# SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)
## Financial Results for the Fiscal Year Ended March 31, 2016

May 13, 2016

**Company Name: Yamaichi Electronics Co., Ltd.**
Code：6941 Tokyo Stock Exchange 1st section URL: http://www.yamaichi.co.jp
President：Yoshitaka Ota
Managing Director：Katsuichi Kato Tel: (03)3734-0171
Scheduled date of ordinary general meeting of shareholders: June 28, 2016
Scheduled date of securities report submission: June 28, 2016
Scheduled date of dividend payment commencement: June 29, 2016
Supplementary materials for the quarterly financial statements: Yes
Presentation to explain for the quarterly financial statements: Yes

### 1. Consolidated Financial Highlights for the Fiscal Year Ended March 31, 2016

(1) Consolidated Operating Results (aggregated)

(Percentage figures represent changes from the same period of the previous year.)

| | Net Sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Year ended March 31, 2016 | 26,819 | 5.3 | 2,913 | 22.9 | 2,598 | 2.6 | 1,439 | △43.8 |
| Year ended March 31, 2015 | 25,465 | 16.9 | 2,370 | 193.7 | 2,531 | 95.9 | 2,559 | 163.9 |

Notes: Comprehensive income : Year ended March 31, 2016 ¥1,248 million ( △58.6%) : Year ended March 31, 2015 ¥3,017 million ( 125.4%).

| | Net profit per share | Diluted net profit per share | Return on equity | Return on assets | Operating profit ratio |
|---|---|---|---|---|---|
| | Yen | Yen | % | % | % |
| Year ended March 31, 2016 | 61.95 | 61.28 | 8.5 | 9.8 | 10.9 |
| Year ended March 31, 2015 | 109.91 | — | 16.9 | 10.0 | 9.3 |

Notes: Share of profit of entities accounted for using equity method: Year ended March 31, 2016 Yen 0 million. ; Year ended March 31, 2015: Yen 5 million.

(2) Consolidated Financial Positions

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---|---|---|---|---|
| | Millions of yen | Millions of yen | % | Yen |
| As of March 31, 2016 | 26,080 | 17,191 | 65.8 | 762.10 |
| As of March 31, 2015 | 27,107 | 16,785 | 61.9 | 719.96 |

Notes: Treasury Equity as of March 31, 2016: ¥ 17,166 million、 as of March 31, 2015: ¥ 16,765 million.

(3) Consolidated Cash Flows

| | Net cash provided by operating activities | Net cash used for investing activities | Net cash used for financing activities | Cash and cash equivalents at the end of period |
|---|---|---|---|---|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Year ended March 31, 2016 | 3,520 | △1,843 | △1,907 | 4,199 |
| Year ended March 31, 2015 | 2,420 | △1,628 | △1,288 | 4,617 |

### 2. Dividends

| | Dividends per share | | | Total dividends | Dividend payout | Dividend on equity |
|---|---|---|---|---|---|---|
| | Interim | Year-end | Total | | | |
| | Yen | Yen | Yen | Millions of Yen | % | % |
| Year ended March 31, 2015 | 0.00 | 15.00 | 15.00 | 349 | 13.6 | 2.3 |
| Year ended March 31, 2016 | 0.00 | 15.00 | 15.00 | 337 | 24.2 | 2.0 |
| Year ending March 31, 2017 (Forecast) | 0.00 | 15.00 | 15.00 | | 19.0 | |

### 3. Forecast of Consolidated Operating Results for the year ending March 31, 2017

(Percentage figures represent changes from the same period of previous year.)

| | Net Sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Net profit per share |
|---|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Half year ending September 30, 2016 | 13,540 | △5.8 | 1,180 | △38.6 | 1,170 | △40.1 | 970 | △39.6 | 43.06 |
| Year ending March 31, 2017 | 26,000 | △3.1 | 2,150 | △26.2 | 2,130 | △18.0 | 1,780 | 23.7 | 79.02 |

## 4. Other

(1) Changes in significant subsidiaries during the period: No

(Changes in specified subsidiaries resulting in the change in consolidation scope)

(2) Changes in accounting policies, changes in accounting estimates and restatements

1) Changes in accounting policies due to revisions of accounting standards etc.: Yes

2) Changes in accounting policies other than 1): No

3) Changes in accounting estimates: No

4) Restatements: No

(3) Number of shares outstanding (common stock)

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

| | |
|---|---|
| March 31, 2016 | 23,289,775 shares |
| March 31, 2015 | 23,289,775 shares |

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

| | |
|---|---|
| March 31, 2016 | 764,750 shares |
| March 31, 2015 | 2,790 shares |

3) Average number of outstanding shares :

| | |
|---|---|
| March 31, 2016 | 23,227,485 shares |
| March 31, 2015 | 23,286,985 shares |

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## 5. Analysis concerning Results of Operations and Financial Conditions

### (1)Analysis concerning Results of Operations

#### (i) Results of operations of the current accounting year

Although the world economy in the current consolidated accounting year was rebounding supported by the solid demands in advanced countries mainly by the U.S., it showed the deployment lacking in strength as a whole such as the falling of crude oil price and deceleration of the economies in emerging countries such as China. In addition, in Japan, although the moderate rebounding mood continued such as the improvement of corporate profits, the economy transitioned with growing non-transparency such as the concern for the deceleration of foreign economies, higher yen and fall of stock prices from the beginning of the year.

In the electronic part industry with which our Company Group is related, the investment in semi-conductors for high function smartphones and car related equipment transitioned relatively favorably and the investment in information communication equipment for communication infrastructure and data centers solidly transitioned. However, as the blunting of the growth of smartphone which led the economy until then became clear, the demand weakly transitioned showing the fall of parts' prices and the adjustment of inventory.

Under such circumstance, our Company Group has continued to tackle the "business structure innovation" composed of "structural reforms," "strengthening of profitability" and "growth strategy" in the mid-term management plan, strengthened the cooperation among the Company Group as a whole, cut fixed costs, aimed at the efficiency of work, and advanced the activities toward the sustainable growth and the improvement of profitability. Particularly, in terms of the "structural reforms," we set to the dissolution and entered the liquidation procedure of Yamaichi Electronic Co., Ltd. (in Shenzhen) as our production base in China and tackled the re-establishment of the global production system and the strengthening of cost competitive power.

As a result, the sales of the current consolidated accounting year amounted to 26,819 million yen (up 5.3 % from the same period previous year) and operating income amounted to 2,913 million yen (up 22.9 % from the same period previous year). However, ordinary income amounted to 2,598 million yen due to the posting of the exchange loss of 401 million yen (up 2.6 % from the same period previous year), and net profit of the current accounting year that was attributed to the stockholders of the parent company amounted to 1,439 million yen (down 43.8 % from the same period previous year) due to the posting of the special loss of 1,025 million yen accompanying the dissolution of the affiliated company and the commencement of the procedure for its liquidation.

Business results by segment are as follows.

**[Test solution business]**

Thanks to the expansion of the demand for semi-conductors for mobile related equipment such as high function smartphones and information communication equipment such as servers for data centers, the sales of burn-in socket products for the inspection of memory semi-conductors and test socket products for the inspection of logic semi-conductors favorably transitioned. In addition, in response to the evolution of electricity of cars for safe driving and automatic driving, the sales of burn-in socket products for the inspection of semi-conductors for car related equipment solidly transitioned.

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As a result, the sales amounted to 12,152 million yen (up 6.0 % from the same period previous year) and operating income amounted to 1,979 million yen (up 1.7 % from the same period previous year).

**[Connector solution business]**

Thanks to the prevalence of smartphones and the enlargement of utilization of cloud computing, the investment in communication infrastructure accompanied by the expansion of the communication volume of digital data continued to solidly transition, and the sales of connector products for optical transceivers favorably transitioned. In addition, the sales of connector products for car related equipment and industrial equipment showed relatively solid transition.

As a result, the sales amounted to 13,526 million yen (up 5.9 % from the same period previous year) and operating income amounted to 915 million yen (up 134.2 % from the same period previous year).

**[Optics-related business]**

Although the sales of thin-film filter products for medical equipment and optical communication showed relatively solid transition, the sales of thin-film products for image equipment such as digital cameras sluggishly transitioned and the former could not cover the latter.

As a result, the sale amounted to 1,140 million yen (down 6.6 % from the same period previous year) and operating income amounted to 40 million yen (down 33.1 % from the same period previous year).

**(ii) Future prospect**

As to the future economic prospect, though there is expectation for the lasting business in the U.S., non-transparent and hard-to-optimistic situation is prospected such as the influence of monetary policy in the U.S., deceleration of economy in China and the rapid fluctuation of foreign exchanges.

Under such circumstance, our Company Group will continue to tackle the “business structure innovation” composed of “structural reforms,” “strengthening of profitability” and “growth strategy” as the last year of the mid-term management plan and will advance toward the sustainable growth and the improvement of profitability.

As to the forecast of consolidated business results for the full current accounting year, we are expecting sales of 26,000 million yen (down 3.1 % from the same period previous year), operating income of 2,150 million yen (down 26.2 % from the same period previous year), ordinary income of 2,130 million yen (down 18.0% from the same period previous year), net profit for the current accounting year that will be attributed to the stockholders of the parent company of 1,780 million yen (up 23.7 % from the same period previous year).

As to the exchange rates as the premise of the prospect of business results, we are estimating that one U.S. Dollar is 108 yen and one Euro is 123 yen.

**(2) Analysis concerning Financial Conditions**

**(i) States of assets, liabilities and net assets**

Total assets in the end of the current consolidated accounting year amounted to 26,080 million yen (down 1,026 million yen from the end of the same period previous year).

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Though there were collection of sales credit and the selling of investment securities, as the cash and deposit decreased due to the acquisition of tangible fixed assets, the acquisition of own stock, payment of special retirement allowance accompanying the liquidation of the affiliated company and the payment of dividends, liquid assets decreased by 430 million yen, amounting to 13,598 million yen.

Tangible fixed assets increased by 382 million yen, amounting to 10,009 million yen thanks to the acquisition of machining machinery in the test solution business, the acquisition of YFLEX production facility in the connector solution business and the remodeling work of the plant in Pricon Microelectronics Inc.

Investment and other assets decreased by 987 million yen, amounting to 2,341 million yen due to the selling of investment securities and the decrease of their appraisal values.

Total liabilities amounted to 8,888 million yen (down 1,433 million yen from the end of the same period previous year).

Current liabilities decreased by 1,030 million yen, amounting to 7,565 million yen due to the decrease of short-term loans and lease obligations.

Fixed liabilities decreased by 402 million yen, amounting to 1,322 million yen due to the decrease of deferred tax liabilities accompanying the decrease of appraisal values of investment securities.

Total net assets amounted to 17,191 million yen (up 406 million yen from the end of the same period previous year).

Although shareholders' equity decreased by the payment of year-end dividends and the acquisition of own stock, it increased by 589 million yen, amounting to 17,515 million yen because the net profit of the current accounting year that was attributed to the stockholders of the parent company was posted.

**(ii) State of cash flows**

As to cash and cash equivalents (referred to hereinafter as "funds") in the current consolidated accounting year, though funds were acquired by trade activities because net profit before taxes and other adjustments was posted, it decreased by 418 million yen due to the payment of the acquisition of tangible fixed assets, payment of the acquisition of own stock and the payment of dividends, and the funds as of the end of the current consolidated accounting year amounted to 4,199 million yen.

State of cash flows in the current consolidated accounting year and their situational factors are as follows.

**(Cash flow from operating activities)**

Funds acquired from operating activities amounted to 3,520 million yen (up 45.5 % from the same period previous year). This mainly comes from the posting of net profit before taxes and other adjustments for the current accounting year and the posting of depreciation costs and the liquidation loss of affiliated companies that accompany no payment of cash though special retirement allowance was paid.

**(Cash flow from investment activities)**

Funds used for investment activities amounted to 1,843 million yen (up 13.2 % from the same period previous year). This was mainly brought about by the acquisition of tangible fixed assets.

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**(Cash flow from financial activities)**

Funds used for financial activities amounted to 1,907 million yen (up 48.0 % from the same period previous year). This was mainly due to the repayment of short-term loans, and the acquisition of own stock and the payment of year-end dividends.

The following table shows cash flow indicator trends of the Company Group.

| | Year Ended March 2012 | Year Ended March 2013 | Year Ended March 2014 | Year Ended March 2015 | Year Ended March 2016 |
|---|---|---|---|---|---|
| Self capital ratio (%) | 57.1 | 53.6 | 57.1 | 61.9 | 65.8 |
| Market value-based capital ratio (%) | 15.9 | 15.9 | 41.1 | 81.3 | 50.6 |
| Cash flow-to-interest-bearing debt ratio (per year) | 10.9 | 17.2 | 2.3 | 2.3 | 1.3 |
| Interest coverage ratio (times) | 3.9 | 2.5 | 16.6 | 22.5 | 67.8 |

Self capital ratio : Self capital / gross asset
Market value-based self capital ratio: Gross market value of stock/gross asset
Cash flow-to-interest bearing debt ratio: Interest-bearing debt/cash flow
Interest coverage ratio: cash flow/interest payment
(Note 1) All calculations are based on consolidation-based financial figures.
(Note 2) Gross market value of stock is calculated on the basis of the number of issued stock excluding treasury stock.
(Note 3) Business cash flow is used for cash flow.

**(3) Basic policies on profit distribution and dividend for current/next period**

Our basic policies on profit distribution are to provide stable dividend and return a fair profit to stockholders while strengthening financial standing and business foundation. Additionally, we will utilize our internal reserves for the improvement of corporate value such as the expansion of the existing business and the development investments for new technology and new products. Also, as to the acquisition of own stock, we will take financial conditions into account as part of return of profit to stockholders and will review the implementation dynamically.

As to the year-end dividend for the current accounting year, we are scheduled to pay 15 yen per share.

In addition, as to the dividends for the next accounting year, we are foreseeing annual 15 yen per share.

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## 6. Management Policy

### (1) Basic management policy

The corporate slogan of our Company Group goes “Better Connection with More Flexible Mind” to vigorously create better connections among people, companies, society and the Earth, with flexible technologies and ingenuity. Based on its management philosophy of “People: Our Most Important Assets,” “Maximization of Corporate Value,” “Improvement of Corporate Quality,” “Technology Innovation Makes a Difference,” and “Achievement of Social Role,” the Company Group will contribute to create values for customers and will endeavor to improve sustained corporate value.

### (2) Management indicators as goals

In order to achieve sustained growth, our Company Group thought that it is important to make mid-term and long-term visions and management strategies clear and made a 3-year mid-term management plan for the accounting year ended March 2015 through the accounting year ending March 2017. In this mid-term management plan, we set a goal to make the consolidated operating income accumulating 3 years 4.5 billion yen or above and we are tackling our sustained growth and the improvement of profitability.

In addition, based on our idea of laying emphasis on our stockholders, our Company Group makes the improvement of consolidated ROE (return of equity) toward the increase of values of stockholders be a focused measure, and is tackling the improvement of profitability and capital efficiency by the accounting year ending March 2017, aiming consolidated ROE of 10% or above in the mid-term management plan and is aiming at the improvement of business character by which this 10% or above can be maintained.

In the accounting year ended March 2016 as the 2nd year in the mid-term management plan, consolidated operating income amounted to 29.1 billion yen with the accumulated amount for 2 years to be 52.8 billion yen which surpassed 4.5 billion yen as the goal amount of the mid-term management plan. However, by the posting of special loss of 10.2 billion yen due to the dissolution of Yamaichi Electronic Co., Ltd. (in Shenzhen) and the commencement of the procedure of liquidation, which we tackled as part of our business structure innovation, the consolidated ROE in the accounting year ended March 2016 amounted to 8.5 % (16.9 % in the previous accounting year).

As to the consolidated operating income accumulating 3 years in the mid-term management plan, if a foreseen amount of 21.5 billion yen in the accounting year ending March 2017 is added, it amounts to 74.3 billion yen (up 65.1 % compared with the plan). Further, as to the consolidated ROE in the accounting year ending March 2017, we aim at 10% or above and in years after then we aim to improve our business character by which we will be able to maintain ROE of 10% or above.

### (3) Mid to long-term corporate management strategy and challenges to be met by the Company Group

Our Company Group is aiming “to be a company which can supply products and services satisfactory to our customers,” making the mid-term management plan ending in March 2017, and we are positioning these 3 years as those for making the ground to raise our business results to one rank upper growth stage.

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In the mid to long-term corporate management strategy, we are tackling “business structure innovation” composed of “structural reforms,” “strengthening of profitability” and “growth strategy” as the final year of the mid-term management plan, strengthening the alliance of Company Group as a whole, reducing fixed costs, aiming at work efficiency, sustained growth and the improvement of profitability.

In the accounting year ended March 2016 as the 2nd year of the mid-term management plan, we dissolved Yamaichi Electronics Co., Ltd. (in Shenzhen) as part of our structural reforms, transferred the production of part of the products of the company to Pricon Microelectronics Inc. as one of our Company Group. Also, we entrusted the production of part of the products of the company to local Chinese enterprises, thereby, we aimed at the re-establishment of our global production system and the strengthening of cost competitive power. Further, in the growth strategy, we could secure a large amount of increase of profit thanks to the sales expansion of test socket products and the expansion of profit of connector solution business.

In the accounting year ending March 2017 as the 3rd year, the year will be “the 60th anniversary of the foundation of our company,” and as the final year of the mid-term management plan, we will continue to tackle the “business structure innovation,” and particularly, to further accelerate the “growth strategy,” we will elaborate and act on focused measures for global regions, markets, customers, and products by each business and improve the profit on a consolidated basis.

The Company Group will advance the following measures for the implementation of growth strategy for each business.

**[Test solution business]**

(i) Enlargement of supply of products which are satisfactory to customers by strengthening our brand power

- Sales expansion by the input of new products for mobile related equipment and car related equipment
- Enlargement of share of burn-in socket products

(ii) Strengthening of test socket business

- Sales expansion by the strengthening of development and sales system
- Sales expansion by the exploration of new markets
- Strengthening of production line

(iii) Improvement of services to customers by the strengthening of alliance among Company Group

**[Connector solution business]**

(i) Strengthening of profitability by the distribution of differentiated products

- Distribution of connector products for 3 markets composed of communication market, car related equipment market and industrial equipment market
- Development of attractive connector products and YFLEX products that utilize high-speed transfer technology and contact reliability technology
- Achievement of the relocation of production bases
- Strengthening of cooperation among Company Group and the strengthening of cost competitive power

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**[Optics-related business]**

(i) Distribution of optics-related products for the markets of communication, medical equipment, industrial equipment and car related equipment in emerging markets

(ii) Launching of new technology and thorough cost management

(iii) Improvement of productivity and the establishment of absolute quality

**7. Our Basic Ideas about the Choice of Accounting Standard**

Taking into account the comparability of terms and the comparability of companies of consolidated financial statements, our Company Group has a policy to prepare our consolidated financial statements by the Japanese standard for the time being.

As to the future, taking into account the application movement of international accounting standards by other companies in the same industry in Japan, we will proceed a policy to advance the application of international accounting standards.

# Consolidated Balance Sheets

(Thousand of yen)

| | As of March 31, 2015 | As of March 31, 2016 |
|---|---|---|
| | Amount | Amount |
| **(ASSETS)** | | |
| **Current assets** | | |
| Cash and deposits | 4,727,294 | 4,305,900 |
| Notes and accounts receivable-trade | 5,294,056 | 4,783,175 |
| Merchandise and finished goods | 1,247,510 | 1,423,908 |
| Work in process | 287,863 | 372,833 |
| Raw materials and supplies | 1,447,412 | 1,500,105 |
| Deferred tax assets | 223,219 | 298,435 |
| Other | 850,745 | 925,348 |
| Allowance for doubtful accounts | △48,775 | △10,923 |
| **Total current assets** | 14,029,326 | 13,598,784 |
| **Fixed assets** | | |
| **Tangible fixed assets** | | |
| Buildings and structures | 2,798,733 | 3,088,240 |
| Machinery, equipment and vehicles | 1,420,171 | 1,716,023 |
| Tools, furniture and fixtures | 1,587,694 | 1,554,106 |
| Land | 3,442,277 | 3,438,265 |
| Lease assets | 54,357 | 54,284 |
| Construction in progress | 324,248 | 158,973 |
| **Total tangible fixed assets** | 9,627,480 | 10,009,893 |
| **Intangible fixed assets** | | |
| Software | 88,694 | 105,959 |
| Other | 28,494 | 21,410 |
| **Total intangible fixed assets** | 117,458 | 127,370 |
| **Investments and other assets** | | |
| Investment securities | 2,008,596 | 1,166,193 |
| Long-term loans receivable | 60,150 | 59,720 |
| Deferred tax assets | 239,727 | 125,862 |
| Net defined benefit asset | 814,225 | 771,316 |
| Other | 242,755 | 253,607 |
| Allowance for doubtful accounts | △36,496 | △35,643 |
| **Total investments and other assets** | 3,328,959 | 2,341,056 |
| **Total fixed assets** | 13,073,899 | 12,478,320 |
| **Deferred assets** | 3,798 | 2,938 |
| **Total assets** | 27,107,024 | 26,080,043 |

(Thousand of yen)

| | As of March 31, 2015 | As of March 31, 2016 |
|---|---|---|
| | Amount | Amount |
| **(LIABILITIES)** | | |
| **Current liabilities** | | |
| Notes and accounts payable-trade | 1,584,411 | 1,670,044 |
| Current portion of bonds | 35,000 | 35,000 |
| Short-term loans payable | 4,202,550 | 3,338,760 |
| Current portion of long-term loans payable | 211,960 | 295,280 |
| Lease obligations | 276,354 | 71,029 |
| Income taxes payable | 194,658 | 210,527 |
| Provision for bonuses | 380,658 | 440,094 |
| Deferred tax liabilities | — | 72 |
| Other | 1,710,818 | 1,504,741 |
| **Total current liabilities** | 8,596,410 | 7,565,550 |
| **Long-term liabilities** | | |
| Bonds payable | 127,500 | 92,500 |
| Long-term loans payable | 633,080 | 671,140 |
| Lease obligations | 95,260 | 45,148 |
| Deferred tax liabilities | 512,788 | 291,803 |
| Provision for director's retirement benefits | 128,686 | 84,147 |
| Net defined benefit liability | 49,407 | 25,725 |
| Asset retirement obligations | 18,732 | 19,163 |
| Other | 159,965 | 93,270 |
| **Total long-term liabilities** | 1,725,420 | 1,322,898 |
| **Total liabilities** | 10,321,831 | 8,888,448 |
| **(NET ASSETS)** | | |
| **Shareholders' equity** | | |
| Capital stock | 10,047,063 | 10,047,063 |
| Capital surplus | 1,586,633 | 1,586,633 |
| Retained earnings | 5,296,310 | 6,386,048 |
| Treasury shares | △3,754 | △503,867 |
| **Total shareholders' equity** | 16,926,252 | 17,515,878 |
| **Amount of other comprehensive income** | | |
| Valuation difference on available-for-sale securities | 695,566 | 288,204 |
| Foreign currency translation adjustments | △760,351 | △524,205 |
| Remeasurements of defined benefit plans | △95,756 | △113,628 |
| **Total amount of other comprehensive income** | △160,540 | △349,629 |
| **Subscription rights to shares** | 3,216 | 10,210 |
| **Non-controlling interests** | 16,265 | 15,135 |
| **Total net assets** | 16,785,193 | 17,191,594 |
| **Total liabilities and total net assets** | 27,107,024 | 26,080,043 |

# Consolidated Statements of Income

(Thousand of yen)

| | Fiscal year ended March 31, 2015 | Fiscal year ended March 31, 2016 |
|---|---|---|
| | Amount | Amount |
| **Net sales** | 25,465,153 | 26,819,734 |
| **Cost of sales** | 17,066,404 | 17,699,181 |
| **Gross profit** | 8,398,749 | 9,120,553 |
| **Selling, general and administrative expenses** | | |
| Salaries | 2,566,347 | 2,659,669 |
| Bonuses | 277,506 | 357,789 |
| Welfare expenses | 386,621 | 464,921 |
| Retirement benefit expenses | 112,778 | 112,896 |
| Freightage related expenses | 292,937 | 270,637 |
| Traveling and transportation expenses | 185,025 | 187,649 |
| Depreciation | 141,952 | 179,902 |
| Rent expenses | 375,886 | 377,878 |
| Communication expenses | 55,052 | 58,207 |
| Commission fee | 238,650 | 278,769 |
| Miscellaneous expenses | 1,395,801 | 1,258,999 |
| **Total Selling, general and administrative expenses** | 6,028,560 | 6,207,320 |
| **Operating income** | 2,370,188 | 2,913,232 |
| **Non-operating income** | | |
| Interest income | 6,538 | 10,095 |
| Dividend income | 31,739 | 25,613 |
| Foreign exchange gains | 254,423 | — |
| Share of profit of entities accounted for using equity method | 5,491 | 369 |
| Gain on sales of scraps | 37,767 | 53,476 |
| Subsidy income | 22,196 | 17,689 |
| Valuation difference on legal settlement | — | 67,480 |
| Other | 56,960 | 48,677 |
| **Total non-operating income** | 415,117 | 223,402 |
| **Non-operating expenses** | | |
| Interests expense | 106,152 | 52,871 |
| Commission fee | 57,810 | 26,709 |
| Foreign exchange losses | — | 401,578 |
| Other | 89,406 | 57,224 |
| **Total non-operating expenses** | 253,369 | 538,383 |
| **Ordinary income** | 2,531,937 | 2,598,251 |

(Thousand of yen)

| | Fiscal year ended March 31, 2015 | Fiscal year ended March 31, 2016 |
|---|---|---|
| | Amount | Amount |
| **Extraordinary income** | | |
| Gain on sales of non-current assets | 12,937 | 3,552 |
| Gain on sales of investment securities | — | 365,199 |
| **Total extraordinary income** | 12,937 | 368,751 |
| **Extraordinary loss** | | |
| Loss on sales of non-current assets | 28,648 | 2,607 |
| Loss on sales of investment securities | 6,823 | — |
| Loss on liquidation of subsidiaries and associates | — | 1,025,439 |
| **Total extraordinary loss** | 35,471 | 1,028,046 |
| **Income before income taxes** | 2,509,403 | 1,938,956 |
| **Income taxes** | △50,316 | 501,042 |
| **Profit** | 2,559,719 | 1,437,913 |
| Profit (loss) attributable to non-controlling interests | 318 | △1,129 |
| **Profit (loss) attributable to owners of parent** | 2,559,401 | 1,439,043 |
| **Profit** | 2,559,719 | 1,437,913 |
| **Other comprehensive income** | | |
| Unrealized gains on available-for-sale securities | 281,621 | △407,362 |
| Foreign currency translation adjustments | 150,349 | 243,705 |
| Re-measurements of defined benefit plans | 9,355 | △17,872 |
| Other | 16,047 | △7,559 |
| **Total other comprehensive income** | 457,374 | △189,088 |
| **Comprehensive income** | 3,017,094 | 1,248,824 |
| Attribute to | | |
| Comprehensive income attribute to owners of the parent | 3,016,775 | 1,249,954 |
| Comprehensive income attributable to non-controlling interests | 318 | △1,129 |

# Consolidated Statements of Cash Flows

(Thousand of yen)

| | Fiscal year ended March 31, 2015 | Fiscal year ended March 31, 2016 |
|---|---|---|
| | Amount | Amount |
| **Cash Flows from Operating Activities** | | |
| Income before income taxes and other adjustments to net income | 2,509,403 | 1,938,956 |
| Depreciation and amortization | 1,441,392 | 1,658,797 |
| Interest and dividends income | △38,277 | △35,709 |
| Interest expenses | 106,152 | 52,871 |
| Exchange loss (△gain) | △350,983 | 380,129 |
| Equity in loss (△gain) of affiliates | △5,491 | △369 |
| Loss (△gain) on sales of fixed assets | 15,710 | △944 |
| Loss (△gain) on sales of investment securities | 6,823 | △365,199 |
| Loss (△gain) on liquidation of subsidiaries and associates | — | 1,025,439 |
| Decrease (△increase) in notes and accounts receivable-trade | △1,157,423 | 337,877 |
| Decrease (△increase) in inventories | △16,307 | △456,638 |
| Increase (△decrease) in notes and accounts payable-trade | 68,787 | 124,118 |
| Increase (△decrease) in accounts payable-other | 38,271 | 36,787 |
| Decrease (△increase) in provision for retirement assets | △23,742 | △42,909 |
| Increase (△decrease) in provision for retirement liabilities | 9,817 | △22,554 |
| Increase (△decrease) in provision for directors' retirement benefits | 73,823 | △43,513 |
| Other, net | 235,219 | △256,071 |
| **Sub total** | 2,913,174 | 4,331,067 |
| Interest and dividends income received | 48,329 | 35,722 |
| Interest expenses paid | △107,381 | △51,933 |
| Payments for extra retirement payments | △80,125 | △320,720 |
| Income taxes paid | △353,694 | △473,296 |
| **Net Cash provided by Operating Activities** | 2,420,301 | 3,520,839 |

(Thousand of yen)

| | Fiscal year ended March 31, 2015 | Fiscal year ended March 31, 2016 |
|---|---|---|
| | Amount | Amount |
| **Cash Flows from Investing Activities** | | |
| Payments into time deposits | △103,600 | △100,319 |
| Proceeds from withdrawal of time deposits | 13,600 | 103,704 |
| Purchase of property, plant and equipment | △1,488,801 | △2,386,209 |
| Proceeds from sales of property, plant and equipment | 31,865 | 17,602 |
| Purchase of investment securities | △5,567 | △5,773 |
| Proceeds from sales of investment securities | 26,105 | 597,183 |
| Payments of loans receivable | △63,671 | △63,674 |
| Purchase of insurance funds | △21,170 | △9,682 |
| Proceeds from maturity of insurance funds | 38,204 | — |
| Other, net | △55,581 | 3,642 |
| **Net Cash used in Investing Activities** | △1,628,618 | △1,843,526 |
| **Cash flows from Financing Activities** | | |
| Net increase (decrease) in short-term loans payable | △609,680 | △837,280 |
| Proceeds from long-term loans payable | 750,000 | 400,000 |
| Repayment of long-term loans payable | △746,260 | △278,620 |
| Redemption of bonds | △35,000 | △35,000 |
| Repayments of finance lease obligations | △535,723 | △315,021 |
| Purchase of treasury shares | — | △500,113 |
| Cash dividends paid | △115,281 | △348,582 |
| Other | 3,214 | 6,993 |
| **Net Cash used in Financing Activities** | △1,288,730 | △1,907,623 |
| **Effect of exchange rates changes on cash and cash equivalents** | 243,389 | △187,802 |
| **Net increase (decrease) of cash and cash equivalents** | △253,658 | △418,113 |
| **Cash and Cash Equivalents at beginning of period** | 4,871,652 | 4,617,994 |
| **Cash and Cash Equivalents at end of period** | 4,617,994 | 4,199,880 |