

# SANDEN CORPORATION

August 6, 2014

## SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS FOR 3 MONTHS

ENDED JUNE 30, 2014 (UNAUDITED)

(English Translation)

Fiscal year ending March 31, 2015

### SANDEN CORPORATION

20 Kotobuki-cho, Isesaki-shi, Gunma, Japan 372-8502

(URL: <http://www.sanden.co.jp/english/index.html>)

Code No: 6444

Shares listed: Tokyo Stock Exchange

Representative: Mitsuya Yamamoto, President

For further information, please contact

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Date of registration of statutory accounts (Shihankihoukokusho): August 8, 2014

(Fractions less than ¥1 million omitted)

### 1. Consolidated Financial Results for the First Quarter Ended June 30, 2014 (April 1, 2014 - June 30, 2014)

(1) Results of operations (accumulative) (%: percentage change from the same period of previous fiscal year)

|                              | Sales<br>(Millions of ¥, %) |      | Operating<br>income<br>(Millions of ¥, %) |       | Income before<br>extraordinary items<br>(Millions of ¥, %) |       | Net income<br>(Millions of ¥, %) |       | Net income<br>per share<br>basic<br>(¥) | Net income<br>per share<br>diluted<br>(¥) |
|------------------------------|-----------------------------|------|---|-------|--|-------|----------------------------------|-------|---|---|
| 3 months ended June 30, 2014 | 76,865                      | 16.4 | 3,053                                     | 852.8 | 3,201  | 341.3 | 2,659                            | 378.2 | 19.25                                   | —   |
| 3 months ended June 30, 2013 | 66,021                      | 9.3  | 320                                       | —     | 725  | —     | 556                              | —     | 4.08                                    | —   |

### (2) Financial positions

(Fractions less than ¥1 million omitted)

|                | Total assets<br>(Millions of ¥) | Net Assets<br>(Millions of ¥) | Ratio of<br>equity over total assets<br>(%) | Net Assets per share<br>(¥) |
|----------------|---------------------------------|-------------------------------|---|-----------------------------|
| June 30, 2014  | 282,118                         | 65,488                        | 21.7  | 443.54                      |
| March 31, 2014 | 277,920                         | 65,651                        | 22.1  | 443.68                      |

Notes: Equity capital June 30, 2014 61,271 million yen  
March 31, 2014 61,291 million yen

### 2. Dividends

dividend per share

| (Date of record)                            | The end of the<br>1st quarter<br>(¥) | The end of the<br>2nd quarter<br>(¥) | The end of the<br>3rd quarter<br>(¥) | Year end<br>(¥) | Total<br>(¥) |
|---|--------------------------------------|--------------------------------------|--------------------------------------|-----------------|--------------|
| Fiscal year ended March 31, 2014            | —                                    | 0.00                                 | —                                    | 10.00           | 10.00        |
| Fiscal year ended March 31, 2015            | —                                    |                                      |                                      |                 |              |
| Fiscal year ended March 31, 2015 (Forecast) |                                      | 0.00                                 | —                                    | 10.00           | 10.00        |

Note: Revisions to the forecast of cash dividends in the current quarter: N/A

### 3. Forecast of business results for the current fiscal year (April 1, 2014 - March 31, 2015)

(%: percentage changes from the same period of previous fiscal year)

|                                       | Sales<br>(Millions of<br>¥) | Percentage<br>change<br>(%) | Operating<br>income<br>(Millions of ¥) | Percentage<br>change<br>(%) | Income before<br>extraordinary items<br>(Millions of ¥) | Percentage<br>change<br>(%) | Net income<br>(Millions of ¥) | Percentage<br>change<br>(%) | Net<br>income<br>per share<br>basic (¥) |
|---------------------------------------|-----------------------------|-----------------------------|--|-----------------------------|---|-----------------------------|-------------------------------|-----------------------------|---|
| 6 months ending<br>September 30, 2014 | 143,000                     | 7.9                         | 2,500                                  | 246.7                       | 2,500   | 231.6                       | 1,700                         | 167.3                       | 12.41                                   |
| Fiscal year ending<br>March 31, 2015  | 290,000                     | 5.5                         | 7,000                                  | 44.1                        | 7,000   | 40.7                        | 5,000                         | (14.4)                      | 36.49                                   |

Note: Forecast has not been changed from the prior forecast.

\* Notes

- (1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None
- (2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements: Yes  
 Note: For more information, please refer 2. Other information (2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements on page 4.
- (3) Changes in accounting principles and estimates, and retrospective restatement  
 (a) Changes due to revision of accounting standards: None  
 (b) Changes other than in (a): None  
 (c) Changes in accounting estimates: None  
 (d) Retrospective restatement: None

(4) Number of shares outstanding (common stock)

|  |                      |             |                       |             |
|--|----------------------|-------------|-----------------------|-------------|
| (a) Shares outstanding (including treasury stock)          | As of June 30, 2014: | 140,331,565 | As of March 31, 2014: | 140,331,565 |
| (b) Treasury stock   | As of June 30, 2014: | 2,189,692   | As of March 31, 2014: | 2,187,892   |
| (c) Average number of shares outstanding during the period | As of June 30, 2014: | 138,142,772 | As of June 30, 2013:  | 136,272,381 |

\* Status of implementation of audit procedures

It is under the review procedure process based upon the Financial Instruments and Exchange Act at the time of disclosure of this report.

\* Cautionary statement regarding forecasts of operating results and special notes

(Note regarding the forward-looking statements)

The forward-looking statements contained in this report are based on information currently available to the Company and certain assumptions which are regarded as legitimate. These statements are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts due to various factors. For information about the forecasts, please see "1. Analysis of Results of Operations and Financial Condition (3) Outlook for the fiscal year ending in March 2015" on page 3 of Supplementary Information.

Index for Supplementary Information

|  |    |
|--|----|
| <b>1. Analysis of Results of Operations and Financial Condition</b> .....  | 2  |
| (1) Analysis of Results of Operations.....   | 2  |
| (2) Financial Condition.....   | 3  |
| (3) Outlook for the fiscal year ending in March 2015.....  | 3  |
| <b>2. Other Information</b> .....  | 4  |
| (1) Changes in significant subsidiaries.....   | 4  |
| (2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements..... | 4  |
| <b>3. Quarterly Consolidated Financial Statements</b> .....  | 5  |
| (1) Quarterly consolidated balance sheets .....  | 5  |
| (2) Quarterly consolidated statements of income and consolidated statements of comprehensive income.....               | 7  |
| (First quarter ended June 2014) .....  | 7  |
| (3) Quarterly consolidated statements of cash flows.....   | 9  |
| (4) Notes to consolidated financial statements .....   | 10 |
| (Going concern assumptions) .....  | 10 |
| (Significant change in shareholders' equity) .....   | 10 |
| (Segment information) .....  | 10 |

## 1. Analysis of Results of Operations and Financial Condition

### (1) Analysis of Results of Operations

In the first quarter of the fiscal year ending in March 2015, the business environment, particularly in developed countries, continued to recover despite an unclear outlook for emerging countries.

In the United States, the economy continued to recover as corporate earnings improved and unemployment fell in response. In Europe too, there were signs of a gradual economic recovery for the continent as whole, although the environment still differs markedly from country to country. In emerging countries in Asia, economic growth slowed but China's growth rate remained high.

In Japan, the economy continued to recover despite the impact of the increase in the consumption tax rate.

In this operating environment, the Sanden Group's objective is to advance to the next phase of growth centered on the environment by using a foundation consisting of "Quality" and "Global." The entire group continued to concentrate on its medium-term strategic goals of achieving sales growth centered on environmental technologies, becoming more competitive by building a stronger operating framework, and improving management by enacting management system reforms.

In terms of sales, these actions resulted in growth of consolidated sales in the first quarter of the current fiscal by earning the trust of a broad range of customers by offering ideas for products, systems and services that target growing environmental needs worldwide and then providing these products, systems and services, and by being able to book orders for new, large-scale business, mainly in commercial store systems.

The growth in sales resulted in higher earnings, too. There were also constant measures to cut costs and improve productivity. Furthermore, earnings benefited from reforms started in the prior fiscal year to build a stronger framework for operations, such as by increasing overseas production and making more products internally. Consolidated net sales increased 16.4% to 76,865 million yen, operating income increased 852.8% to 3,053 million yen, ordinary income increased 341.3% to 3,201 million yen, and net income increased 378.2% to 2,659 million yen.

#### Business segments

##### A. Automotive Systems

We succeeded in capturing new commercial rights in this segment with small, lightweight, highly efficient compressors using the environmental technologies in which the company has particular strength. The result was an increase in segment sales from the previous fiscal year.

Earnings were also higher as a result of the growth in sales and also of cost savings deriving from structural reforms of global parts procurement activities, and improvement in productivity at factories in Japan and overseas. As a result, segment sales increased 7.9% to 48,421 million yen and operating income increased 404.2% to 1,245 million yen compared with one year earlier.

##### B. Commercial Store Systems

In the retail store systems sector, we managed to achieve an increase in sales compared with one year earlier as a result of expanding our business in this area by offering all-inclusive proposals for products, systems and services to satisfy demand arising from increased environmental consciousness and the changes in the lifestyle of end users.

In the vending systems sector, sales activities in Japan targeted new business domains by offering ideas centered on our exclusive CO2 heat pump vending machines. These activities led to growth in sales in this sector.

This growth in sales combined with further progress in cutting costs and improving the productivity of manufacturing resulted in earnings increase compared with one year earlier.

As a result, total sales in this segment increased 35.3% to 25,678 million yen and operating income increased 211.9% to 2,656 million yen.

##### C. Others

To achieve the medium-term strategic goal of achieving sales growth centered on environmental technologies, we concentrated on sales in Japan, Europe, Asia and other countries of Eco Cute, a heat pump hot water heater using a natural CO2 refrigerant. In addition, we continued to make substantial investments for the development of exclusive technologies for a hot water heating unit using heat pump technology and for other products. We are making steady progress toward the goal of extending operations into new business domains.

(2) **Financial Condition**

A. **Assets, liabilities and net assets**

Total assets were 282,118 million yen on June 30, 2014, 4,197 million yen higher than one year earlier.

**Assets**

Current assets increased 4,960 million yen to 165,082 million yen. This increase was attributable mainly to increases of 2,107 million yen in inventories, 1,401 million yen in notes and accounts receivable-trade, 1,097 million yen in accounts receivable-other, and 874 million yen in other current assets. Non-current assets decreased 762 million yen to 117,035 million yen mainly as a result of the combination of a 1,090 million yen increase in investments and other assets and a 1,882 million yen decrease in property, plant and equipment.

**Liabilities**

Current liabilities increased 7,056 million yen to 143,620 million yen. Major changes included increases of 4,229 million yen in notes and accounts payable-trade, 1,523 million yen in short-term loans payable, 1,702 million yen in provision for bonuses, and 520 million yen in other current liabilities. Noncurrent liabilities decreased 2,695 million yen to 73,009 million yen mainly because of decreases of 1,495 million yen in long-term debt and 1,530 million yen in long-term payables. As a result, total liabilities increased 4,360 million yen to 216,629 million yen.

**Net assets**

Net assets decreased 162 million yen to 65,488 million yen. The primary reasons were an increase in net income for the quarter of 2,659 million yen and a 429 million yen increase in the valuation difference on available-for-sale securities, a dividend payment of 1,382 million yen and a decrease of 1,709 million yen in foreign currency translation adjustments.

B. **Cash flows**

There was a net increase of 58 million yen in cash and cash equivalents during the first quarter of the fiscal year, resulting in a balance of 19,136 million yen as of the end of the first quarter of the fiscal year.

**Operating activities**

Net cash provided by operating activities was 4,044 million yen, 253 million yen less than one year earlier. Major sources of cash were income before income taxes and minority interests of 3,181 million yen, depreciation and amortization of 2,731 million yen, and an increase of 4,936 million yen in notes and accounts payable-trade. Major uses of cash were a 2,591 million yen increase in notes and accounts receivable-trade, and an increase of 2,968 million yen in inventory assets.

**Investing activities**

Net cash used in investing activities was 3,335 million yen, 93 million yen more than one year earlier. The primary use of cash was purchase of property, plant and equipment totaling 3,293 million yen.

**Financing activities**

Net cash used in financing activities was 434 million yen, 3,099 million yen less than one year earlier. The main source of cash was 2,348 million yen from short-term loans payable and the main uses of cash were 1,165 million yen for the repayment of long-term borrowing, 326 million yen for the repayment of long-term lease obligations, and 1,382 million yen for the payment of dividends.

(3) **Outlook for the fiscal year ending in March 2015**

We are not making any revision at present to the forecast for consolidated business results for the fiscal year ending March 31, 2015 that we announced on May 12, 2014. However, if any changes are made to the forecast in the future, the content of such changes will be disclosed without delay.

## 2. Other Information

- (1) Changes in significant subsidiaries  
None

- (2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements

For tax expenses, we have calculated an estimate for the applicable effective tax rate to net income before income tax for the quarter by applying a reasonable estimate for the effective tax rate after the application of tax effect accounting to the net income before income tax for the fiscal year including the period of the first quarter of the current fiscal year.

However, in circumstances in which it is determined that a calculation using the estimate for the applicable effective tax rate would lack reasonableness, we shall conduct the calculation in accordance with Article 12 (Method for the Application of a Legally-designated Effective Tax Rate) of the 'Practical Guidelines for Application of Tax Effect Accounting in Interim Financial Statements, etc.'

The adjustment amount for Corporate Tax is disclosed within Total income taxes.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly consolidated balance sheets

(Million yen)

|  | As of March 31, 2014 | As of June 30, 2014 |
|--|----------------------|---------------------|
| <b>ASSETS</b>                          |                      |                     |
| Current assets                         |                      |                     |
| Cash and deposits                      | 19,087               | 19,145              |
| Notes and accounts receivable-trade    | 76,530               | 77,932              |
| Merchandise and furnished goods        | 22,833               | 24,689              |
| Work in process                        | 7,514                | 7,818               |
| Raw materials                          | 12,524               | 12,196              |
| Other inventories                      | 3,769                | 4,045               |
| Deferred tax assets                    | 3,167                | 2,997               |
| Accounts receivable-other              | 3,849                | 4,947               |
| Consumption taxes receivable           | 4,260                | 3,867               |
| Other                                  | 7,532                | 8,407               |
| Allowance for doubtful accounts        | (948)                | (964)               |
| Total current assets                   | 160,122              | 165,082             |
| Noncurrent assets                      |                      |                     |
| Property, plant and equipment          |                      |                     |
| Buildings and structures, net          | 23,242               | 22,611              |
| Machinery, equipment and vehicles, net | 27,579               | 27,600              |
| Tools, furniture and fixtures, net     | 5,150                | 5,068               |
| Land                                   | 19,152               | 19,109              |
| Lease assets, net                      | 5,196                | 4,963               |
| Construction in progress               | 8,360                | 7,444               |
| Total property, plant and equipment    | 88,681               | 86,798              |
| Intangible assets                      |                      |                     |
| Goodwill                               | 677                  | 666                 |
| Lease assets                           | 140                  | 126                 |
| Other                                  | 3,431                | 3,486               |
| Total intangible assets                | 4,250                | 4,279               |
| Investments and other assets           |                      |                     |
| Investment securities                  | 21,388               | 22,219              |
| Deferred tax assets                    | 2,005                | 2,054               |
| Other                                  | 1,684                | 1,895               |
| Allowance for doubtful accounts        | (212)                | (211)               |
| Total investments and other assets     | 24,866               | 25,957              |
| Total noncurrent assets                | 117,798              | 117,035             |
| Total assets                           | 277,920              | 282,118             |

(Million yen)

|   | As of March 31, 2014 | As of June 30, 2014 |
|---|----------------------|---------------------|
| <b>LIABILITIES</b>                                    |                      |                     |
| Current liabilities                                   |                      |                     |
| Notes and accounts payable-trade                      | 54,714               | 58,944              |
| Short-term loans payable                              | 42,953               | 44,671              |
| Current portion of long-term loans payable            | 13,527               | 13,354              |
| Accounts payable-other                                | 10,635               | 9,363               |
| Lease obligations                                     | 1,213                | 1,190               |
| Income taxes payable                                  | 639                  | 625                 |
| Provision for bonuses                                 | 3,620                | 5,323               |
| Provision for sales rebates                           | 519                  | 656                 |
| Provision for product warranties                      | 1,582                | 1,826               |
| Deferred tax liabilities                              | 16                   | 1                   |
| Other   | 7,141                | 7,661               |
| Total current liabilities                             | 136,563              | 143,620             |
| Noncurrent liabilities                                |                      |                     |
| Long-term loans payable                               | 62,567               | 61,110              |
| Lease obligations                                     | 4,118                | 4,080               |
| Deferred tax liabilities                              | 1,018                | 1,228               |
| Net defined benefit liability                         | 2,545                | 2,511               |
| Provision for directors' retirement benefits          | 179                  | 179                 |
| Provision for environmental measures                  | 518                  | 491                 |
| Long-term accounts payable-other                      | 2,859                | 1,328               |
| Other   | 1,897                | 2,079               |
| Total noncurrent liabilities                          | 75,705               | 73,009              |
| Total liabilities                                     | 212,269              | 216,629             |
| <b>NET ASSETS</b>                                     |                      |                     |
| Shareholder's equity                                  |                      |                     |
| Capital stock   | 11,037               | 11,037              |
| Capital surplus                                       | 4,453                | 4,453               |
| Retained earnings                                     | 44,239               | 45,515              |
| Treasury stock  | (1,178)              | (1,179)             |
| Total shareholder's equity                            | 58,553               | 59,827              |
| Valuation and translation adjustments                 |                      |                     |
| Valuation difference on available-for-sale securities | 2,532                | 2,961               |
| Deferred gains or losses on hedges                    | (22)                 | (65)                |
| Foreign currency translation adjustment               | 807                  | (901)               |
| Remeasurements of defined benefit plans               | (579)                | (549)               |
| Total valuation and translation adjustments           | 2,738                | 1,444               |
| Minority interests                                    | 4,359                | 4,216               |
| Total net assets                                      | 65,651               | 65,488              |
| Total liabilities and net assets                      | 277,920              | 282,118             |



## (2) Quarterly consolidated statements of income and consolidated statements of comprehensive income

(First quarter ended June 2014)

(Million yen)

|  | First quarter ended June 2013<br>(Apr. 1, 2013 – June 30, 2013) | First quarter ended June 2014<br>(Apr. 1, 2014 – June 30, 2014) |
|--|---|---|
| Net sales                                    | 66,021  | 76,865  |
| Cost of sales                                | 55,248  | 61,599  |
| Gross profit                                 | 10,773  | 15,265  |
| Selling, general and administrative expenses | 10,453  | 12,212  |
| Operating income (loss)                      | 320   | 3,053   |
| Non-operating income                         |   |   |
| Interest income                              | 14  | 8   |
| Dividends income                             | 71  | 76  |
| Foreign exchange gains                       | 214   | -   |
| Equity in earnings of affiliates             | 512   | 951   |
| Other  | 212   | 236   |
| Total non-operating income                   | 1,025   | 1,272   |
| Non-operating expenses                       |   |   |
| Interest expenses                            | 598   | 705   |
| Foreign exchange losses                      | -   | 161   |
| Other  | 22  | 257   |
| Total non-operating expenses                 | 620   | 1,124   |
| Ordinary income (loss)                       | 725   | 3,201   |
| Extraordinary income                         |   |   |
| Gain on sales of noncurrent assets           | 17  | 4   |
| Gain on sales of investment securities       | -   | 7   |
| Other  | -   | 0   |
| Total extraordinary income                   | 17  | 12  |
| Extraordinary loss                           |   |   |
| Loss on disposal of noncurrent assets        | 5   | 16  |
| Loss on valuation of investment securities   | -   | 16  |
| Other  | 1   | -   |
| Total extraordinary loss                     | 7   | 32  |
| Income (loss) before income taxes            | 735   | 3,181   |
| Total income taxes                           | 279   | 476   |
| Income before minority interests             | 456   | 2,705   |
| Minority interests in income (loss)          | (99)  | 45  |
| Net income (loss)                            | 556   | 2,659   |

(Million yen)

|   | First quarter ended June 2013<br>(Apr. 1, 2013 – June 30, 2013) | First quarter ended June 2014<br>(Apr. 1, 2014 – June 30, 2014) |
|---|---|---|
| Income before minority interests  | 456   | 2,705   |
| Other comprehensive income  |   |   |
| Valuation difference on available-for-sale securities                               | 273   | 435   |
| Deferred gains or losses on hedges  | (136)   | (43)  |
| Foreign currency translation adjustment   | 1,735   | (1,159)   |
| Remeasurements of defined benefit plans, net of tax                                 | -   | 30  |
| Share of other comprehensive income of associates accounted for using equity method | 576   | (745)   |
| Total other comprehensive income  | 2,448   | (1,484)   |
| Comprehensive income  | 2,904   | 1,221   |
| Comprehensive income attributable to owners of the parent                           | 2,835   | 1,365   |
| Comprehensive income attributable to minority interests                             | 68  | (144)   |

## (3) Quarterly consolidated statements of cash flows

(Million yen)

|   | First quarter ended June 2013<br>(Apr. 1, 2013 – June 30, 2013) | First quarter ended June 2014<br>(Apr. 1, 2014 – June 30, 2014) |
|---|---|---|
| <b>Cash flows from operating activities</b>                         |   |   |
| Income (loss) before income taxes and minority interests            | 735   | 3,181   |
| Depreciation and amortization                                       | 2,416   | 2,731   |
| Increase (decrease) in provision for bonuses                        | 1,518   | 1,719   |
| Increase (decrease) in allowance for doubtful accounts              | (22)  | 0   |
| Interest and dividends income                                       | (86)  | (85)  |
| Interest expenses   | 598   | 705   |
| Equity in (earnings) losses of affiliates                           | (512)   | (951)   |
| Decrease (increase) in notes and accounts receivable-trade          | (1,088)   | (2,591)   |
| Decrease (increase) in inventories                                  | 866   | (2,968)   |
| Decrease (increase) in accounts receivable-other                    | 109   | (1,129)   |
| Increase (decrease) in accounts payable-other                       | 42  | 24  |
| Increase (decrease) in notes and accounts payable-trade             | 1,565   | 4,936   |
| Other, net  | (832)   | 874   |
| Subtotal  | 5,311   | 6,445   |
| Interest and dividends income received                              | 228   | 246   |
| Interest expenses paid  | (598)   | (659)   |
| Contribution paid on transfer to defined contribution pension plans | -   | (1,492)   |
| Income taxes paid   | (644)   | (495)   |
| Net cash provided by (used in) operating activities                 | 4,297   | 4,044   |
| <b>Cash flows from investing activities</b>                         |   |   |
| Purchase of property, plant and equipment                           | (3,120)   | (3,293)   |
| Proceeds from sales of property, plant and equipment                | 161   | 116   |
| Purchase of intangible assets                                       | (257)   | (134)   |
| Other, net  | (24)  | (23)  |
| Net cash provided by (used in) investing activities                 | (3,242)   | (3,335)   |
| <b>Cash flows from financing activities</b>                         |   |   |
| Net increase (decrease) in short-term loans payable                 | (1,447)   | 2,348   |
| Proceeds from long-term loans payable                               | 120   | 91  |
| Repayment of long-term loans payable                                | (491)   | (1,165)   |
| Repayments of lease obligations                                     | (370)   | (326)   |
| Cash dividends paid   | (1,361)   | (1,382)   |
| Other, net  | 16  | 0   |
| Net cash provided by (used in) financing activities                 | (3,534)   | (434)   |
| Effect of exchange rate change on cash and cash equivalents         | 428   | (215)   |
| Net increase (decrease) in cash and cash equivalents                | (2,050)   | 58  |
| Cash and cash equivalents, beginning of period                      | 19,961  | 19,078  |
| Cash and cash equivalents, end of period                            | 17,910  | 19,136  |

- (4) Notes to consolidated financial statements  
(Going concern assumptions)  
None

(Significant change in shareholders' equity)  
None

(Segment information)

For the first quarter of previous fiscal year (Apr. 1, 2013 – June 30, 2013)  
Information about sales and income (loss) by reportable segments

(Million yen)

|   | Reportable segments   |                             |        | Others<br>(Note 1) | Total  | Adjustment | Amount on<br>consolidated<br>financial<br>statements<br>(Note 2) |
|---|-----------------------|-----------------------------|--------|--------------------|--------|------------|--|
|   | Automotive<br>systems | Commercial<br>store systems | Total  |                    |        |            |  |
| Net sales                                 |                       |                             |        |                    |        |            |  |
| (of which to outside<br>customers)        | 44,890                | 18,973                      | 63,864 | 2,157              | 66,021 | -          | 66,021   |
| (of which inter-segment<br>and transfers) | -                     | -                           | -      | -                  | -      | -          | -  |
| Total                                     | 44,890                | 18,973                      | 63,864 | 2,157              | 66,021 | -          | 66,021   |
| Segment income (loss)                     | 247                   | 851                         | 1,098  | (778)              | 320    | -          | 320  |

Notes: 1. Others includes vehicle sales, residential environmental systems, electronics and other activities.

2. The sum of segment income (loss) matches operating income (loss) in the consolidated income statement.

For the first quarter of current fiscal year (Apr. 1, 2014 – June 30, 2014)  
Information about sales and income (loss) by reportable segments

(Million yen)

|   | Reportable segments   |                             |        | Others<br>(Note 1) | Total  | Adjustment | Amount on<br>consolidated<br>financial<br>statements<br>(Note 2) |
|---|-----------------------|-----------------------------|--------|--------------------|--------|------------|--|
|   | Automotive<br>systems | Commercial<br>store systems | Total  |                    |        |            |  |
| Net sales                                 |                       |                             |        |                    |        |            |  |
| (of which to outside<br>customers)        | 48,421                | 25,678                      | 74,100 | 2,764              | 76,865 | -          | 76,865   |
| (of which inter-segment<br>and transfers) | -                     | -                           | -      | -                  | -      | -          | -  |
| Total                                     | 48,421                | 25,678                      | 74,100 | 2,764              | 76,865 | -          | 76,865   |
| Segment income (loss)                     | 1,245                 | 2,656                       | 3,902  | (848)              | 3,053  | -          | 3,053  |

Notes: 1. Others includes vehicle sales, residential environmental systems, electronics and other activities.

2. The sum of segment income (loss) matches operating income (loss) in the consolidated income statement.