Executive Officers effective May 15, 2014. The Company has also elected Mr. Takao Tsuji, a Director of the Board (External), who is familiar with the industry and has diverse management experience, as Executive Officer, Chief Operating Officer (COO), Chief Risk Officer (CRO), & Chief Innovation Officer (CIO). In addition, the Company is implementing a market-oriented structure by creating regional CEO positions, and is discontinuing its existing divisions by adopting segments as business units so that it can launch a new management structure.

*For details of management structural reforms and changes of Officers effective May 14, 2014, please refer to the "Notice on Change of Organization and New Management Structure" released April 30, 2014.

The terms of office of eight current directors expire at the Company's 6th General Meeting of Shareholders scheduled to be held on June 20, 2014. It has been decided that the election of the following director candidates will be proposed at this Meeting.

Since the Company was established in October 2008, Mr. Koji Kashiwaya has made valuable contributions as a Director of the Board (External), but retires from office at the close of the Meeting. A new Director of the Board (External) will be elected, and the board of directors will consist of eight persons (i.e. six Directors who are concurrently Executive Officers and two Director of the Board (External)).

Details of the new organizational structure of the Group will be notified as soon as it is decided.

(2) Change of Officers

1) Prospective Members of the Board

Haruo Kawahara	(Reappointed)	Chairman Representative Director of the Board	(Currently, Representative Director of the Board, Chairman of the Board, Executive Officer and CEO)
Takao Tsuji	(Newly elected)	President Representative Director of the Board	(Currently, Director of the Board (External))
Shoichiro Eguchi	(Reappointed)	Representative Director of the Board	(Currently, Representative Director of the Board, President, Executive Officer and COO)
Kazuhiro Aigami	(Reappointed)	Representative Director of the Board	(Currently, Director of the Board, Senior Executive Vice President & Executive Officer)
Naokazu Kurihara	(Reappointed)	Director of the Board	(Currently, Director of the Board, Senior Vice President & Executive Officer)
Seiichi Tamura	(Reappointed)	Director of the Board	(Currently, Director of the board, Executive Officer and CSO)
Junichi Hikita	(Reappointed)	Director of the	(Currently, Director of the Board (External))

		Board (External)	
Masanori Yoshikai	(Newly elected)	Director of the Board (External)	(Currently, Advisor to Sumitomo Electric Industries, Ltd.)

2) Retiring Director

Koji Kashiwaya (Currently, Director of the Board (External))

(3) Scheduled date of assumption of office/retirement

June 20, 2014