



## 2. Dividends

	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Dividend on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 2017 Term	—	10.00	—	15.00	25.00	704	—	1.1
March 2018 Term	—	10.00	—	23.00	33.00	934	98.2	1.5
March 2019 Term (forecast)	—	10.00	—	38.00	48.00		100.2	

## 3. Forecasts for Consolidated Business Performance for March 2019 Term (April 1, 2018 – March 31, 2019)

(% figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to shareholders of parent company		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	73,500	(6.9)	530	(19.9)	450	(28.9)	300	(15.7)	10.65
Full year	166,000	5.6	2,130	20.8	1,900	6.3	1,350	42.5	47.91

### \* Annotations

(1) Significant subsidiary changes during the term (changes in scope of consolidation): None

Newly added:

Excluded:

(2) Changes in accounting principles, changes in accounting estimate, and redisplay after revision:

1) Changes in accounting principles caused by revision of accounting standards: None

2) Changes in accounting principles other than 1): None

3) Changes in accounting estimate: None

4) Redisplay after revision: None

(3) Number of shares outstanding (ordinary shares)

1) Number of shares outstanding at the end of term (including treasury stock):

March 2018 Term: 29,281,373 shares                      March 2017 Term: 29,281,373 shares

2) Amount of treasury stock at the end of term:

March 2018 Term: 1,102,796 shares                      March 2017 Term: 1,102,630 shares

3) Amount of average stock during the term:

March 2018 Term: 28,178,670 shares                      March 2017 Term: 28,178,856 shares

Note: Beginning in FY2018, the Company is introducing the Performance-Based Stock Compensation Plan, a system of remuneration in which directors (excluding external directors) are compensated with Company stock according to business results. As a result of this system, stock in the Company held in a trust is appropriated in shareholders' equity as treasury stock. The amount of treasury stock at the end of the term under review includes Company stock held in the trust (139,000 shares at the end of FY2018). Also, Company stock held in the trust is included in treasury stock to be deducted in the calculation of the average number of shares outstanding during the term under review (84,923 shares at the end of FY2018).

## (Reference) Overview of Non-consolidated Results

### (1) Non-consolidated Business Performance for March 2018 Term (April 1, 2017 – March 31, 2018)

(% figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 2018 Term	101,170	(4.1)	560	—	1,155	—	490	—
March 2017 Term	105,510	(33.0)	(716)	—	(1,833)	—	(2,198)	—

	Net profit per share	Diluted net profit per share
	Yen	Yen
March 2018 Term	17.42	—
March 2017 Term	(78.01)	—

**(2) Non-consolidated financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 2018 Term	65,366	52,010	79.6	1,845.75
March 2017 Term	69,578	52,011	74.8	1,845.78

Reference) Shareholders' equity      March 2018 Term:    52,010 million yen      March 2017 Term:    52,011 million yen

\* This summary of financial results is not subject to audits of certified public accountants or auditing corporations.

\* Cautionary statement regarding forward-looking statements

The projected results and forward-looking statements included in this document reflect the Company's expectations based on information available at the time of release, and are not intended as a guarantee that the Company will achieve these targets. The actual performance may considerably differ from the forecast due to various factors.

See the section "1. Overview of Business Results – (4) Future Prospects" on page 4 of [Appendix] regarding the relevant matters for the above forecast for the business performance.

The Company is planning to hold a briefing for securities analysts and institutional investors on May 21, 2018. As for the issued documents explaining the closing of accounts, they shall promptly be updated on our website after the briefing is held.

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## 1. Overview of Business Results

### (1) Overview of Business Results for the Fiscal Year Ended March 31, 2018

During the consolidated fiscal year under review, although concerns over policy trends in the United States and Europe and geopolitical risks remained, overall the global economy progressed on a gradual recovery trajectory, particularly in developed countries. The Japanese economy also continued to gradually recover against the background of the government's economic policies, the continued monetary-easing policy of the Bank of Japan, and other favorable developments. The electronics industry, which is the primary area of business of the Group, saw continued growth in markets relating to advanced vehicle operation support systems, IoT (Internet of Things), M2M (Machine to Machine) and other fields. Investment in Japan's IT sector was firm, particularly in cloud computing, Big Data and security.

Against this background, the Group tackled a number of challenges to achieve the goals of the V70 Medium-Term Management Plan. In the device business, we made efforts to improve our business portfolio by allotting resources to areas where market growth was expected and increasing the sales ratio of the highly profitable business. At the same time, we moved to enhance profitability in existing businesses by an increase in the gross profit margin, thorough management of exchange-rate and inventory risk, and improvements in operational efficiency. In the solution business, while making active efforts to expand sales in the existing businesses, the Company expanded its menu of cloud-computing services and fostered synergies across the business units. In all these initiatives, the Company strove to build a profitable foundation for medium-to-long-term growth. Consolidated operating results for the fiscal year under review revealed ¥157,257 million in net sales (down 6.2% year-on-year), ¥1,763 million in operating profit (up 119.3% year-on-year), and ¥1,787 million in ordinary profit (compared with ¥952 million in ordinary loss posted in the previous fiscal year). Net profit attributable to shareholders of parent company, on the other hand, was ¥947 million, marking a turnaround from a net loss of ¥1,575 million attributable to shareholders of parent company in the previous fiscal year. This was due to the special retirement benefits of ¥229 million paid in connection with the implementation of voluntary retirement and loss on valuation of investment securities of ¥467 million posted as extraordinary loss.

Consolidated performance by segment for the term under review is as follows.

#### *(Device segment)*

In the device business segment, our leading products are semiconductors (including system LSIs, microcomputers, LCD driver ICs and memory) and electronic components (including connectors and capacitors). These products are sold mainly to electronics manufacturers. We also provide technical support such as software development and module development.

In the consolidated period under review, sales of products for vehicles remained strong, and sales in new businesses continued to grow despite launch delays. However, sales of the LCD-related products were weak, and change in product strategies by major suppliers had an adverse effect on sales of some product ranges.

As a result, segment sales decreased 7.6% year-on-year to ¥143,701 million. However, thanks to an increase in the gross profit margin, a substantial decline in loss on inventory valuation and foreign exchange losses, as well as the effect of reduction of fixed cost made possible by a number of measures including consolidation and integration of business bases, the segment returned a profit of ¥724 million (against a segment loss of ¥2,028 million in the previous fiscal year).

#### *(Solution segment)*

In the solution business segment, we are committed to design, construction, operation and maintenance of infrastructure for private companies as well as government offices and municipalities, focusing on communication networks. For core systems, we offer services deriving from provision of package software, such as individually developed and customized solutions. We also provide broadcast stations and production companies with systems for editing, transmission and distribution of video content, centered on products from suppliers abroad.

Aside from slow sales of embedded systems, growth was firm overall in the fiscal year under review, driven by recovery made by the public sector and other favorable developments.

As a result, segment sales increased by 11.4% year-on-year to ¥13,555 million. However, segment profit decreased 1.3% year-on-year to ¥1,062 million, due to a decrease in gross profit margin.

Note: Profit (loss) in each report segment is based on ordinary profit (loss).

## **(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2018**

### **(Assets)**

As of March 31, 2018, assets decreased ¥172 million compared to March 31, 2017, to ¥93,972 million. This was mainly attributable to a ¥4,537 million decrease in notes and accounts receivable-trade, a ¥2,422 million decrease in cash and deposits, a ¥4,792 million increase in merchandise inventories, a ¥770 million increase in partly-finished work, and a ¥649 million increase in investment securities.

### **(Liabilities)**

As of March 31, 2018, liabilities decreased ¥422 million compared to March 31, 2017, to ¥32,184 million. This was mainly attributable to a ¥1,083 million decrease in notes and accounts payable-trade, and a ¥685 million increase in short-term loans payable.

### **(Net Assets)**

As of March 31, 2018, net assets increased ¥249 million compared to March 31, 2017, to ¥61,787 million. This was mainly attributable to a ¥274 million increase in retained earnings, a ¥185 million increase in remeasurements of defined benefit plans, a ¥126 million increase in valuation difference on available-for-sale securities, and a ¥466 million decrease in foreign currency translation adjustment.

## **(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2018**

As of March 31, 2018, cash and cash equivalents decreased ¥2,422 million compared to March 31, 2017, to ¥17,176 million. This was due to an increase in inventories, which contributed to an increase in expenses.

### ***(Operating activities)***

Net cash used in operating activities during the consolidated period under review totaled ¥1,996 million. This is due to expenses resulted from an increase in inventories, which exceeded income resulted from a decrease in notes and accounts receivable-trade, etc. Since the figure for the previous consolidated fiscal year was an income of ¥5,068 million, this represented an expense rise of ¥7,065 million.

### ***(Investing activities)***

Net cash used in investing activities during the consolidated period under review totaled ¥1,048 million. This was mainly due to purchase of investment securities, among other expenses. This represented an expense increase of ¥320 million compared with the previous consolidated fiscal year.

### ***(Financing activities)***

Net cash provided by financing activities during the consolidated period under review totaled ¥583 million. This was mainly due to proceeds from short-term loans that exceeded expenses, such as dividend payments, etc. This represented an income decrease of ¥4,675 million compared with the previous consolidated fiscal year.

**(4) Future Prospects**

## 1) Outlook for the next fiscal year

For the next consolidated fiscal year, the Company expects that profitability in the device business will be enhanced. In addition, for the solution business, we forecast a sales increase partly due to the continued rise of the solution business for the public sector and a recovery in sales of embedded systems although an increase in selling, general and administrative expenses mainly used for an increase in personnel is expected. Therefore, the same level of profit and loss as the previous fiscal year is expected to be maintained.

Based on these assumptions, we forecast the following numbers as consolidated results for the next fiscal year. In the V70 Medium-Term Management Plan (to be concluded in the fiscal year ending March 31, 2021) which the Company is currently in the process of implementing, as measures for enhancement in capital efficiency, the Company set an increase of the consolidated dividend payout ratio to around 100% from three consecutive terms extending from the fiscal year ended March 31, 2018 to the fiscal year ending March 31, 2020 and acquisition of treasury shares by setting the maximum acquisition cost at ¥20 billion in total; provided, however, that the maximum number of shares to be acquired shall be 10 million shares in total for the above terms. Since the forecast for the dividend amount per share below is based on the assumption of paying dividends at 100% consolidated dividend payout ratio for the number of shares subject to dividends as of the end of March 2018, depending on the future acquisition situation of treasury shares, the number of shares subject to dividends may change, and in coordination with this change, the forecast of the dividend amount per share may be subject to change.

## (Prospect for Consolidated Business Results)

Net sales:	¥166 billion (up 5.6% YoY)
Operating profit:	¥2.13 billion (up 20.8% YoY)
Ordinary profit:	¥1.9 billion (up 6.3% YoY)
Net profit attributable to shareholders of parent company:	¥1.35 billion (up 42.5% YoY)
Dividend amount per share (Annual dividend amount):	¥48 (¥33 per share for the previous fiscal year)

## 2) Outlook for assets, liabilities, net assets and cash flows

At the end of March 2019, the Company expects total assets to be roughly ¥95 billion, a ¥1 billion increase from the end of March 2018, mainly because of a projected increase in notes and accounts receivable-trade and a projected decrease in inventories. In addition, the Company expects the same level of interest-bearing debt at the end of this consolidated fiscal year and interest-bearing debt is forecast to total about ¥13.8 billion at the end of March 2019.

Cash and cash equivalents at the end of March 2019 are expected to increase by about ¥2.8 billion from the end of March 2018 to about ¥20 billion. This is mainly because of an expected income partly from a decrease in inventories.

The above forecast does not take the impact from the future acquisition of treasury shares into consideration.

## (Reference) Performance indicators associated with cash flows

	March 2014 Term	March 2015 Term	March 2016 Term	March 2017 Term	March 2018 Term
Ratio of shareholders' equity (%)	66.6	64.5	66.3	65.4	65.7
Ratio of shareholders' equity on current price base (%)	20.8	27.6	26.2	38.0	65.3
Interest-bearing debt to cash flow ratio (year)	0.5	—	—	2.6	—
Interest coverage ratio	358.2	—	—	48.9	—

Notes: Ratio of shareholders' equity: Shareholders' equity ÷ Total assets

Ratio of shareholders' equity on current price base: Market capitalization ÷ Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debts ÷ Operating cash flow

Interest coverage ratio: Operating cash flow ÷ Interest paid

- \* Each indicator is calculated using the consolidated financial figures.
- \* The market capitalization is calculated as the share price at term-end multiplied by the number of shares outstanding at term-end (after the deduction of treasury stock).
- \* For the operating cash flow, the “cash flow from operating activities” shown in the consolidated statement of cash flows is used. The interest-bearing debts feature all debts bearing interest among the debts listed in the consolidated balance sheets. For the amount of interest paid, the “interest expenses paid” listed in the consolidated statement of cash flows is used.
- \* Figures for the interest-bearing debt to cash flow ratio and the interest coverage ratio are not recorded when the operating cash flow figure is negative.

## **2. Basic Attitudes Toward the Selection of our Accounting Standards**

For the time being, the Group has applied the Japanese standards to its consolidated financial statements, with consideration given to the comparability of the terms of consolidated financial statements and comparability among enterprises.

As regards the application of international accounting standards, the Group is open to appropriately meet these standards upon consideration of both domestic and overseas circumstances.



**3. Consolidated Financial Statements and Main Notes**  
**(1) Consolidated Balance Sheets**

(Million yen)

	March 2017 Term (As of Mar. 31, 2017)	March 2018 Term (As of Mar. 31, 2018)
Assets		
Current assets		
Cash and deposits	19,599	17,176
Notes and accounts receivable-trade	43,597	41,734
Electronically recorded monetary claims	9,009	6,335
Merchandise inventories	11,327	16,119
Partly-finished work	1	772
Accrued income	97	174
Deferred tax assets	328	394
Others	3,133	3,714
Allowance for doubtful accounts	(7)	(12)
Total current assets	87,088	86,411
Non-current assets		
Property and equipment		
Buildings and structures	5,917	5,849
Accumulated depreciation	(4,358)	(4,357)
Buildings and structures, net	1,559	1,492
Land	2,046	2,029
Leased assets	217	196
Accumulated depreciation	(101)	(108)
Lease assets, net	115	87
Other	695	658
Accumulated depreciation	(607)	(586)
Other, net	88	71
Total property and equipment	3,810	3,681
Intangible assets	312	361
Investments and other assets		
Investment securities	2,657	3,307
Others	290	224
Allowance for doubtful accounts	(14)	(14)
Total investments and other assets	2,933	3,517
Total non-current assets	7,055	7,561
Total assets	94,144	93,972

(Million yen)

	March 2017 Term (As of Mar. 31, 2017)	March 2018 Term (As of Mar. 31, 2018)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	16,717	15,633
Short-term loans payable	13,124	13,809
Current portion of long-term loans payable	-	16
Lease obligations	40	34
Accrued corporate tax, etc.	156	186
Allowance for bonuses to employees	489	474
Allowance for bonuses to Directors and Audit & Supervisory Board members	-	24
Others	1,233	1,233
<b>Total current liabilities</b>	<b>31,760</b>	<b>31,412</b>
<b>Non-current liabilities</b>		
Long-term loans payable	-	6
Lease obligations	74	52
Deferred tax liabilities	210	348
Allowance for stock compensation	-	11
Net defined benefit liabilities	465	256
Others	95	97
<b>Total non-current liabilities</b>	<b>845</b>	<b>772</b>
<b>Total liabilities</b>	<b>32,606</b>	<b>32,184</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	14,811	14,811
Capital surplus	15,329	15,432
Retained earnings	31,923	32,197
Treasury stock	(764)	(867)
<b>Total shareholders' equity</b>	<b>61,300</b>	<b>61,574</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	654	781
Deferred hedge gains (losses)	(7)	80
Foreign currency translation adjustment	(241)	(708)
Remeasurements of defined benefit plans	(168)	16
<b>Total accumulated other comprehensive income</b>	<b>237</b>	<b>169</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>43</b>
<b>Total net assets</b>	<b>61,537</b>	<b>61,787</b>
<b>Total liabilities and net assets</b>	<b>94,144</b>	<b>93,972</b>

**(2) Consolidated Profit and Loss Statement, Consolidated Comprehensive Income Statement**  
(Consolidated Profit and Loss Statement)

(Million yen)

	March 2017 Term (Apr. 1, 2016 – Mar. 31, 2017)	March 2018 Term (Apr. 1, 2017 – Mar. 31, 2018)
Net sales	167,654	157,257
Cost of sales	156,968	145,809
Gross profit on sales	10,686	11,447
Selling, general and administrative expenses	9,882	9,684
Operating profit	804	1,763
Non-operating profit		
Interest income	14	22
Dividend income	31	57
Foreign exchange gains	-	166
Others	93	47
Total non-operating profit	138	294
Non-operating expenses		
Interest expenses	103	237
Sales discounts	26	16
Foreign exchange losses	1,745	-
Others	18	17
Total non-operating expenses	1,894	271
Ordinary profit (loss)	(952)	1,787
Extraordinary profits		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	0	0
Gain on sales of memberships	15	-
Total extraordinary profits	15	0
Extraordinary losses		
Loss on sales of non-current assets	0	-
Loss on retirement of non-current assets	10	0
Loss on sales of investment securities	0	-
Loss on valuation of investment securities	-	467
Impairment loss	34	-
Special retirement benefits	-	229
Total extraordinary losses	44	697
Net profit (loss) before tax and other adjustments	(981)	1,090
Corporate, resident and enterprise taxes	297	188
Adjustment for corporate tax, etc.	296	(77)
Total corporate taxes	593	110
Net profit (loss)	(1,575)	979
Net profit attributable to non-controlling interests	-	32
Net profit (loss) attributable to shareholders of parent company	(1,575)	947

(Consolidated Comprehensive Income Statement)

(Million yen)

	March 2017 Term (Apr. 1, 2016 – Mar. 31, 2017)	March 2018 Term (Apr. 1, 2017 – Mar. 31, 2018)
Net profit (loss)	(1,575)	979
Other comprehensive income		
Valuation difference on available-for-sale securities	256	126
Deferred hedge gains (losses)	486	87
Foreign currency translation adjustment	(83)	(466)
Remeasurements of defined benefit plans, net of tax	196	185
Total other comprehensive income	854	(67)
Comprehensive income	(720)	912
(Details)		
Comprehensive income attributable to shareholders of parental company	(720)	879
Comprehensive income attributable to non-controlling interests	-	32

**(3) Consolidated Statements of Changes in Shareholders' Equity**

March 2017 Term (April 1, 2016 to March 31, 2017)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2016	14,811	15,329	34,625	(763)	64,003
Changes during the term					
Dividends of surplus			(1,127)		(1,127)
Net profit (loss) attributable to shareholders of parent company			(1,575)		(1,575)
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes during the term	-	-	(2,702)	(0)	(2,702)
Balance as of March 31, 2017	14,811	15,329	31,923	(764)	61,300

(Million yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred hedge gains (losses)	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2016	398	(493)	(158)	(364)	(617)	-	63,385
Changes during the term							
Dividends of surplus							(1,127)
Net profit (loss) attributable to shareholders of parent company							(1,575)
Purchase of treasury stock							(0)
Net changes of items other than shareholders' equity	256	486	(83)	196	854		854
Total changes during the term	256	486	(83)	196	854	-	(1,847)
Balance as of March 31, 2017	654	(7)	(241)	(168)	237	-	61,537

March 2018 Term (April 1, 2017 to March 31, 2018)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2017	14,811	15,329	31,923	(764)	61,300
Changes during the term					
Dividends of surplus			(705)		(705)
Net profit attributable to shareholders of parent company			947		947
Purchase of treasury stock				(0)	(0)
Purchase of treasury stock under stock compensation plan				(199)	(199)
Disposal of treasury stock under stock compensation plan		102		96	199
Change of scope of consolidation			32		32
Net changes of items other than shareholders' equity					
Total changes during the term	-	102	274	(102)	274
Balance as of March 31, 2018	14,811	15,432	32,197	(867)	61,574

(Million yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred hedge gains (losses)	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2017	654	(7)	(241)	(168)	237	-	61,537
Changes during the term							
Dividends of surplus							(705)
Net profit attributable to shareholders of parent company							947
Purchase of treasury stock							(0)
Purchase of treasury stock under stock compensation plan							(199)
Disposal of treasury stock under stock compensation plan							199
Change of scope of consolidation							32
Net changes of items other than shareholders' equity	126	87	(466)	185	(67)	43	(24)
Total changes during the term	126	87	(466)	185	(67)	43	249
Balance as of March 31, 2018	781	80	(708)	16	169	43	61,787

**(4) Consolidated Statement of Cash Flows**

(Million yen)

	March 2017 Term (Apr. 1, 2016 – Mar. 31, 2017)	March 2018 Term (Apr. 1, 2017 – Mar. 31, 2018)
<b>Operating activities</b>		
Net profit (loss) before tax and other adjustments	(981)	1,090
Depreciation and amortization	227	190
Impairment loss	34	-
Amortization of goodwill	40	41
Increase (decrease) in allowance for doubtful accounts	(9)	5
Increase (decrease) in allowance for stock compensation	-	11
Increase (decrease) in net defined benefit liabilities	96	58
Interest and dividend income	(45)	(80)
Interest expense	103	237
Loss (gain) on sales of non-current assets	(0)	(0)
Loss (gain) on sales of investment securities	(0)	(0)
Loss (gain) on valuation of investment securities	-	467
Decrease (increase) in notes and accounts receivable-trade	2,778	3,356
Decrease (increase) in inventories	6,799	(5,782)
Increase (decrease) in notes and accounts payable-trade	(5,256)	(763)
Decrease (increase) in consumption taxes refund receivable	1,515	(328)
Increase (decrease) in accrued consumption taxes	0	9
Others	96	(168)
Subtotal	5,400	(1,653)
Interest and dividend income received	45	80
Interest expenses paid	(103)	(238)
Corporate and other taxes paid	(274)	(185)
Net cash provided by (used in) operating activities	5,068	(1,996)
<b>Investing activities</b>		
Net decrease (increase) in time deposits	100	-
Purchase of property and equipment	(132)	(23)
Proceeds from sales of property and equipment	78	19
Purchase of software	(12)	(4)
Purchase of investments securities	(747)	(1,068)
Proceeds from sales of investment securities	0	0
Others	(13)	28
Net cash used in investing activities	(727)	(1,048)
<b>Financing activities</b>		
Proceeds from short-term loans	32,630	25,643
Repayment of short-term loans	(26,195)	(24,298)
Repayment of long-term loans	-	(15)
Repayments of lease obligations	(50)	(41)
Net decrease (increase) in treasury stock	(0)	(0)
Cash dividends paid	1,125	(704)
Net cash provided by financing activities	5,258	583
Effect of exchange rate change on cash and cash equivalents	(86)	(3)
Net increase (decrease) in cash and cash equivalents	9,513	(2,465)
Balance of cash and cash equivalents, beginning of the period	10,086	19,599
Increase in cash and cash equivalents from newly consolidated subsidiary	-	42
Balance of cash and cash equivalents, end of the period	19,599	17,176

**(5) Notes on Consolidated Financial Statements  
(Notes Regarding Going Concern)**

None

**(Additional Information)**

Performance-Based Stock Compensation Plan for Directors

The Company has announced that, beginning in this consolidated fiscal year, it is introducing a Performance-Based Stock Compensation Plan for Directors, for the purpose of further clarifying the link between the compensation to the Company's directors (excluding external directors) and the value of its shares. With the introduction of the Performance-Based Stock Compensation Plan, directors will not only enjoy the advantages when the Company's share price rises but also bear the risks when the share price declines, sharing with shareholders the benefits and risks of fluctuations in share prices. This move is intended ultimately to incentivize directors to increase medium-to-long-term business results and increase enterprise value.

1) Overview of Transactions

In the Performance-Based Stock Compensation Plan, a trust that is funded by Company expenditures acquires shares in the Company. The Board of Directors establishes regulations for the granting of shares, according to which each director is awarded points for his or her degree of accomplishment of numerical targets based on management indices. Each director is then awarded the Company's shares in proportion to the points awarded, through the trust. In principle, the shares are awarded to directors at the time of their resignation or retirement.

2) Accounting treatment of Company shares remaining in the trust

Shares remaining in the trust are appropriated under net assets as treasury stock, according to the book value of the trust (net of ancillary expenses). The book value of treasury stock and the number of shares as of the end of the consolidated fiscal year under review are ¥199 million and 139,000 shares respectively.

**(Segment Information and Other)**

a. Segment Information

1. Outline of Report Segments

The report segments are composition units of the Company for which separate financial information is available. The Board of Directors reviews these segments periodically to determine the allotment of managerial resources and evaluate the financial results.

The Company has business headquarters for individual merchandise and services. The business headquarters work out domestic and overseas comprehensive strategies about their merchandise and services, and do business activities according to the strategies.

Therefore, the Company is organized in two segments by merchandise and services based on business headquarters. They are device segment and solution segment.

In the device business segment, our leading products are semiconductors (including system LSIs, microcomputers, LCD driver ICs and memory) and electronic components (including connectors, capacitors and circuit boards). These products are sold mainly to electronics manufacturers. We also provide technical support such as software development and module development.

In the solution business segment, we are committed to design, construction, operation and maintenance of infrastructure for private companies as well as government offices and municipalities, focusing on communication networks. For core systems, we offer services deriving from provision of package software, such as individually developed and customized solutions. We also provide broadcast stations and production companies with systems for editing, transmission and distribution of video content, centered on products from suppliers abroad.

2. Amount calculation methods for sales, profit or loss, assets, liabilities, and other items in each report segment

The accounting method in the reported business segments is almost the same as that used for preparing the consolidated financial statements.

Profit (loss) in the report segments are based on ordinary profit (loss).



## 3. Information regarding the amounts of sales, profit or loss, assets, liabilities, and other items in each report segment

March 2017 Term (Apr. 1, 2016 – Mar. 31, 2017)

(Million yen)

	Reported segment			Adjustment amount (Note 1)	Amount accounted on consolidated financial statements (Note 2)
	Device segment	Solution segment	Total		
Net sales					
Sales to outside customers	155,480	12,173	167,654	-	167,564
Inter-segment sales or transfers	-	-	-	-	-
Total	155,480	12,173	167,654	-	167,654
Segment profit (loss)	(2,028)	1,076	(952)	-	(952)
Segment assets	68,576	5,450	74,026	20,117	94,144
Other items					
Depreciation and amortization (Note 3)	174	53	227	-	227
Increase of property and equipment and intangible assets	98	21	120	47	168

Notes: 1. The adjustment amount of segment assets includes investment capital (cash, deposits, and securities), long-term investment (investment in securities), and assets related to the management divisions of the Company.

2. The segment profit (loss) coincides with the ordinary loss in the consolidated profit and loss statement.

3. The depreciation and amortization do not include the amortization of goodwill.

March 2018 Term (Apr. 1, 2017 – Mar. 31, 2018)

(Million yen)

	Reported segment			Adjustment amount (Note 1)	Amount accounted on consolidated financial statements (Note 2)
	Device segment	Solution segment	Total		
Net sales					
Sales to outside customers	143,701	13,555	157,257	-	157,257
Inter-segment sales or transfers	-	-	-	-	-
Total	143,701	13,555	157,257	-	157,257
Segment profit	724	1,062	1,787	-	1,787
Segment assets	65,807	7,600	73,407	20,564	93,972
Other items					
Depreciation and amortization (Note 3)	134	56	190	-	190
Increase of property and equipment and intangible assets	25	14	39	17	57

Notes: 1. The adjustment amount of segment assets includes investment capital (cash, deposits, and securities), long-term investment (investment in securities), and assets related to the management divisions of the Company.

2. The segment profit coincides with the ordinary profit in the consolidated profit and loss statement.

3. The depreciation and amortization do not include the amortization of goodwill.

b. Related information

March 2017 Term (Apr. 1, 2016 – Mar. 31, 2017)

1. Information of products and services

The information by product and service coincides with that by reported segment, and is, therefore, omitted.

2. Information of regions

(1) Net sales

(Million yen)

Japan	Asia	North America	Others	Total
89,441	77,388	593	230	167,654

(2) Property and equipment

As the amount of property and equipment in Japan exceeds 90% of the amount stated in the consolidated balance sheets, description is omitted.

3. Information of major clients

(Million yen)

Name of client	Net sales	Related segments
Japan Display Inc.	29,045	Mainly device segment
Sharp Corporation	28,860	Mainly device segment

March 2018 Term (Apr. 1, 2017 – Mar. 31, 2018)

1. Information of products and services

The information by product and service coincides with that by reported segment, and is, therefore, omitted.

2. Information of regions

(1) Net sales

(Million yen)

Japan	Asia	North America	Others	Total
80,223	73,716	306	3,010	157,257

(2) Property and equipment

As the amount of property and equipment in Japan exceeds 90% of the amount stated in the consolidated balance sheets, description is omitted.

3. Information of major clients

(Million yen)

Name of client	Net sales	Related segments
Japan Display Inc.	23,801	Mainly device segment

c. Information regarding impairment loss for non-current assets in each report segment

March 2017 Term (Apr. 1, 2016 – Mar. 31, 2017)

(Million yen)

	Device segment	Solution segment	Elimination/Corporate	Total
Impairment loss	-	-	34	34

March 2018 Term (Apr. 1, 2017 – Mar. 31, 2018)

None

d. Information regarding the amount of amortization of goodwill and the balance in each report segment

March 2017 Term (Apr. 1, 2016 – Mar. 31, 2017)

(Million yen)

	Device segment	Solution segment	Elimination/Corporate	Total
Amount of amortization	40	-	-	40
Balance at term-end	125	-	-	125

March 2018 Term (Apr. 1, 2017 – Mar. 31, 2018)

(Million yen)

	Device segment	Solution segment	Elimination/Corporate	Total
Amount of amortization	41	-	-	41
Balance at term-end	213	-	-	213

e. Information regarding profit on negative goodwill in each report segment

None

**(Per Share Information)**

(Yen)

	March 2017 Term (Apr. 1, 2016 – Mar. 31, 2017)	March 2018 Term (Apr. 1, 2017 – Mar. 31, 2018)
Net assets per share	2,183.84	2,191.19
Net profit (loss) per share	(55.90)	33.62

Notes: 1. Diluted net profit per share is not presented since the Company has no dilutive shares.

2. Beginning in the consolidated fiscal year under review, the Company is introducing the Performance-Based Stock Compensation Plan for Directors (excluding external directors). Shares of the Company owned by a trust which is recorded as treasury stock in shareholders' equity are included in the shares that are excluded from the total number of shares outstanding at the end of term for calculation of net assets per share, and also are included in treasury stock excluded in the calculation of amount of average stock during the term for calculation of net profit per share.

The amount of corresponding treasury stock at the end of term which was excluded for calculation of net assets per share is 139,000 shares.

The amount of average corresponding treasury stock during the term which was excluded for calculation of net profit per share is 84,000 shares.

3. Net profit (loss) per share was calculated on the following basis

(Million yen)

	March 2017 Term (Apr. 1, 2016 – Mar. 31, 2017)	March 2018 Term (Apr. 1, 2017 – Mar. 31, 2018)
Net profit (loss) attributable to shareholders of parent company	(1,575)	947
Amount not attributable to ordinary shareholders	-	-
Net profit (loss) attributable to shareholders of parent company available to ordinary shares	(1,575)	947
Average shares outstanding available to ordinary shares (thousand shares)	28,178	28,178

**(Important Later Event)****Acquisition of Treasury Stock and Tender Offer of Treasury Stock**

The Company's Board of Directors meeting held today resolved the acquisition of the Company's treasury stock based on the provisions of Paragraph 1 of Article 156 in the Companies Act of Japan which is applied mutatis mutandis pursuant to Paragraph 3 of Article 165 in the same Act and stipulations of the Company's Articles of Incorporation and use of tender offer of treasury stock as the specific acquisition method of treasury stock. For execution of the tender offer of treasury stock, the Company borrowed ¥10 billion from financial institutions.

For details, please refer to "Notice Regarding Acquisition of Treasury Stock and Tender Offer of Treasury Stock" released today.

**Reduction of Capital Reserve**

The Company's Board of Directors meeting which was held today resolved to include a reduction of capital reserve in the agenda of the 67th Ordinary General Meeting of Shareholders scheduled to be held on June 22, 2018.

For details, please refer to "Notice Regarding Reduction of Capital Reserve" released today.

#### **4. Other**

##### **(1) Changes in Officers (Scheduled for June 22, 2018)**

###### 1) Changes in Representative Directors

None

###### 2) Changes in Other Officers

- Nominee as a new Audit & Supervisory Board member
  - External Audit & Supervisory Board member Kuniharu Kezuka (currently certified public accountant and tax accountant at Kezuka Accounting Office, Outside Director (full-time Audit Committee member) at Levi Strauss Japan K.K.)
  
- Audit & Supervisory Board member scheduled to retire
  - External Audit & Supervisory Board member Minoru Matsumoto