



May 13, 2015

## Summary of Financial Results for Fiscal Year Ended March 31, 2015 [Japan Standards] (Consolidated)

Name of Listed Company: Sanshin Electronics Co., Ltd.      Stock Exchange Listed: 1st Section, Tokyo  
 Code No.: 8150      URL: <http://www.sanshin.co.jp>  
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 Scheduled date of General Meeting of Shareholders: June 19, 2015  
 Scheduled date of filing of Annual Securities Report: June 22, 2015  
 Scheduled date of dividend payment: June 22, 2015  
 Supplementary materials for the financial results: Yes  
 Investor conference for the financial results: Yes (for security analysts and institutional investors)

*(Amounts are rounded down to the nearest million yen)*

### 1. Consolidated Business Performance for March 2015 Term (April 1, 2014 – March 31, 2015)

#### (1) Consolidated business performance

*(% figures represent year-on-year increase or decrease)*

	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 2015 Term	219,091	14.0	3,260	29.5	3,117	17.3	2,003	10.9
March 2014 Term	192,240	29.9	2,517	23.9	2,658	63.1	1,806	59.7

(Note) Comprehensive income    March 2015 Term: 3,993 million yen (18.0%)    March 2014 Term: 3,385 million yen (66.3%)

	Net profit per share	Diluted net profit per share	Return on Equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
March 2015 Term	71.11	—	3.1	3.2	1.5
March 2014 Term	63.78	—	3.0	3.0	1.3

(Reference) Investment profit and loss based on the equity method

March 2015 Term: - million yen      March 2014 Term: - million yen

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 2015 Term	101,672	65,619	64.5	2,328.64
March 2014 Term	93,522	62,255	66.6	2,209.24

(Reference) Shareholders' equity    March 2015 Term: 65,619 million yen      March 2014 Term: 62,255 million yen

#### (3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
March 2015 Term	(6,090)	(199)	(3,488)	12,489
March 2014 Term	9,785	260	(322)	21,758

**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 2014 Term	—	10.00	—	10.00	20.00	563	31.4	0.9
March 2015 Term	—	10.00	—	30.00	40.00	1,127	56.3	1.8
March 2016 Term (forecast)	—	10.00	—	30.00	40.00		49.0	

**3. Forecasts for Consolidated Business Performance for March 2016 Term (April 1, 2015 – March 31, 2016)**

(% figures represent year-on-year increase of decrease)

	Net sales		Operating profit		Ordinary profit		Net profit Attributable to Shareholders of Parental Company		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	102,000	1.8	950	(31.5)	900	(27.0)	650	(18.2)	23.07
Full year	220,000	0.4	3,400	4.3	3,300	5.9	2,300	14.8	81.62

**\* Annotations**

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

Newly added:

Excluded:

(2) Change of accounting principles, change of accounting estimate, and redisplay after revision:

1) Change of accounting principles caused by revision of accounting standards: Yes

2) Change of accounting principles other than 1): None

3) Change of accounting estimate: None

4) Redisplay after revision: None

Note: For further information, please refer to “4. Consolidated Financial Statements - (5) Notes on Consolidated Financial Statements (Changes in Accounting Policies)”, on page 14 of [Appendix].

(3) Number of shares outstanding (ordinary shares)

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

March 2015 Term: 29,281,373 shares                      March 2014 Term: 29,281,373 shares

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

March 2015 Term: 1,102,116 shares                      March 2014 Term: 1,101,952 shares

3) Number of average stock during the term:

March 2015 Term: 28,179,308 shares                      March 2014 Term: 28,322,676 shares

**(Reference) Overview of Non-consolidated Results****(1) Non-consolidated Business Performance for March 2015 Term (April 1, 2014 – March 31, 2015)**

(% figures represent year-on-year increase or decrease)

	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 2015 Term	162,469	13.3	1,636	29.2	2,884	49.3	2,028	56.7
March 2014 Term	143,360	27.5	1,267	169.1	1,931	70.0	1,294	60.5

	Net profit per share	Diluted net profit per share
	Yen	Yen
March 2015 Term	71.98	—
March 2014 Term	45.71	—

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

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 2015 Term	86,270	55,730	64.6	1,977.72
March 2014 Term	79,800	54,289	68.0	1,926.57

Reference) Shareholders' equity      March 2015 Term: 55,730 million yen      March 2014 Term: 54,289 million yen

**\*Indication concerning execution condition of auditing procedure**

The audit procedure of financial statements based on Financial Instruments and Exchange Law had not finished at the time of indication of this summary of financial reports.

**\* 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 contains potential risks and uncertain factors. The actual performance may considerably differ from the forecast due to various factors.

See the section "1. Analysis of Business Results and Financial Position – (1) Analysis of Business Results" on page 2 of [Appendix] regarding the relevant matters for the above forecast for the business performance.

The Company is planning to hold a briefing for security analysts and institutional investors on May 20, 2015. As for the issued documents explaining the closing of accounts, it shall promptly be updated on our website after the briefing is held.

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## 1. Analysis of Business Results and Financial Position

### (1) Analysis of Business Results

#### 1) Business results for the fiscal year ended March 31, 2015

During the consolidated fiscal year under review, although the global economy maintained a strong recovery in the United States as well as it continued to improve gradually overall in Europe, with concerns such as China's economic expansion slowing down, it cannot dispel a sense of anxiety over the future. In Japan, despite some signs of weakness in demand accompanying the consumption tax hike, the economy is on a moderate recovery path, supported by economic and monetary-easing policies taken by the government, as well as the weakening yen and lower price of crude oil.

In the electronics industry, the increase in demand for mobile devices, including smartphones and tablet PCs, as well as for automobile-related products continued to drive the semiconductor and electronic component markets. Meanwhile, in the domestic IT industry, despite the drop in demand following the pre-tax hike purchasing rush, the IT investment was on a moderate uptrend reflecting the popularization of new technologies and environments such as cloud and big data.

Under these circumstances, we committed to strengthen business power and to improve the management foundation, as well as we strove to improve sales and profitability.

As a result, in this consolidated fiscal year, sales increased 14.0% year-on-year to ¥219,091 million, operating profit increased 29.5% to ¥3,260 million, ordinary profit increased 17.3% to ¥3,117 million, and net profit increased 10.9% to ¥2,003 million. The return on equity (ROE) was 3.1% (3.0% in the previous term).

Consolidated performance by business segment for the term is as follows.

#### *(Device segment)*

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

In the consolidated period under review, despite a decline in sales for the TOY sector, sales for social and industrial/vehicle-mounted systems as well as information and communication sector remained solid.

As a result, consolidated segment sales increased 15.0% year-on-year to ¥202,451 million for the current consolidated fiscal year. Furthermore, the segment profit rose substantially to ¥1,470 million (up 36.8% from the previous term), as a result of net sales growth.

Orders received stood at ¥208,695 million, and the order backlog was ¥37,673 million.

#### *(Solution segment)*

In the solution business segment, we are committed to planning and developing infrastructure with information communication network operations at the core, mainly for private companies, government agencies and local municipalities, as well as to ensuring its operation and maintenance. Especially, as for our core system, we offer services deriving from provision of package software, such as customization according to individual development. Furthermore, we also provide to broadcast stations and production companies editing and transmitting of video content, as well as establishing of distribution systems, centered on products from suppliers abroad.

In the current consolidated fiscal year, sales to public institutions rose substantially due to the expansion of equipment updates in anticipation of the digitalization of wireless communication for firefighting and emergency services in local municipalities. Still, our new commercial products such as portable video transmitters recorded increased sales.

As a result, consolidated segment sales increased 2.8% year-on-year to ¥16,639 million for the current consolidated fiscal year. The segment profit ended at ¥1,646 million (up 4.0% from the previous term).

Orders received totaled ¥16,301 million, while the order backlog stood at ¥1,186 million.

#### 2) Outlook for the next fiscal year

In the solution business, we forecast net sales to decrease due to the demand for equipment updates settling down in anticipation of the digitalization of wireless communication for firefighting and emergency services.

We also expect an increase in selling, general and administrative expenses accompanying an expansion of personnel and facilities to boost earnings. Accordingly, both income and profit are projected to decrease in the next fiscal year. In the device business, we expect sales for vehicle-mounted systems and information and communication sector to remain solid. We also expect to start new commercial product lines. Accordingly, both income and profit are projected to increase in the next fiscal year. As a result, the forecast of consolidated business results for the next fiscal year is as follows:

(Prospect for Consolidated Business Results)

Net sales:	¥220 billion (up 0.4% YoY)
Operating profit:	¥3.4 billion (up 4.3% YoY)
Ordinary profit:	¥3.3 billion (up 5.9% YoY)
Net profit:	¥2.3 billion (up 14.8% YoY)

## (2) Analysis of Financial Position

### 1) Assets, liabilities and net assets

As of March 31, 2015, assets increased ¥8,149 million compared to March 31, 2014, to ¥101,672 million. This was mainly attributable to a ¥10,751 million increase in notes and accounts receivable-trade, a ¥3,924 million increase in merchandise inventories, a ¥2,142 million increase in consumption taxes refund receivable, as well as a ¥9,269 million decrease in cash and deposits.

Liabilities increased ¥4,784 million to ¥36,052 million, mainly because of a ¥7,264 million increase in notes and accounts payable and a ¥2,787 million decrease in short-term loans payable.

Net assets increased ¥3,364 million to ¥65,619 million, because of a ¥1,374 million increase in retained earnings and a ¥1,719 million increase in foreign currency translation adjustment.

### 2) Cash flows

As of March 31, 2015, cash and cash equivalents decreased ¥9,269 million compared to March 31, 2014, to ¥12,489 million due to increased expenses attributable to increases in notes and accounts receivable-trade, inventories, etc.

#### *(Operating activities)*

Net cash used in operating activities during the consolidated period under review totaled ¥6,090 million. This is due to factors such as expenses resulted from increases such as those in notes and accounts receivable-trade, and inventories, exceeding income from increases in notes and accounts payable-trade, etc. Since the result of the corresponding previous consolidated fiscal year was an income of ¥9,785 million, it represents an increase in expenditures of ¥15,876 million.

#### *(Investing activities)*

Net cash used in investing activities during the consolidated period under review totaled ¥199 million due to factors such as purchase of software, etc. Since the result of the corresponding previous consolidated fiscal year was an income of ¥260 million, it represents an increase in expenditures of ¥460 million.

#### *(Financing activities)*

Net cash used in financing activities was ¥3,488 million. This was mainly due to repayments of short-term loans and dividend paid, among other expenditures. This represented an increase of ¥3,165 million in expenditures compared with the previous consolidated fiscal year.

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

At the end of March 2016, the Company expects total assets to amount ¥103 billion, a ¥1.3 billion increase from the end of March 2015, mainly because of a projected increase in notes and accounts receivable. In addition, the Company expects interest-bearing debt to total about ¥1.7 billion at the end of March 2016.

Cash and cash equivalents at the end of March 2016 are expected to decrease by about ¥2.5 billion from the end of March 2015 to about ¥10 billion. This is mainly because of an expected expenditure increase impacted by a projected increase in notes and accounts receivable.

Performance indicators associated with cash flows are as follows.

	March 2011 Term	March 2012 Term	March 2013 Term	March 2014 Term	March 2015 Term
Ratio of shareholders' equity (%)	64.5	73.5	72.3	66.6	64.5
Ratio of shareholders' equity on current price base (%)	23.0	25.5	21.8	20.8	27.6
Interest-bearing debt to cash flow ratio (year)	—	0.2	—	0.5	—
Interest coverage ratio	—	546.2	—	358.2	—

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 ending share price at the term end multiplied by the number of shares issued at the 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 sheet. 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 entered when the operating cash flow figure is negative.

## 2. Business Policies

### (1) Basic Management Policies

The Company's basic policy is to adhere to the corporate philosophy of "Trust, Principles and Sincerity" in order to earn reputation as "the Chosen" among general electronics trading companies to prove its value based on a wide range of solutions provided to its customers and suppliers.

In the device business, in order to assist all client companies active in home appliances, automobiles and industrial devices operations in their efforts for globalization, the Company has been striving to establish overseas subsidiaries and provide goods and services, as well as it has been serving as a coordinator for its customers and suppliers through extensive product range and suppliers' enhanced technological strength in product development. Furthermore, in the solution business, the Company has been actively acting as a system integrator with information and communication network at the core of its contributions to clients' business development. Sanshin Electronics will continue to increase the Group's present value proving why customers and suppliers choose us.

In managing its businesses, the Company will continue to fulfill its mission as a good corporate citizen by developing a system that enables diverse personnel to play an active role in the Company, as well as by continuing to reduce the environmental impact of its operations, just to mention a few actions.

### (2) Target Business Indicators

By establishing the return on equity (ROE) as one of the Company's important business indicators, we will endeavor to improve earnings.

### (3) Basic Policies for Profit Distribution

The Company's fundamental policy for dividends is to determine an appropriate amount through comprehensive consideration for returning profits to shareholders while also ensuring sufficient internal reserves. Based on this policy, the Company has raised its consolidated dividend payout ratio from 30% to 50%

in order to realize further return of profits to shareholders.

#### **(4) Medium-Term Business Strategy and Future Challenges**

The Group is currently implementing its V66 Medium-Term Management Plan, which will end on March 31, 2018 - the closing date for its 66th term. We will be working on improving business performance by increasing our market share and improving the rate of return, at the same time as further reinforcing our partnerships and expanding business opportunities, through new commercial product offers and total solutions. In an earnest effort to achieve all these, the Group will tackle the following challenges:

##### 1) Strengthening of business capabilities

###### ***a. Promotion of strategies by market segment (Device business)***

The Company has managed to attract new suppliers and consequently has enhanced its product lineup. In order to get these products into many more markets, Sanshin Electronics will focus efforts on expanding sales in each market segment of social and industrial/vehicle-mounted systems, as well as of information and communication, while sharing the products it handles on a group-wide level. We will also actively develop kit solutions inspired by the Group's product lineup.

###### ***b. Strengthening of capabilities to expand overseas businesses (Device business)***

In the device business, the overseas sales ratio has increased. Sanshin Electronics will tackle business expansion exploiting opportunities for local design-in projects, not to mention its support for Japanese client companies in their shift to overseas production. The Company will further enhance lineup by exploring new commercial products of local manufacturers, concomitantly with expanding sales to local enterprises by partnering with local distributors.

###### ***c. Promotion of new businesses (Device business)***

The Company has established a new business model that integrates the product lineup it handles and other companies' services to the Group's managerial resources such as technological capabilities, know-how or networks. Their deployment will contribute to boost earnings in the device business.

###### ***d. Strengthening of system proposals and constructing functions (Solution business)***

The pillar for making profit in the solution business is stock business, such as maintenance or management support services. To expand the stock business, our big challenge is to strengthen system proposals and constructing functions, as we need to boost sales of systems providing maintenance and management support in order to do that. The Company will take on this big challenge by augmenting its human resources and reinforcing its close tie-ups with business partners. Moreover, we will encompass a diverse array of system proposals, including dealing with cloud computing needs, through Sanshin Data Center launched in January this year.

###### ***e. Strengthening of cross-sell (Solution business)***

To expand our earnings scale, we also need to reinforce our response to the needs of current customers. We divide the solution business into six business units: information communication networks, public offices, firefighting and disaster prevention, embedded systems, application software and image editing. The Company will further share customer needs among its business units and accelerate cross selling across its departments. The Company will also tackle sales expansion across all its operations by strengthening collaboration with the device business.

##### 2) Strengthening of management foundation

###### ***a. Reinforcement of human resources and organization***

At Sanshin Electronics, our human resources are regarded as the Group's greatest managerial resource. Therefore, the Company will further reinforce its human resources, leverage their diversity and heighten the collective strengths of its organization. Especially in the solution business, as dealing with technological



updates such as cloud computing has become a requisite, the Company is committed to reinforcing personnel and providing periodical training on the latest technologies.

***b. IT infrastructure development to boost earnings***

The Company will strive to develop an IT infrastructure for enhanced management, by constantly updating the ERP systems, early detecting the gap in sales planning and promptly dealing with it. Furthermore, we will work on improving operations support system functions, increasing the business negotiation progress ratio and reducing inventory risks.

**3. Basic Attitudes toward 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.

**4. Consolidated Financial Statements**  
**(1) Consolidated Balance Sheets**

(Million yen)

	March 2014 Term (As of Mar. 31, 2014)	March 2015 Term (As of Mar. 31, 2015)
Assets		
Current assets		
Cash and deposits	21,758	12,489
Notes and accounts receivable-trade	48,723	59,474
Merchandise inventories	13,435	17,359
Partly-finished work	22	0
Accrued income	125	208
Deferred tax assets	473	604
Others	2,893	5,211
Allowance for doubtful accounts	(13)	(10)
Total current assets	87,419	95,336
Non-current assets		
Property and equipment		
Buildings and structures	6,151	6,142
Accumulated depreciation	(4,330)	(4,415)
Buildings and structures, net	1,821	1,777
Land	2,053	2,053
Lease assets	169	235
Accumulated depreciation	(75)	(91)
Lease assets, net	94	143
Other	680	690
Accumulated depreciation	(620)	(633)
Other, net	59	56
Total property and equipment	4,029	4,031
Intangible assets	182	281
Investments and other assets		
Investment in securities	1,587	1,681
Others	439	542
Allowance for doubtful accounts	(136)	(202)
Total investments and other assets	1,891	2,022
Total non-current assets	6,103	6,335
Total assets	93,522	101,672

(Million yen)

	March 2014 Term (As of Mar. 31, 2014)	March 2015 Term (As of Mar. 31, 2015)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	24,000	31,264
Short-term loans payable	4,524	1,737
Lease obligations	30	50
Accrued corporate tax, etc.	520	765
Allowance for bonuses to employees	620	636
Allowance for bonuses to directors and corporate auditors	30	33
Others	898	1,055
Total current liabilities	30,623	35,542
Non-current liabilities		
Lease obligations	64	93
Deferred tax liabilities	57	173
Net defined benefit liabilities	398	123
Others	123	119
Total non-current liabilities	643	510
Total liabilities	31,267	36,052
<b>Net assets</b>		
Shareholders' equity		
Capital stock	14,811	14,811
Capital surplus	15,329	15,329
Retained earnings	33,400	34,775
Treasury stock	(763)	(763)
Total shareholders' equity	62,778	64,152
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	485	539
Deferred hedge gains (losses)	84	72
Foreign currency translation adjustment	(870)	849
Remeasurements of defined benefit plans	(223)	4
Total accumulated other comprehensive income	(523)	1,466
Total net assets	62,255	65,619
<b>Total liabilities and net assets</b>	<b>93,522</b>	<b>101,672</b>

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

(Million yen)

	March 2014 Term (Apr. 1, 2013 – Mar. 31, 2014)	March 2015 Term (Apr. 1, 2014 – Mar. 31, 2015)
Net sales	192,240	219,091
Cost of sales	179,850	205,375
Gross profit on sales	12,389	13,715
Selling, general and administrative expenses	9,871	10,455
Operating profit	2,517	3,260
Non-operating profit		
Interest income	13	10
Dividend income	233	25
Others	88	67
Total non-operating profit	336	103
Non-operating expenses		
Interest expenses	27	22
Sales discounts	37	28
Foreign exchange loss	51	41
Loss on sales of electronically recorded monetary claims	71	148
Others	8	5
Total non-operating expenses	196	246
Ordinary profit	2,658	3,117
Extraordinary profits		
Gain on sale of non-current assets	1	2
Gain on sale of investment securities	109	0
Total extraordinary profits	111	2
Extraordinary losses		
Loss on sales of non-current assets	65	-
Loss on retirement of non-current assets	2	3
Loss on valuation of club membership	0	-
Total extraordinary losses	68	3
Net profit before tax and other adjustments	2,700	3,116
Corporate, resident and enterprise taxes	824	1,206
Adjustment for corporate tax, etc.	69	(93)
Total income taxes	894	1,112
Income before minority interest	1,806	2,003
Net profit	1,806	2,003

## (Consolidated Comprehensive Income Statement)

(Million yen)

	March 2014 Term (Apr. 1, 2013 – Mar. 31, 2014)	March 2015 Term (Apr. 1, 2014 – Mar. 31, 2015)
Income before minority interest	1,806	2,003
Other comprehensive incomes		
Valuation difference on available-for-sale securities	240	54
Deferred hedge gains (losses)	429	(11)
Foreign currency translation adjustment	908	1,719
Remeasurements of defined benefit plans, net of tax	-	228
Total of other comprehensive incomes	1,579	1,989
Comprehensive income	3,385	3,993
(Details)		
Comprehensive income relating to parental company	3,385	3,993
Comprehensive income relating to minority shareholders	-	-

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

March 2014 Term (April 1, 2013 to March 31, 2014)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	14,811	15,329	32,743	(1,089)	61,795
Cumulative effects of changes in accounting policies					-
Restated balance	14,811	15,329	32,743	(1,089)	61,795
Changes of items during the period					
Dividends from surplus			(569)		(569)
Net profit			1,806		1,806
Purchase of treasury stock				(366)	(366)
Retirement of treasury stock			(692)	692	-
Change of scope of consolidation			113		113
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	657	325	983
Balance at the end of current period	14,811	15,329	33,400	(763)	62,778

(Million yen)

	Accumulated other comprehensive income					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 at beginning of the year	244	(344)	(1,778)	-	(1,879)	59,916
Cumulative effects of changes in accounting policies						-
Restated balance	244	(344)	(1,778)	-	(1,879)	59,916
Changes of items during the period						
Dividends from surplus						(569)
Net profit						1,806
Purchase of treasury stock						(366)
Retirement of treasury stock						-
Change of scope of consolidation						113
Net changes of items other than shareholders' equity	240	429	908	(223)	1,355	1,355
Total changes of items during the period	240	429	908	(223)	1,355	2,338
Balance at the end of current period	485	84	(870)	(223)	(523)	62,255

March 2015 Term (April 1, 2014 to March 31, 2015)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	14,811	15,329	33,400	(763)	62,778
Cumulative effects of changes in accounting policies			(65)		(65)
Restated balance	14,811	15,329	33,334	(763)	62,712
Changes of items during the period					
Dividends from surplus			(563)		(563)
Net profit			2,003		2,003
Purchase of treasury stock				(0)	(0)
Retirement of treasury stock					
Change of scope of consolidation					
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	1,440	(0)	1,440
Balance at the end of current period	14,811	15,329	34,775	(763)	64,152

(Million yen)

	Accumulated other comprehensive income					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 at beginning of the year	485	84	(870)	(223)	(523)	62,255
Cumulative effects of changes in accounting policies						(65)
Restated balance	485	84	(870)	(223)	(523)	62,189
Changes of items during the period						
Dividends from surplus						(563)
Net profit						2,003
Purchase of treasury stock						(0)
Retirement of treasury stock						
Change of scope of consolidation						
Net changes of items other than shareholders' equity	54	(11)	1,719	228	1,989	1,989
Total changes of items during the period	54	(11)	1,719	228	1,989	3,430
Balance at the end of current period	539	72	849	4	1,466	65,619

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

(Million yen)

	March 2014 Term (Apr. 1, 2013 – Mar. 31, 2014)	March 2015 Term (Apr. 1, 2014 – Mar. 31, 2015)
Operating activities		
Net profit before tax and other adjustments	2,700	3,116
Depreciation and amortization	180	198
Amortization of goodwill	14	14
Increase (decrease) in allowance for doubtful accounts	45	45
Increase (decrease) in net defined benefit liabilities	(32)	(29)
Interest and dividend income	(247)	(35)
Interest expense	27	22
Loss (gain) on sale of non-current assets	64	(2)
Loss (gain) on sales of investment securities	(109)	(0)
Decrease (increase) in notes and accounts receivable-trade	(8,366)	(8,321)
Decrease (increase) in inventories	10,094	(3,264)
Increase (decrease) in notes and accounts payable-trade	6,291	5,656
Decrease (increase) in consumption taxes refund receivable	112	(2,142)
Increase (decrease) in accrued consumption taxes	0	11
Others	(177)	(406)
Subtotal	10,597	(5,137)
Interest and dividend income received	92	35
Interest expenses paid	(27)	(22)
Corporate and other taxes paid	(876)	(965)
Net cash provided by (used in) operating activities	9,785	(6,090)
Investing activities		
Purchase of property and equipment	(42)	(55)
Proceeds from sale of property and equipment	113	3
Purchase of software	(52)	(145)
Purchase of investments securities	(8)	(40)
Proceeds from sale of investment securities	209	2
Others	40	35
Net cash provided by (used) in investing activities	260	(199)
Financing activities		
Proceeds from short-term loans	14,765	16,633
Repayment of short-term loans	(14,124)	(19,519)
Repayments of lease obligations	(28)	(35)
Net decrease (increase) in treasury stock	(366)	(0)
Cash dividends paid	(568)	(567)
Net cash used in financing activities	(322)	(3,488)
Effect of exchange rate change on cash and cash equivalents	215	508
Net increase (decrease) in cash and cash equivalents	9,939	(9,269)
Balance of cash and cash equivalents, beginning of the period	11,164	21,758
Increase in cash and cash equivalents from newly consolidated subsidiary	654	-
Balance of cash and cash equivalents, end of the period	21,758	12,489



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

None

**(Change of Accounting Principles)**

Application of the Accounting Standards for Retirement Benefits

We have adopted “Accounting Standards regarding Retirement Benefits” (Application Guidance of Corporate Accounting Standards, No. 26, May 17, 2012; hereinafter referred to as the “Accounting Standards for Retirement Benefits”) and “Application Guidelines for Accounting Standards regarding Retirement Benefits” (Application Guidance of Corporate Accounting Standards, No. 25, March 26, 2015; hereinafter referred to as the “Application Guidelines for Retirement Benefits”) from the consolidated fiscal year under review, on provisions stipulated in the texts of the Sector 35 of the Accounting Standards for Retirement Benefits and of the Section 67 of the Application Guidelines for Retirement Benefits: we have revised the accounting method for retirement benefit obligations and service liabilities, and we have changed our method of attributing projected retirement benefits from a fixed amount standard to a payment calculation standard along with changing the method of discount determination to a method that uses single-weighted average discount rate reflecting timing and amounts, either than the discount rate based on the average remaining years of service.

To apply the Accounting Standards regarding Retirement Benefits, we comply with the transitional handling stipulated in the Section 37 of the Accounting Standards for Retirement Benefits, and effect of changes of accounting method for retirement benefit obligations and service expenses, financial effects are added to or subtracted from retained earnings, at the beginning of the consolidated period under review.

As a result, net defined benefit liability increased by ¥102 million, while retained earnings decreased by ¥65 million, as of the beginning of the consolidated period under review. Also, during this period, operating profit, ordinary profit and net profit before tax and other adjustments decreased by ¥18 million, respectively.

**(Segment Information)**

a. Segment Information

1. Outline of Report Segments

The report segments are composition units of the Company for which separate financial information is available and that are reviewed periodically by the board of directors 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 from two segments by merchandise and services based on business headquarters. They are device segment and solution segment.

In the device segment, the Company mainly sells semiconductor devices (system LSIs, microcomputers, LCD display driver ICs, memories, etc.) and electronic components (connectors, capacitors, circuit boards, etc.) to electronic product manufacturers. The Company also provides technical support for software development, ASIC design, and other.

In the solution segment, the Company is mainly engaged in business related to network systems, such as selling, maintaining, and supporting information & communications networks and key business systems mainly for companies, medical institutions, governmental agencies, and local governments. The Company is also engaged in business related to video systems, such as selling systems and software to broadcast stations and video productions for editing, sending, and distributing video contents.

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 for creating consolidated financial statements.

Profit in the report segments are based on ordinary profit.

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

March 2014 Term (Apr. 1, 2013 – Mar. 31, 2014)

(Million yen)

	Reported segment			Adjustment amount (Note 1)	Amount accounted on consolidated profit and loss statement (Note 2)
	Device segment	Solution segment	Total		
Net sales					
Sales to outside customers	176,047	16,192	192,240	-	192,240
Inter-segment sales or transfers	-	-	-	-	-
Total	176,047	16,192	192,240	-	192,240
Segment profit	1,075	1,582	2,658	-	2,658
Segment assets	63,627	7,375	71,002	22,520	93,522
Other items					
Depreciation and amortization (Note 3)	147	33	180	-	180
Increase of property and equipment and intangible assets	58	13	72	62	135

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.

March 2015 Term (Apr. 1, 2014 – Mar. 31, 2015)

(Million yen)

	Reported segment			Adjustment amount (Note 1)	Amount accounted on consolidated profit and loss statement (Note 2)
	Device segment	Solution segment	Total		
Net sales					
Sales to outside customers	202,451	16,639	219,091	-	219,091
Inter-segment sales or transfers	-	-	-	-	-
Total	202,451	16,639	219,091	-	219,091
Segment profit	1,470	1,646	3,117	-	3,117
Segment assets	78,722	8,164	86,887	14,784	101,672
Other items					
Depreciation and amortization (Note 3)	160	37	198	-	198
Increase of property and equipment and intangible assets	47	14	62	243	305

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 2014 Term (Apr. 1, 2013 – Mar. 31, 2014)

1. Information of regions

(1) Net sales

(Million yen)

Japan	Asia	North America	Others	Total
98,436	91,537	887	1,378	192,240

(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.

2. Information of major clients

(Million yen)

Name of client	Net sales	Related segments
Sharp Corporation	37,704	Mainly device segment

March 2015 Term (Apr. 1, 2014 – Mar. 31, 2015)

1. Information of regions

(1) Net sales

(Million yen)

Japan	Asia	North America	Others	Total
120,522	96,837	1,522	208	219,091

(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.

2. Information of major clients

(Million yen)

Name of client	Net sales	Related segments
Sharp Corporation	65,611	Mainly device segment
Japan Display Inc.	22,963	Mainly device segment

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

March 2014 Term (Apr. 1, 2013 – Mar. 31, 2014)

(Million yen)

	Device segment	Solution segment	Elimination/Corporate	Total
Amount of amortization	14	-	-	14
Balance at the end of current period	37	-	-	37

March 2015 Term (Apr. 1, 2014 – Mar. 31, 2015)

(Million yen)

	Device segment	Solution segment	Elimination/Corporate	Total
Amount of amortization	14	-	-	14
Balance at the end of current period	22	-	-	22

**(Per Share Information)**

(Yen)

	March 2014 Term (Apr. 1, 2013 – Mar. 31, 2014)	March 2015 Term (Apr. 1, 2014 – Mar. 31, 2015)
Net assets per share	2,209.24	2,328.64
Net profit per share	63.78	71.11

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

2. Basis for calculation of net profit per share is as follows.

(Million yen)

	March 2014 Term (Apr. 1, 2013 – Mar. 31, 2014)	March 2015 Term (Apr. 1, 2014 – Mar. 31, 2015)
Net profit	1,806	2,003
Amount not available to common shareholders	—	-
Net profit available to ordinary shares	1,806	2,003
Average shares outstanding available to ordinary shares (Thousand shares)	28,322	28,179

**(Important Later Event)**

None

**5. Other**

**(1) Changes in Officers (Scheduled for June 19, 2015)**

1) Changes in Representative Director

None

2) Changes in Other Directors

• Nominee as new director

New Position	Name	Current position
Associate Senior Vice President Senior General Manager and	Koji Sakamoto	Vice President Senior General Manager and

General Manager of Personnel Department of Administration Division		General Manager of Personnel Department of Administration Division
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• Nominees as new Corporate Auditors

New Position	Name	Current position
External Corporate Auditor	Shohei Yamamoto	-

• Corporate Auditors to resign

New Position	Name	Current position
-	Katsuya Sato	External Corporate Auditor