May 13, 2016

Summary of Financial Results for Fiscal Year Ended March 31, 2016 [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
Representative: Toshiro Suzuki, President & COO
Enquiries to: Akio Misono, Director & General Manager of Finance Headquarters Tel: +81-3-3453-5111

Scheduled date of General Meeting of Shareholders: June 24, 2016
Scheduled date of filing of Annual Securities Report: June 27, 2016
Scheduled date of dividend payment: June 27, 2016
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 2016 Term (April 1, 2015 – March 31, 2016)

(1) Consolidated business performance

(% figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to shareholders of parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 2016 Term	199,075	(9.1)	1,913	(41.3)	1,500	(51.9)	977	(51.2)
March 2015 Term	219,091	14.0	3,260	29.5	3,117	17.3	2,003	10.9

(Note) Comprehensive income March 2016 Term: -1,106 million yen (ー%) March 2015 Term: 3,993 million yen (18.0%)

	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 2016 Term	34.70	ー	1.5	1.5	1.0
March 2015 Term	71.11	ー	3.1	3.2	1.5

(Reference) Investment profit and loss based on the equity method
March 2016 Term: ー million yen March 2015 Term: ー million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 2016 Term	95,580	63,385	66.3	2,249.40
March 2015 Term	101,672	65,619	64.5	2,328.64

(Reference) Shareholders' equity March 2016 Term: 63,385 million yen March 2015 Term: 65,619 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 2016 Term	(5,186)	(407)	3,538	10,086
March 2015 Term	(6,090)	(199)	(3,488)	12,489

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 2015 Term	－	10.00	－	30.00	40.00	1,127	56.3	1.8
March 2016 Term	－	10.00	－	30.00	40.00	1,127	115.3	1.7
March 2017 Term (forecast)	－	10.00	－	30.00	40.00		115.0	

3. Forecasts for Consolidated Business Performance for March 2017 Term (April 1, 2016 – March 31, 2017)

(% 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	86,000	(16.8)	240	(79.2)	240	(79.2)	140	(82.5)	4.97
Full year	180,000	(9.6)	1,350	(29.4)	1,350	(10.0)	980	0.2	34.78

*** 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: Yes
2) Changes in accounting principles other than 1): None
3) Changes in 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 Principles)”, 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 2016 Term: 29,281,373 shares March 2015 Term: 29,281,373 shares
2) Number of treasury stock at the end of term:
March 2016 Term: 1,102,476 shares March 2015 Term: 1,102,116 shares
3) Number of average stock during the term:
March 2016 Term: 28,179,082 shares March 2015 Term: 28,179,308 shares

(Reference) Overview of Non-consolidated Results

(1) Non-consolidated Business Performance for March 2016 Term (April 1, 2015 – March 31, 2016)

(% figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 2016 Term	157,423	(3.1)	1,056	(35.5)	1,070	(62.9)	698	(65.5)
March 2015 Term	162,469	13.3	1,636	29.2	2,884	49.3	2,028	56.7

	Net profit per share	Diluted net profit per share
	Yen	Yen
March 2016 Term	24.80	－
March 2015 Term	71.98	－

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 2016 Term	79,632	54,594	68.6	1,937.44
March 2015 Term	86,270	55,730	64.6	1,977.72

Reference) Shareholders' equity March 2016 Term: 54,594 million yen March 2015 Term: 55,730 million yen

*Indication concerning execution condition of auditing procedure

At the time of disclosure of these financial statements, the audit procedure for the financial statements pursuant to the Financial Instruments and Exchange Law had not been completed.

* 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 securities analysts and institutional investors on May 18, 2016. As for the issued documents explaining the closing of accounts, they shall promptly be updated on our website after the briefing is held.

Contents of Appendix

1. Analysis of Business Results and Financial Position

(1) Analysis of Business Results

1) Business results for the fiscal year ended March 31, 2016

During the consolidated fiscal year under review, although the global economy maintained a strong recovery in the United States and Europe, the economic slowdown in Asia's emerging and resource-rich countries, such as China, caused the sense of uncertainty about the future of the global economy to keep increasing. Given these economic trends overseas and the instability in exchange rates, the Japanese economy remained at a standstill.

In the electronics industry, the leading smartphone market suddenly slowed down due to the effects of heightened order and price competition, as well as of the market's maturity. Meanwhile, in the domestic IT industry, besides continued strong IT investment especially among large and medium-sized enterprises, there was a growing interest in services applying new technologies such as cloud, big data, or IoT (Internet of Things), which positioned the industry in relatively favorable conditions by the end of the fiscal year under review.

Under these circumstances, we committed to strengthening business power and to improving the management foundation, as well as we strove to improve sales and profitability. However, during the consolidated fiscal year under review, the Company experienced a significant sales drop in the device business that accounts for a large percentage of the Group's total sales, causing an overall downturn in consolidated results: net sales decreased by 9.1% to ¥199,075 million, operating profit fell by 41.3% to ¥1,913 million, ordinary profit was also down by 51.9% to ¥1,500 million, and net profit attributable to shareholders of parent company scored ¥977 million, down by 51.2%, all on a year-on-year basis. The return on equity (ROE) was 1.5% (3.1% in the previous fiscal year).

Consolidated performance by business 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, memories, etc.) and electronic components (including connectors, capacitors, circuit boards, etc.). 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, following a rapid growth in the previous term, sales for social and industrial/vehicle-mounted systems saw a decline, on the same line as sales for digital AV devices. New businesses saw a lackluster performance against the backdrop of a sluggish growth in the smartphone market and the economic slowdown in China, which resulted in a substantial shortfall of sales for the information and communication sector compared to the initial plan.

As a result, segment sales decreased 9.4% year-on-year to ¥183,326 million. The segment loss rose to ¥96 million (compared to a profit of ¥1,470 million in the previous term), following the decline in sales, but also as we recorded foreign exchange losses due to the appreciation of the yen from the second half of the period.

Orders received totaled ¥174,823 million, while order backlog stood at ¥27,137 million.

(Solution segment)

In the solution business segment, we are committed to planning and developing infrastructure with operation of information communication networks at the core, mainly for private companies, government offices 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 broadcast stations and production companies with editing and transmission of video content, as well as with distribution systems, centered on products from suppliers abroad.

In the current consolidated fiscal year, sales of embedded systems and portable video transmitters remained solid. However, compared to the previous term, where the replacement demand toward the digitalization of wireless communication for firefighting and emergency services had reached its peak, sales to public institutions were down.

As a result, segment sales decreased by 5.4% year-on-year to ¥15,748 million. Selling, general and administrative expenses rose due to expansion of personnel meant to strengthen our business power. However, the segment profit decreased by 3.0% year-on-year ending at ¥1,597 million, as gross profit margin improved.

Orders received totaled ¥14,274 million, while order backlog stood at ¥3,892 million.

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

2) Outlook for the next fiscal year

In the device business, net sales are likely to decrease, owing to the economic slowdown in Asia's emerging countries, such as China. However, we also expect to improve the gross profit margin and to reduce selling, general and administrative expenses. Accordingly, profit is projected to increase, while income is forecasted to decrease in the next fiscal year. In the solution business, we forecast net sales to decrease due to factors such as cessation of demand for equipment updates 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 the expansion of personnel. Accordingly, both income and profit are projected to decrease 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:	¥180 billion (down 9.6% YoY)
Operating profit:	¥1.35 billion (down 29.4% YoY)
Ordinary profit:	¥1.35 billion (down 10.0% YoY)
Net profit attributable to shareholders of parent company:	¥0.98 billion (up 0.2% YoY)

(2) Analysis of Financial Position

1) Assets, liabilities and net assets

As of March 31, 2016, assets decreased ¥6,091 million compared to March 31, 2015, to ¥95,580 million. This was mainly attributable to a ¥4,349 million decrease in notes and accounts receivable, and a ¥2,302 million decrease in cash and deposits, as well as to a ¥1,046 million increase in merchandise inventories.

In addition, liabilities decreased ¥3,858 million compared to March 31, 2015, to ¥32,194 million. This was mainly attributable to an ¥8,982 million decrease in notes and accounts payable, as well as to a ¥4,671 million increase in short-term loans payable, and a ¥527 million increase in net defined benefit liabilities.

Net assets decreased ¥2,233 million to ¥63,385 million because of a ¥149 million decrease in retained earnings, a ¥566 million decrease in deferred hedge gains, and a ¥1,007 million decrease in foreign exchange translation adjustment.

2) Cash flows

As of March 31, 2016, cash and cash equivalents decreased ¥2,402 million compared to March 31, 2015, to ¥10,086 million. This was due to a decrease in notes and accounts payable and an increase in inventories, both of which contributed to an increase in expenditures.

(Operating activities)

Net cash used in operating activities during the consolidated period under review totaled ¥5,186 million. This is due to expenses resulted from a decrease in trade notes and accounts payable, and an increase in inventories, which exceeded income resulted from a decrease in notes and accounts receivable, etc. This represented an expense decrease of ¥904 million compared with the previous consolidated fiscal year.

(Investing activities)

Net cash used in investing activities was ¥407 million. This was mainly due to payments into time deposits and purchase of investment securities, among other expenses. This represented an expense increase of ¥207 million compared with the previous consolidated fiscal year.

(Financing activities)

Net cash provided in financing activities during the consolidated period under review totaled ¥3,538 million. This was mainly due to proceeds from short-term loans that exceeded expenses, such as dividend payments, etc. Since the result of the corresponding previous consolidated fiscal year was expenses of ¥3,488 million, it represents an income rise of ¥7,026 million.

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

At the end of March 2017, the Company expects total assets to be roughly ¥95 billion, a ¥0.6 billion decrease from the end of March 2016, mainly because of projected decreases in notes and accounts receivable and inventories.

In addition, the Company expects interest-bearing debt to total about ¥10 billion at the end of March 2017.

Cash and cash equivalents at the end of March 2017 are expected to increase by about ¥5 billion from the end of March 2016 to about ¥15 billion. This is mainly because of an expected revenue rise impacted by projected decreases in trade notes and accounts receivable and inventories.

Performance indicators associated with cash flows are as follows.

	March 2012 Term	March 2013 Term	March 2014 Term	March 2015 Term	March 2016 Term
Ratio of shareholders’ equity (%)	73.5	72.3	66.6	64.5	66.3
Ratio of shareholders’ equity on current price base (%)	25.5	21.8	20.8	27.6	26.2
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 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. 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 it provides 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 enhanced technological strength for suppliers’ 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 sales (ROS) and return on equity (ROE) as the Company's important business indicators, we will endeavor to improve earnings.

(3) Basic Policies for Profit Distribution

The Company considers profit returns to its shareholders as one of the most important management issues. The Company's basic policy is to determine dividends by comprehensively considering the need to maintain a balance between rewarding of shareholders, investment to gain opportunities for growth, attainment of sufficient retained earnings to enable sustainable growth, and improvement in capital efficiency. Under this policy, the Company has set a target for its dividend payout ratio of around 50% on a consolidated basis.

(4) Medium-Term Business Strategy and Future Challenges

The Group has so far been implementing its V66 Medium-Term Management Plan to be closing on March 31, 2017. However, given the severe business results and sudden changes in the business environment, especially considering the need for a fundamental revision of the device business strategies, Sanshin Electronics has decided to formulate the new V70 Medium-Term Management Plan for a period of 5 years to be implemented starting with the 66th term, ending March 31, 2017. This plan aims to improve profitability in the device business segment through transformation of our business portfolio, as well as to establish higher revenue base in the solution business segment through strengthening of the existing businesses and creation of new ones that support the latest technologies, such as cloud computing. In an earnest effort to achieve all these, the Group will tackle the following challenges:

1) Strengthening of business capabilities

a. Rebuilding of revenue base for existing businesses (Device business)

The Company engages in improving profitability in semiconductor and electronic component businesses, by selecting the key products through strategy sharing with suppliers, and by developing a framework for their sale. Sanshin Electronics will also strive to broaden its customer base and build up a revenue base that can withstand the ever-changing business environment.

b. Enhancement of new business initiatives in the pursuit of expansion of business areas (Device business)

The Company will strengthen its commitment to create new businesses, such as system solutions that leverage both its hardware and software engineering capabilities, demonstrating the Group's added value. This way, Sanshin Electronics aims to increase the percentage of these businesses' revenue. As a result, the Company is thorough in selecting the targets for such sales promotion and establishing the selling structure, in developing new attractive products, as well as in building business models focused on market trends/needs.

c. Further enhancement of profitability in the 6 units (Solution business)

We divide the solution business into six business units: information communication networks, government offices, firefighting and disaster prevention, embedded systems, application software and image editing. Sanshin Electronics commits to increasing the personnel permanently allocated to these six units, to striving to expand its operations in stock businesses such as maintenance and management support services, and to deepening its relationships with clients across these business units (cross selling). All these initiative will likely establish a strong revenue base for each unit, and thus will enhance the Company's ability to respond to changes in the business environment.

d. Expansion of offerings to include cloud and IoT services (Solution business)

Cloud and IoT technologies have been drawing attention as they provide significant expandability for ICT solutions. Sanshin Electronics will create new offerings to suit progress in cloud computing and IoT services, which will be turned into a new revenue base. Therefore, the Company will allocate the necessary personnel to attain this pursuit, as well as it will continue to collaborate with partners of strong technical capabilities and sales network.

2) Strengthening of management foundation

a. Strengthening of corporate governance

The Company shall set the governance system needed to realize appropriate management decisions and strengthen oversight of operations, which includes increasing the number of external directors and, consequently, reviewing the organization and functions of the Nominal and Remuneration Advisory Committees put in place in February 2016, promoting the separation of the functions of the oversight of business and the execution of business, as well as reviewing the Board of Directors' regulations that stipulate the items subject to resolution and reporting in its meetings.

b. Strengthening of corporate staff members' competitive power to boost earnings

We must cultivate new markets, businesses and suppliers both in the device and solution segments. In this regards, an accurate assessment regarding risks and earnings is required to improve profitability. Consequently, the Company shall work on allocating new personnel, such as legal and accounting staff, in order to enhance the Company's personnel and legal support to new businesses.

3. 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.

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Million yen)

	March 2015 Term (As of Mar. 31, 2015)	March 2016 Term (As of Mar. 31, 2016)
Assets		
Current assets		
Cash and deposits	12,489	10,186
Notes and accounts receivable-trade	58,981	44,852
Electronically recorded monetary claims	492	10,272
Merchandise inventories	17,359	18,405
Partly-finished work	0	3
Accrued income	208	185
Deferred tax assets	604	778
Others	5,211	4,677
Allowance for doubtful accounts	(10)	(7)
Total current assets	95,336	89,353
Non-current assets		
Property and equipment		
Buildings and structures	6,192	6,228
Accumulated depreciation	(4,415)	(4,500)
Buildings and structures, net	1,777	1,728
Land	2,053	2,053
Leased assets	235	206
Accumulated depreciation	(91)	(76)
Lease assets, net	143	129
Other	690	703
Accumulated depreciation	(633)	(629)
Other, net	56	73
Total property and equipment	4,031	3,985
Intangible assets	281	345
Investments and other assets		
Investment securities	1,681	1,542
Others	542	471
Allowance for doubtful accounts	(202)	(117)
Total investments and other assets	2,022	1,895
Total non-current assets	6,335	6,226
Total assets	101,672	95,580

(Million yen)

	March 2015 Term (As of Mar. 31, 2015)	March 2016 Term (As of Mar. 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	31,264	22,282
Short-term loans payable	1,737	6,408
Lease obligations	50	39
Accrued corporate tax, etc.	765	180
Allowance for bonuses to employees	636	530
Allowance for bonuses to directors and corporate auditors	33	24
Others	1,055	1,885
Total current liabilities	35,542	31,350
Non-current liabilities		
Lease obligations	93	90
Deferred tax liabilities	173	1
Net defined benefit liabilities	123	651
Others	119	101
Total non-current liabilities	510	843
Total liabilities	36,052	32,194
Net assets		
Shareholders' equity		
Capital stock	14,811	14,811
Capital surplus	15,329	15,329
Retained earnings	34,775	34,625
Treasury stock	(763)	(763)
Total shareholders' equity	64,152	64,003
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	539	398
Deferred hedge gains (losses)	72	(493)
Foreign currency translation adjustment	849	(158)
Remeasurements of defined benefit plans	4	(364)
Total accumulated other comprehensive income	1,466	(617)
Total net assets	65,619	63,385
Total liabilities and net assets	101,672	95,580

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

(Consolidated Profit and Loss Statement)

(Million yen)

	March 2015 Term (Apr. 1, 2014 – Mar. 31, 2015)	March 2016 Term (Apr. 1, 2015 – Mar. 31, 2016)
Net sales	219,091	199,075
Cost of sales	205,375	186,845
Gross profit on sales	13,715	12,230
Selling, general and administrative expenses	10,455	10,316
Operating profit	3,260	1,913
Non-operating profit		
Interest income	10	14
Dividend income	25	29
Others	67	77
Total non-operating profit	103	121
Non-operating expenses		
Interest expenses	22	34
Sales discounts	28	33
Foreign exchange losses	41	371
Loss on sales of electronically recorded monetary claims	148	81
Others	5	13
Total non-operating expenses	246	533
Ordinary profit	3,117	1,500
Extraordinary profits		
Gain on sales of non-current assets	2	0
Gain on sales of investment securities	0	0
Total extraordinary profits	2	0
Extraordinary losses		
Loss on sales of non-current assets	-	0
Loss on retirement of non-current assets	3	0
Loss on valuation of investment securities	-	7
Total extraordinary losses	3	8
Net profit before tax and other adjustments	3,116	1,493
Corporate, resident and enterprise taxes	1,206	420
Adjustment for corporate tax, etc.	(93)	94
Total income taxes	1,112	515
Net profit	2,003	977
Net profit attributable to shareholders of parent company	2,003	977

(Consolidated Comprehensive Income Statement)

(Million yen)

	March 2015 Term (Apr. 1, 2014 – Mar. 31, 2015)	March 2016 Term (Apr. 1, 2015 – Mar. 31, 2016)
Net profit	2,003	977
Other comprehensive income		
Valuation difference on available-for-sale securities	54	(140)
Deferred hedge gains (losses)	(11)	(566)
Foreign currency translation adjustment	1,719	(1,007)
Remeasurements of defined benefit plans, net of tax	228	(369)
Total other comprehensive income	1,989	(2,083)
Comprehensive income	3,993	(1,106)
(Details)		
Comprehensive income attributable to shareholders of parental company	3,993	(1,106)
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Shareholders' Equity

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 as of April 1, 2014	14,811	15,329	33,400	(763)	62,778
Cumulative effects of changes in accounting principles			(65)		(65)
Restated balance	14,811	15,329	33,334	(763)	62,712
Changes during the term					
Dividends of surplus			(563)		(563)
Net profit attributable to shareholders of parent company			2,003		2,003
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes during the term	-	-	1,440	(0)	1,440
Balance as of March 31, 2015	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 as of April 1, 2014	485	84	(870)	(223)	(523)	62,255
Cumulative effects of changes in accounting principles						(65)
Restated balance	485	84	(870)	(223)	(523)	62,189
Changes during the term						
Dividends of surplus						(563)
Net profit attributable to shareholders of parent company						2,003
Purchase of treasury stock						(0)
Net changes of items other than shareholders' equity	54	(11)	1,719	228	1,989	1,989
Total changes during the term	54	(11)	1,719	228	1,989	3,430
Balance as of March 31, 2015	539	72	849	4	1,466	65,619

March 2016 Term (April 1, 2015 to March 31, 2016)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2015	14,811	15,329	34,775	(763)	64,152
Cumulative effects of changes in accounting policies					-
Restated balance	14,811	15,329	34,775	(763)	64,152
Changes during the term					
Dividends of surplus			(1,127)		(1,127)
Net profit attributable to shareholders of parent company			977		977
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes during the term	-	-	(149)	(0)	(149)
Balance as of March 31, 2016	14,811	15,329	34,625	(763)	64,003

(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 as of April 1, 2015	539	72	849	4	1,466	65,619
Cumulative effects of changes in accounting policies						-
Restated balance	539	72	849	4	1,466	65,619
Changes during the term						
Dividends of surplus						(1,127)
Net profit attributable to shareholders of parent company						977
Purchase of treasury stock						(0)
Net changes of items other than shareholders' equity	(140)	(566)	(1,007)	(369)	(2,083)	(2,083)
Total changes during the term	(140)	(566)	(1,007)	(369)	(2,083)	(2,233)
Balance as of March 31, 2016	398	(493)	(158)	(364)	(617)	63,385

(4) Consolidated Statement of Cash Flows

(Million yen)

	March 2015 Term (Apr. 1, 2014 – Mar. 31, 2015)	March 2016 Term (Apr. 1, 2015 – Mar. 31, 2016)
Operating activities		
Net profit before tax and other adjustments	3,116	1,493
Depreciation and amortization	198	220
Amortization of goodwill	14	18
Increase (decrease) in allowance for doubtful accounts	45	(48)
Increase (decrease) in net defined benefit liabilities	(29)	0
Interest and dividend income	(35)	(44)
Interest expense	22	34
Loss (gain) on sales of non-current assets	(2)	(0)
Loss (gain) on sales of investment securities	(0)	(0)
Loss (gain) on valuation of investment securities	-	7
Decrease (increase) in notes and accounts receivable-trade	(8,321)	3,109
Decrease (increase) in inventories	(3,264)	(1,783)
Increase (decrease) in notes and accounts payable-trade	5,656	(7,718)
Decrease (increase) in consumption taxes refund receivable	(2,142)	353
Increase (decrease) in accrued consumption taxes	11	(8)
Others	(406)	213
Subtotal	(5,137)	(4,151)
Interest and dividend income received	35	44
Interest expenses paid	(22)	(34)
Corporate and other taxes paid	(965)	(1,043)
Net cash used in operating activities	(6,090)	(5,186)
Investing activities		
Net decrease (increase) in time deposits	-	(100)
Purchase of property and equipment	(55)	(64)
Proceeds from sales of property and equipment	3	0
Purchase of software	(145)	(30)
Purchase of investments securities	(40)	(96)
Proceeds from sales of investment securities	2	0
Others	35	(115)
Net cash used in investing activities	(199)	(407)
Financing activities		
Proceeds from short-term loans	16,633	36,576
Repayment of short-term loans	(19,519)	(31,865)
Repayments of lease obligations	(35)	(46)
Net decrease (increase) in treasury stock	(0)	(0)
Cash dividends paid	(567)	(1,124)
Net cash provided by (used in) financing activities	(3,488)	3,538
Effect of exchange rate change on cash and cash equivalents	508	(348)
Net increase (decrease) in cash and cash equivalents	(9,269)	(2,402)
Balance of cash and cash equivalents, beginning of the period	21,758	12,489
Balance of cash and cash equivalents, end of the period	12,489	10,086

(5) Notes on Consolidated Financial Statements

(Notes Regarding Going Concern)

None

(Changes in Accounting Principles)

Application of the Accounting Standards for Business Combinations

We have adopted the "Accounting Standards for Business Combinations" (Corporate Accounting Standards No. 21, September 13, 2013), the "Accounting Standards for Consolidated Financial Statements" (Corporate Accounting Standards No. 22, September 13, 2013), and the "Accounting Standards for Business Divestitures" (Corporate Accounting Standards No. 7, September 13, 2013), effective from the consolidated fiscal year under review. Accordingly, we have made changes in the disclosure of the net profit, as well as in the reporting for minority interests, which appear now as "non-controlling interests."

To reflect these changes, we have restated the consolidated financial statements for the fiscal year ended March 31, 2015.

(Changes in the Presentation Method)

(Consolidated Balance Sheets)

"Electronically recorded monetary claims," which had been included in "Notes and accounts receivable-trade" under "Current assets" section until the previous fiscal year, is now stated independently, as its monetary importance has increased during the fiscal year under review.

To reflect this change, we have restated the consolidated financial statements for the fiscal year ended March 31, 2015.

As a result, the amount of ¥59,474 million recorded as "Notes and accounts receivable-trade" in "Current assets" section of the Consolidated Balance Sheets at March 31, 2015, has been restated as ¥492 million in "Electronically recorded monetary claims" and ¥58,981 million in "Notes and accounts receivable-trade."

(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 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, module development, and other.

In the solution segment, the Company is mainly engaged in business related to network systems, such as selling, maintaining, and supporting information & communication networks and key business systems mainly for companies, medical institutions, governmental offices, and local municipalities. 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 used for preparing the consolidated financial statements.

Profit 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 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.

March 2016 Term (Apr. 1, 2015 – Mar. 31, 2016)

(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	183,326	15,748	199,075	-	199,075
Inter-segment sales or transfers	-	-	-	-	-
Total	183,326	15,748	199,075	-	199,075
Segment profit (loss)	(96)	1,597	1,500	-	1,500
Segment assets	76,455	7,620	84,075	11,504	95,580
Other items					
Depreciation and amortization (Note 3)	175	45	220	-	220
Increase of property and equipment and intangible assets	189	21	210	71	282

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 profit in the consolidated profit and loss statement.

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

b. Related information

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

March 2016 Term (Apr. 1, 2015 – Mar. 31, 2016)

1. Information of regions

(1) Net sales

(Million yen)

Japan	Asia	North America	Others	Total
105,001	92,645	1,237	190	199,075

(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	40,597	Mainly device segment
Japan Display Inc.	29,889	Mainly device segment

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

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 term-end	22	-	-	22

March 2016 Term (Apr. 1, 2015 – Mar. 31, 2016)

(Million yen)

	Device segment	Solution segment	Elimination/Corporate	Total
Amount of amortization	18	-	-	18
Balance at term-end	120	-	-	120

(Per Share Information)

(Yen)

	March 2015 Term (Apr. 1, 2014 – Mar. 31, 2015)	March 2016 Term (Apr. 1, 2015 – Mar. 31, 2016)
Net assets per share	2,328.64	2,249.40
Net profit per share	71.11	34.70

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

2. Net profit per share was calculated on the following basis.

(Million yen)

	March 2015 Term (Apr. 1, 2014 – Mar. 31, 2015)	March 2016 Term (Apr. 1, 2015 – Mar. 31, 2016)
Net profit attributable to shareholders of parent company	2,003	977
Amount not attributable to ordinary shareholders	—	-
Net profit attributable to shareholders of parent company available to ordinary shares	2,003	977
Average shares outstanding available to ordinary shares (thousand shares)	28,179	28,179

(Important Later Event)

None

5. Other

(1) Changes in Officers (Scheduled for June 24, 2016)

1) Changes in Representative Director

None.

2) Changes in Other Directors

・Nominees as new directors

- Director Yuji Mori (currently Executive Officer, Deputy Senior General Manager of Solution Marketing & Sales Division and General Manager of Video System Sales Department)

- Director Tomoyuki Nagase (currently Executive Officer, Deputy Senior General Manager of Eastern Japan Marketing & Sales Division)

  Note: Names of the newly appointed external directors are disclosed in the “Notice Regarding Appointment of Candidates for External Directors” released on March 17, 2016.

・Directors scheduled to retire

- Senior Vice President Masashi Akabane (to become Senior Adviser after retirement)
- Senior Vice President Mitsuo Kamoshita (to become Senior Adviser after retirement)

  Note: Names of the retiring external director are disclosed in the “Notice Regarding Appointment of Candidates for External Directors” released on March 17, 2016.