

## Summary of Consolidated Financial Results for the Year Ended March 2018 [Japan GAAP]

Name of Company:	KAGA ELECTRONICS CO., LTD.	
Stock Code:	8154	URL: <a href="http://www.taxan.co.jp/">http://www.taxan.co.jp/</a>
Stock Exchange Listing:	Tokyo Stock Exchange, First Section	
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Contact Person	Title: Managing Director, Administration Headquarters	Name: Eiji Kawamura
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Date of regular general meeting of shareholders:	June 28, 2018 (tentative)	
Date of commencement of dividend payment:	June 29, 2018 (tentative)	
Date of filing of securities report:	June 28, 2018 (tentative)	
Supplementary explanatory documents:	Yes	
Earnings presentation:	Yes (For institutional investors and analysts)	

(Yen in millions, rounded down)

### 1. Financial results for the current fiscal year (April 1, 2017 - March 31, 2018)

#### (1) Result of operations (Consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2018	235,921	3.8	8,119	18.0	8,740	19.0	6,490	(7.0)
Fiscal year ended March 2017	227,209	(7.4)	6,879	(11.7)	7,343	(7.1)	6,975	28.3

Note: Comprehensive income: FY ended March 31, 2018: 6,544 million yen [(10.6)%] FY ended March 31, 2017: 7,320 million yen [111.1%]

	Earnings per share	Earnings per share (diluted)	Return on equity	Ratio of ordinary income to assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 2018	236.58	-	9.5	6.9	3.4
Fiscal year ended March 2017	249.43	-	10.9	5.9	3.0

Ref.: Share of profit/loss of entities accounted for using equity method: FY ended March 2018: (111) million yen FY ended March 2017: - million yen

#### (2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2018	129,493	70,631	54.5	2,571.79
As of March 31, 2017	125,751	65,932	52.4	2,401.00

Ref.: Shareholders' equity FY ended March 2018: 70,556 million yen FY ended March 2017: 65,872 million yen

#### (3) Cash flow position (Consolidated)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2018	10,077	(4,173)	(2,811)	28,879
Fiscal year ended March 2017	10,746	(258)	(6,118)	26,021

### 2. Dividends

	Dividend per share					Annual aggregate amount	Payout ratio (Consolidated)	Dividends/net assets (Consolidated)
	1Q	2Q	3Q	Year-end	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 2017	-	25.00	-	35.00	60.00	1,666	24.1	2.6
Fiscal year ended March 2018	-	30.00	-	40.00	70.00	1,920	29.6	2.8
Fiscal year ending March 2019 (Forecast)	-	30.00	-	40.00	70.00		-	

Notes: Breakdown of interim dividend for FY3/17: Ordinary dividend: 20.00 yen; Extraordinary dividend: 5.00 yen  
 Breakdown of year-end dividend for FY3/17: Ordinary dividend: 20.00 yen; Extraordinary dividend: 15.00 yen  
 Breakdown of interim dividend for FY3/18: Ordinary dividend: 25.00 yen; Extraordinary dividend: 5.00 yen  
 Breakdown of year-end dividend for FY3/18: Ordinary dividend: 35.00 yen; Extraordinary dividend: 5.00 yen

### 3. Forecast for the fiscal year ending March 2019 (Consolidated, April 1, 2018 - March 31, 2019)

The consolidated earnings forecast for the fiscal year ending March 2019 is not provided. For details, please see “1. Results of Operations (4) Future outlook” on page 3 of Supplementary Information.

#### \* Notes

(1) Changes in significant subsidiaries (Changes in specified subsidiaries accompanied by changes in the scope of consolidation): None

(2) Changes in accounting policies, estimates, and retrospective restatement

(a) Changes due to revision of accounting standards: None

(b) Changes other than (a): None

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)	As of March 31, 2018:	28,702,118	As of March 31, 2017:	28,702,118
(b) Treasury shares	As of March 31, 2018:	1,267,393	As of March 31, 2017:	1,266,468
(c) Average number of shares outstanding during the year	As of March 31, 2018:	27,435,139	As of March 31, 2017:	27,967,362

#### (Reference) Non-consolidated Financial Results

##### Financial results for the fiscal year ended March 2018 (April 1, 2017 - March 31, 2018)

(1) Result of operations (Non-consolidated) (Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2018	73,098	(3.4)	(629)	-	3,213	26.0	3,782	28.0
Fiscal year ended March 2017	75,666	(11.7)	31	(97.1)	2,550	(27.4)	2,955	3.4

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Fiscal year ended March 2018	137.89	-
Fiscal year ended March 2017	105.67	-

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2018	72,080	41,124	57.1	1,499.00
As of March 31, 2017	69,784	38,885	55.7	1,417.34

Ref.: Shareholders' equity

Fiscal year ended March 2018: 41,124 million yen

Fiscal year ended March 2017: 38,885 million yen

\*The audit procedures by certified public accountant or auditing firm are not applicable to this Financial Results report.

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

(Caution regarding forward-looking statements)

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. For information about the forecasts, please see “1. Results of Operations (4) Future outlook” on page 3 of Supplementary Information.

(Supplementary materials for financial results and how to obtain details of the financial results meeting)

The Company plans to hold a financial results meeting for institutional investors and analysts on Thursday, May 24, 2018. The Company also plans to post a streaming video of the meeting and the details of the presentation, along with the presentation materials used at the meeting, on its website promptly after the meeting.

## Index for Supplementary Information

1. Results of Operations .....	2
(1) Overview of consolidated business performance .....	2
(2) Overview of financial condition .....	2
(3) Cash flows.....	3
(4) Future outlook.....	3
(5) Basic policy for earnings allocations and dividends in the current and next fiscal years.....	3
2. Basic Approach to the Selection of Accounting Standards .....	3
3. Consolidated Financial Statements and Major Notes.....	4
(1) Consolidated balance sheet.....	4
(2) Consolidated statements of income and comprehensive income.....	6
(3) Consolidated statement of changes in equity.....	8
(4) Consolidated statement of cash flows.....	10
(5) Notes to consolidated financial statements .....	12
(Notes to going concern assumptions).....	12
(Additional information).....	12
(Segment information, etc.) .....	12
(Per-share information) .....	14
(Subsequent events) .....	14
4. Non-consolidated Financial Statements .....	15
(1) Balance sheet .....	15
(2) Statement of income .....	17
(3) Statement of changes in equity .....	18

## 1. Results of Operations

### (1) Overview of consolidated business performance

In the fiscal year ended March 31, 2018, the Japanese economy witnessed a gradual recovery as the recovery of overseas economy improved corporate earnings as well as steady growth of capital expenditures, although the recovery of consumer spending has slowed down.

In the electronics industry, the principal sector of operations of the KAGA ELECTRONICS Group (“the Group”), while the markets for PCs and amusement machines remained stagnant, steady growths were observed in the smartphone market supported by growth of demand in emerging countries and responses to advanced functionality, as well as the market for automotive devices where use of electronics in automobiles is expanding. Furthermore, innovative technology-related markets including the IoT <sup>(Note 1)</sup>, big data, and artificial intelligence also showed favorable growth.

Under such an environment, based on our corporate philosophy of “Everything we do is for our customers,” the Group focused on increasing sales to existing major customers in Japan and expanding the EMS <sup>(Note 2)</sup> business, notably in overseas markets.

As a result, consolidated net sales in the fiscal year ended March 2018 came to 235,921 million yen, an increase of 8,712 million yen, or 3.8%, from the previous fiscal year, driven by electronic components and information equipment businesses. Operating income came to 8,119 million yen, an increase of 1,240 million yen, or 18.0%, as a result of improvement in gross profit margin reflecting largely an increase in productivity as well as efforts to control SG&A expenses. Ordinary income came to 8,740 million yen, an increase of 1,397 million yen, or 19.0%, achieving yet another record high. Profit attributable to owners of parent decreased to 6,490 million yen, down 485 million yen, or 7.0%, attributable largely to an increase of 1,950 million yen in income taxes.

(Note 1) Internet of Things: New services and business models, or technologies that connect all things through the Internet.

(Note 2) Electronics Manufacturing Service: Provision of product development and manufacturing services on an outsourcing basis

Business segment performance was as follows.

- (a) Electronic components (Development, manufacture and sale of semiconductors, general electronic components and other products, the electronics manufacturing service (EMS), and other activities)

EMS business for electronic equipment and sales of semiconductors showed favorable growth. As a result, net sales increased 0.6% to 172,248 million yen, and segment income rose 8.0% to 5,312 million yen.

- (b) Information equipment (Sales of PCs, PC peripherals, home electric appliances, photograph and imaging products, original brand products, and other products)

Sales of housing-related and commercial facilities-related products saw favorable growth. As a result, net sales increased 11.8% to 47,582 million yen, and segment income rose 47.7% to 2,202 million yen.

- (c) Software (Production of computer graphics, planning and development of amusement products, and other activities)

Orders for production of computer graphics animation and development of game software were sluggish. As a result, net sales decreased 18.7% to 2,568 million yen, and segment income decreased 67.4% to 172 million yen.

- (d) Others (Repair and supports for electronics equipment, manufacture and sales of amusement equipment, and sales of sports goods, and other activities)

Sales in Japan of arcade amusement machines and golf products showed solid growth. As a result, net sales increased 31.6% to 13,522 million yen, and segment income was 308 million yen (segment loss of 212 million yen recorded in the previous fiscal year).

### (2) Overview of financial condition

Assets, liabilities and net assets

Total assets as of March 31, 2018 increased 3,741 million yen from the previous fiscal year-end to 129,493 million yen, mainly due to increase in cash and deposits.

Liabilities decreased 958 million yen from the previous fiscal year-end to 58,861 million yen, mainly due to repayments of long-term loans payable.

Net assets increased 4,699 million yen from the previous fiscal year-end to 70,631 million yen, as a result of recording profit attributable to owners of parent.

### (3) Cash flows

Cash and cash equivalents as of March 31, 2018 increased 2,857 million yen from March 31, 2017 to 28,879 million yen.  
(Operating activities)

Net cash provided by operating activities was 10,077 million yen (10,746 million yen provided in the previous fiscal year) mainly due to recording profit before income taxes.

(Investing activities)

Net cash used in investing activities was 4,173 million yen (258 million yen used in the previous fiscal year) mainly due to purchase of investment securities.

(Financing activities)

Net cash used by financing activities was 2,811 million yen (6,118 million yen used in the previous fiscal year) mainly due to repayments of long-term loans payable, and cash dividends paid.

### (4) Future outlook

In the market environment surrounding the Group, growth of demand for electronic components will likely accelerate amidst expansion in both the automotive devices market where use of electronics in automobiles is increasing and in the medical/healthcare-related market, as well as development of the new markets such as big data and artificial intelligence on the back of rapid IoT spread. Meanwhile the supply side's efforts to increase production tend to fall behind, leading to a tight supply-demand situation which is becoming tangible in certain components and materials.

Under such circumstances, the Group will strive to further strengthen its sales activities in growing sectors such as automotive devices, and will continue its efforts to expand value-added businesses led by the EMS business.

With respect to the fiscal year ending March 2019, consolidated earnings forecast is not provided due to the difficulty in calculating such a forecast at this time, given the substantial uncertainties that exist in the rapidly changing environment as explained above. Still, in this final year of the Medium-term Management Plan 2018 announced on November 4, 2015, the Group will make greater efforts to "Enhance revenue base," "Create new business," and "Strengthen management foundation", and achieve the numerical targets <sup>(Note)</sup> set out therein.

For the consolidated performance forecasts, these will be disclosed promptly as soon as a reasonable projection becomes possible.

(Note) Medium-term Management Plan 2018 Numerical Targets

Relevant Fiscal Year	Net Sales	Ordinary Income	ROE
Fiscal year ending March 2019	¥290 billion	¥10 billion	8.0% or higher

### (5) Basic policy for earnings allocations and dividends in the current and next fiscal years

Our basic policy is to maintain a stable and continuous payment of dividends that reflect a consolidated performance as well as to strengthen financial position and management foundation from a long-term perspective.

Based on this policy, the Medium-term Management Plan 2018 has set out the aim of making stable dividend payments while maintaining a consolidated payout ratio of 25% to 35%.

In light of the foregoing, and reflecting a steady business performance of the fiscal year ended March 2018, the Group plans to pay a year-end dividend of 40 yen per share, which consists of an ordinary dividend of 35 yen per share and an extraordinary dividend of 5 yen per share, as previously announced on February 6, 2018.

As a result, annual dividend, including interim dividend of 30 yen per share, will be 70 yen per share, which represents a 10 yen per share increase from the previous fiscal year.

For the fiscal year ending March 31, 2019, a dividend of 70 yen per share, including an interim dividend of 30 yen, is planned.

## 2. Basic Approach to the Selection of Accounting Standards

The KAGA ELECTRONICS Group prepares consolidated financial statements based on Japanese accounting standards. Going forward, we will consider adopting IFRS standards with due consideration to financial market trends, share of foreign investors, and the organizational costs resulting from the adoption of IFRS standards.

### 3. Consolidated Financial Statements and Major Notes

#### (1) Consolidated balance sheet

(Million yen)

	FY 2017 (As of March 31, 2017)	FY 2018 (As of March 31, 2018)
<b>ASSETS</b>		
Current assets		
Cash and deposits	26,423	30,803
Notes and accounts receivable - trade	46,774	45,809
Electronically recorded monetary claims - operating	5,234	4,032
Securities	188	295
Merchandise and finished goods	14,675	15,060
Work in process	365	575
Raw materials and supplies	4,284	3,818
Deferred tax assets	1,340	1,028
Other	4,562	3,807
Allowance for doubtful accounts	(166)	(133)
Total current assets	103,684	105,097
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,902	8,102
Accumulated depreciation	(3,043)	(3,232)
Buildings and structures, net	4,859	4,870
Machinery, equipment and vehicles	5,593	6,315
Accumulated depreciation	(3,579)	(3,731)
Machinery, equipment and vehicles, net	2,014	2,583
Tools, furniture and fixtures	3,774	3,556
Accumulated depreciation	(3,032)	(2,846)
Tools, furniture and fixtures, net	742	709
Land	4,126	4,036
Construction in progress	3	10
Total property, plant and equipment	11,745	12,210
Intangible assets		
Goodwill	406	317
Software	363	515
Other	71	46
Total intangible assets	841	878
Investments and other assets		
Investment securities	6,761	8,688
Deferred tax assets	240	240
Guarantee deposits	735	657
Insurance funds	936	943
Other	1,529	1,363
Allowance for doubtful accounts	(723)	(587)
Total investments and other assets	9,479	11,305
Total non-current assets	22,067	24,395
Total assets	125,751	129,493

(Million yen)

	FY 2017 (As of March 31, 2017)	FY 2018 (As of March 31, 2018)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable - trade	37,553	36,392
Short-term loans payable	4,883	5,385
Accrued expenses	3,387	3,711
Income taxes payable	888	901
Provision for directors' bonuses	204	247
Other	3,325	3,070
Total current liabilities	50,242	49,708
Non-current liabilities		
Long-term loans payable	4,603	3,161
Deferred tax liabilities	1,213	2,013
Provision for directors' retirement benefits	1,222	1,264
Net defined benefit liability	1,669	1,737
Asset retirement obligations	144	175
Other	723	800
Total non-current liabilities	9,576	9,152
Total liabilities	59,819	58,861
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	12,133	12,133
Capital surplus	13,912	13,853
Retained earnings	40,476	45,183
Treasury shares	(2,040)	(2,042)
Total shareholders' equity	64,481	69,127
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,159	1,504
Deferred gains or losses on hedges	0	(16)
Foreign currency translation adjustment	421	148
Remeasurements of defined benefit plans	(190)	(208)
Total accumulated other comprehensive income	1,391	1,428
Non-controlling interests	59	75
Total net assets	65,932	70,631
Total liabilities and net assets	125,751	129,493

## (2) Consolidated statements of income and comprehensive income

(Million yen)

	FY 2017 (April 1, 2016 – March 31, 2017)	FY 2018 (April 1, 2017 – March 31, 2018)
Net sales	227,209	235,921
Cost of sales	195,983	203,423
Gross profit	31,225	32,498
Selling, general, and administrative expenses	24,346	24,379
Operating income	6,879	8,119
Non-operating income		
Interest income	59	124
Dividends income	103	119
Commission fee	222	279
Foreign exchange gain	-	44
House rent income	77	99
Other	282	228
Total non-operating income	745	896
Non-operating expenses		
Interest expenses	128	132
Loss from equity method investments	-	111
Foreign exchange losses	88	-
Other	63	32
Total non-operating expenses	280	275
Ordinary income	7,343	8,740
Extraordinary income		
Gain on sales of non-current assets	23	28
Gain on sales of investment securities	110	591
Gain on bargain purchase	28	-
Gain on sale of shares of subsidiaries	-	467
Gain on transfer of business	89	12
Settlement received	372	-
Total extraordinary income	624	1,101
Extraordinary loss		
Loss on retirement of non-current assets	15	7
Impairment loss	16	228
Loss on sales of investment securities	31	24
Loss on valuation of investment securities	47	269
Loss on valuation of golf club membership	11	6
Other	13	5
Total extraordinary loss	136	541
Profit before income taxes	7,832	9,300
Income taxes - current	1,610	1,840
Income taxes - deferred	(768)	952
Total income taxes	842	2,792
Profit	6,989	6,507
Profit attributable to owners of parent	6,975	6,490
Profit attributable to non-controlling interests	14	16



(Million yen)

	FY 2017 (April 1, 2016 –March 31, 2017)	FY 2018 (April 1, 2017 –March 31, 2018)
Other comprehensive income		
Valuation difference on available-for-sale securities	479	345
Deferred gains or losses on hedges	(4)	(16)
Foreign currency translation adjustment	(292)	(273)
Remeasurements of defined benefit plans, net of tax	147	(17)
Total other comprehensive income	330	37
Comprehensive income	7,320	6,544
Comprehensive income attributable to owners of parent	7,305	6,528
Comprehensive income attributable to non-controlling interests	15	16

## (3) Consolidated statement of changes in equity

For the fiscal year ended March 2017 (April 1, 2016 – March 31, 2017)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	12,133	13,912	35,195	(539)	60,702
Changes of items during period					
Dividends of surplus			(1,695)		(1,695)
Profit attributable to owners of parent			6,975		6,975
Purchase of treasury shares				(1,501)	(1,501)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	5,280	(1,501)	3,779
Balance at the end of current period	12,133	13,912	40,476	(2,040)	64,481

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	681	4	713	(338)	1,061	44	61,808
Changes of items during period							
Dividends of surplus							(1,695)
Profit attributable to owners of parent							6,975
Purchase of treasury shares							(1,501)
Disposal of treasury shares							0
Net changes of items other than shareholders' equity	478	(4)	(292)	147	329	15	344
Total changes of items during period	478	(4)	(292)	147	329	15	4,123
Balance at the end of current period	1,159	0	421	(190)	1,391	59	65,932

For the fiscal year ended March 2018 (April 1, 2017 – March 31, 2018)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	12,133	13,912	40,476	(2,040)	64,481
Changes of items during period					
Dividends of surplus			(1,783)		(1,783)
Profit attributable to owners of parent			6,490		6,490
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		0		0	0
Change in ownership interest of parent due to transactions with non-controlling interests		(58)			(58)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(58)	4,707	(2)	4,645
Balance at the end of current period	12,133	13,853	45,183	(2,042)	69,127

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	1,159	0	421	(190)	1,391	59	65,932
Changes of items during period							
Dividends of surplus							(1,783)
Profit attributable to owners of parent							6,490
Purchase of treasury shares							(2)
Disposal of treasury shares							0
Change in ownership interest of parent due to transactions with non-controlling interests							(58)
Net changes of items other than shareholders' equity	344	(16)	(273)	(17)	37	16	54
Total changes of items during period	344	(16)	(273)	(17)	37	16	4,699
Balance at the end of current period	1,504	(16)	148	(208)	1,428	75	70,631

## (4) Consolidated statement of cash flows

(Million yen)

	FY 2017 (April 1, 2016 – March 31, 2017)	FY 2018 (April 1, 2017 – March 31, 2018)
Cash flows from operating activities		
Profit before income taxes	7,832	9,300
Depreciation	1,452	1,481
Impairment loss	16	228
Amortization of goodwill	88	88
Increase (decrease) in net defined benefit liability	124	40
Increase (decrease) in provision for directors' retirement benefits	14	41
Increase (decrease) in provision for directors' bonuses	18	43
Increase (decrease) in allowance for doubtful accounts	(11)	(85)
Interest and dividend income	(162)	(244)
Interest expenses	128	132
Share of (profit) loss of entities accounted for using equity method	-	111
Loss (gain) on sales of shares of subsidiaries	-	(467)
Loss (gain) on sales of property, plant and equipment	(18)	(23)
Loss on retirement of non-current assets	15	7
Loss (gain) on sales of investment securities	(79)	(567)
Loss (gain) on valuation of investment securities	47	269
Decrease (increase) in notes and accounts receivable - trade	2,602	2,076
Decrease (increase) in inventories	(240)	(226)
Increase (decrease) in notes and accounts payable - trade	933	(1,101)
Decrease (increase) in accounts receivable - other	(390)	1,087
Increase (decrease) in accrued expenses	45	338
Decrease (increase) in advance payments	143	(135)
Decrease (increase) in consumption taxes refund receivable	92	(163)
Decrease (increase) in other current assets	89	(88)
Increase (decrease) in other current liabilities	(94)	(362)
Other, net	(138)	(47)
Subtotal	12,509	11,734
Interest and dividend income received	164	242
Interest expenses paid	(128)	(130)
Income taxes paid	(1,792)	(1,770)
Other, net	(5)	2
Net cash provided by (used in) operating activities	10,746	10,077

(Million yen)

	FY 2017 (April 1, 2016 – March 31, 2017)	FY 2018 (April 1, 2017 – March 31, 2018)
Cash flows from investing activities		
Payments into time deposits	(630)	(2,773)
Proceeds from withdrawal of time deposits	854	1,158
Purchase of property, plant and equipment	(967)	(1,678)
Proceeds from sales of property, plant and equipment	119	87
Purchase of intangible assets	(109)	(360)
Purchase of investment securities	(387)	(2,481)
Proceeds from sales of investment securities	855	1,331
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	20	-
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	504
Payments of short-term loans receivable	(2)	(1)
Collection of short-term loans receivable	5	1
Purchase of insurance funds	(17)	(15)
Proceeds from cancellation of insurance funds	2	14
Payments for guarantee deposits	(15)	(58)
Proceeds from collection of guarantee deposits	22	136
Other payments	(90)	(74)
Other proceeds	81	36
Net cash provided by (used in) investing activities	(258)	(4,173)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(397)	825
Proceeds from long-term loans payable	66	-
Repayments of long-term loans payable	(2,428)	(1,641)
Purchase of treasury shares	(1,501)	(2)
Cash dividends paid	(1,693)	(1,780)
Purchase of shares of subsidiaries that does not result in change in scope of consolidation	-	(58)
Other, net	(164)	(153)
Net cash provided by (used in) financing activities	(6,118)	(2,811)
Effect of exchange rate change on cash and cash equivalents	(227)	(234)
Net increase (decrease) in cash and cash equivalents	4,141	2,857
Cash and cash equivalents at beginning of period	21,879	26,021
Cash and cash equivalents at end of period	26,021	28,879

(5) Notes to consolidated financial statements

(Notes to going concern assumptions)

Not applicable

(Additional information)

(Adoption of consolidated taxation system)

From the fiscal year ended March 31, 2018, the Company and its certain domestic subsidiaries have adopted the consolidated taxation system.

(Segment information, etc.)

**a. Segment information**

1. Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. The Company classifies subsidiaries and associates according to their products and services, and implements comprehensive strategies in Japan and overseas. Consequently, the Group has four reportable segments that are made of different categories of products and services: electronic components, information equipment, software and others. The electronic components segment includes the development, manufacture and sale of semiconductors, general electronic components and other products, the electronics manufacturing service (EMS), and other activities. The information equipment segment includes sales of PCs, PC peripherals, home electric appliances, photograph and imaging products, original brand products, and other products. The software segment includes the production of computer graphics, planning and development of amusement products, and other activities. The others segment includes the repair and supports for electronics equipment, and sales of amusement equipment and sports goods, and others.

2. Methods of measurement for the amounts of net sales, income (loss), assets, and other items for each reportable segment

The accounting policies of each reportable segment are consistent to the accounting standards adopted to prepare consolidated financial statements.

3. Information about net sales, profit (loss), assets, and other items is as follows:

For the fiscal year ended March 2017 (April 1, 2016 – March 31, 2017)

(Million yen)

	Reportable segments					Adjustment *1	Consolidated *2
	Electronic components	Information equipment	Software	Others	Total		
Net sales:							
Sales to external customers	171,227	42,547	3,159	10,274	227,209	-	227,209
Inter-segment sales or transfers	695	518	1,555	2,611	5,380	(5,380)	-
Total	171,923	43,065	4,714	12,885	232,589	(5,380)	227,209
Segment income (loss)	4,917	1,491	528	(212)	6,724	154	6,879
Segment assets	109,053	14,320	2,083	5,185	130,642	(4,890)	125,751
Others							
Depreciation	898	70	98	94	1,162	(11)	1,151
Increase in property, plant and equipment and intangible assets	855	86	86	85	1,114	(37)	1,076

For the fiscal year ended March 2018 (April 1, 2017 – March 31, 2018)

(Million yen)

	Reporting segments					Adjustment *1	Consolidated *2
	Electronic components	Information equipment	Software	Others	Total		
Net sales:							
Sales to external customers	172,248	47,582	2,568	13,522	235,921	-	235,921
Inter-segment sales or transfers	1,610	1,242	855	1,442	5,152	(5,152)	-
Total	173,859	48,825	3,424	14,965	241,074	(5,152)	235,921
Segment income (loss)	5,312	2,202	172	308	7,996	123	8,119
Segment assets	112,878	14,692	1,847	9,191	138,609	(9,116)	129,493
Others							
Depreciation	916	63	91	92	1,165	(8)	1,157
Increase in property, plant and equipment and intangible assets	1,699	77	42	316	2,135	(96)	2,039

Note: 1. The adjustment is as follows:

(1) Segment income

(Million yen)

	Fiscal year ended March 2017	Fiscal year ended March 2018
Elimination of inter-segment trade	154	123
Amortization of goodwill	-	-
Total	154	123

(2) Segment assets

(Million yen)

	Fiscal year ended March 2017	Fiscal year ended March 2018
Elimination of inter-segment trade	(6,945)	(11,335)
Corporate *	2,054	2,219
Total	(4,890)	(9,116)

\* Total corporate assets principally consist of surplus funds of the Company under management (cash and securities, etc.).

(3) Depreciation

(Million yen)

	Fiscal year ended March 2017	Fiscal year ended March 2018
Elimination of inter-segment trade	(11)	(8)
Total	(11)	(8)

(4) Increase in property, plant and equipment and intangible assets

(Million yen)

	Fiscal year ended March 2017	Fiscal year ended March 2018
Elimination of inter-segment trade	(37)	(96)
Total	(37)	(96)

2. Segment income is adjusted with operating income on the consolidated statements of income and comprehensive income.

**b. Associated information**

For the fiscal year ended March 2017 (April 1, 2016 – March 31, 2017)

## Geographic information

Net sales

(Million yen)

Japan	North America	Europe	East Asia	Total
151,912	5,995	2,518	66,783	227,209

- Notes: 1. Net sales are classified according to the customers' geographic locations.  
 2. Countries and regions are classified according to geographical proximity.  
 3. Countries and regions outside Japan are broken down into the following geographical areas:  
 (1) North America: United States  
 (2) Europe: United Kingdom, Czech Republic, and Russia  
 (3) East Asia: Hong Kong, Singapore, Taiwan, Korea, China, Malaysia, Thailand, India, and Indonesia

For the fiscal year ended March 2018 (April 1, 2017 – March 31, 2018)

## Geographic information

Net sales

(Million yen)

Japan	North America	Europe	East Asia	Total
149,024	8,628	4,034	74,234	235,921

- Notes: 1. Net sales are classified according to the customers' geographic locations.  
 2. Countries and regions are classified according to geographical proximity.  
 3. Countries and regions outside Japan are broken down into the following geographical areas:  
 (1) North America: United States, and Mexico  
 (2) Europe: United Kingdom, Czech Republic, and Russia  
 (3) East Asia: Hong Kong, Singapore, Taiwan, Korea, China, Malaysia, Thailand, India, and Indonesia

(Per-share information)

(Yen)

	FY 2017 (April 1, 2016 – March 31, 2017)	FY 2018 (April 1, 2017 – March 31, 2018)
Net assets per share	2,401.00	2,571.79
Earnings per share	249.43	236.58

Notes: 1. Earnings per share (diluted) have not been disclosed because there were no potentially dilutive shares.

2. The basis of calculation of earnings per share is as follows.

	FY 2017 (April 1, 2016 – March 31, 2017)	FY 2018 (April 1, 2017 – March 31, 2018)
Earnings per share		
Profit attributable to owners of parent (million yen)	6,975	6,490
Profit not attributable to common shareholders (million yen)	-	-
Profit attributable to owners of parent allocated to common stock (million yen)	6,975	6,490
Average number of common stock outstanding during the fiscal year	27,967,362	27,435,139

(Subsequent events)

Not applicable



#### 4. Non-consolidated Financial Statements

##### (1) Balance sheet

(Million yen)

	FY 2017 (As of March 31, 2017)	FY 2018 (As of March 31, 2018)
<b>ASSETS</b>		
Current assets		
Cash and deposits	11,706	14,420
Notes receivable - trade	977	593
Electronically recorded monetary claims - operating	3,792	2,946
Accounts receivable - trade	17,027	16,117
Securities	188	295
Merchandise	3,699	4,007
Work in process	40	45
Supplies	4	3
Advance payments - trade	566	709
Prepaid expenses	132	195
Deferred tax assets	463	394
Short-term loans receivable from subsidiaries and associates	11,784	9,865
Accounts receivable - other	2,192	2,679
Other	203	290
Allowance for doubtful accounts	(5,445)	(5,341)
Total current assets	47,334	47,224
Non-current assets		
Property, plant and equipment		
Buildings	2,631	2,460
Structures	16	14
Vehicles	0	0
Tools, furniture and fixtures	197	159
Land	3,411	3,388
Lease assets	77	89
Total property, plant and equipment	6,334	6,113
Intangible assets		
Trademark right	4	5
Software	139	333
Other	57	29
Total intangible assets	201	368
Investments and other assets		
Investment securities	6,058	7,537
Shares of subsidiaries and associates	7,923	8,838
Investments in capital	26	26
Investments in capital of subsidiaries and associates	13	14
Long-term loans receivable from subsidiaries and associates	637	345
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,930	398
Long-term prepaid expenses	214	254
Deferred tax assets	126	-
Other	1,629	1,459
Allowance for doubtful accounts	(2,308)	(424)
Allowance for investment loss	(340)	(75)
Total investments and other assets	15,913	18,373
Total non-current assets	22,449	24,856
Total assets	69,784	72,080

(Million yen)

	FY 2017 (As of March 31, 2017)	FY 2018 (As of March 31, 2018)
<b>LIABILITIES</b>		
Current liabilities		
Notes payable - trade	1,834	1,339
Accounts payable - trade	13,730	11,719
Short-term loans payable	1,626	2,602
Short-term loans payable to subsidiaries and associates	3,209	5,896
Current portion of long-term loans payable	1,448	1,247
Lease obligations	59	34
Accounts payable - other	499	616
Accrued expenses	1,326	1,315
Income taxes payable	155	131
Advances received	264	99
Deposits received	69	73
Provision for directors' bonuses	200	240
Other	229	113
Total current liabilities	24,654	25,430
Non-current liabilities		
Long-term loans payable	4,376	3,129
Lease obligations	65	63
Deferred tax liabilities	-	536
Provision for retirement benefits	316	319
Provision for directors' retirement benefits	1,128	1,180
Asset retirement obligations	98	100
Other	257	195
Total non-current liabilities	6,243	5,525
Total liabilities	30,898	30,956
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	12,133	12,133
Capital surplus		
Legal capital surplus	13,912	13,912
Other capital surplus	0	0
Total capital surplus	13,912	13,912
Retained earnings		
Legal retained earnings	618	618
Other retained earnings		
General reserve	7,000	7,000
Retained earnings brought forward	6,214	8,214
Total retained earnings	13,833	15,833
Treasury shares	(2,040)	(2,042)
Total shareholders' equity	37,839	39,836
Valuation and translation adjustments		
Valuation differences on available-for-sale securities	1,046	1,290
Deferred gains or losses on hedges	(0)	(2)
Total valuation and translation adjustments	1,046	1,288
Total net assets	38,885	41,124
Total liabilities and net assets	69,784	72,080

## (2) Statement of income

(Million yen)

	FY 2017 (April 1, 2016 – March 31, 2017)	FY 2018 (April 1, 2017 – March 31, 2018)
Net sales	75,666	73,098
Cost of sales	66,739	64,740
Gross profit	8,927	8,358
Selling, general and administrative expenses	8,896	8,987
Operating income (loss)	31	(629)
Non-operating income		
Interest income	75	48
Dividend income	2,083	3,584
Foreign exchange gains	99	18
Other	394	352
Total non-operating income	2,653	4,004
Non-operating expenses		
Interest expenses	89	121
Depreciation of assets for rent	15	13
Other	28	25
Total non-operating expenses	134	160
Ordinary income	2,550	3,213
Extraordinary income		
Gain on sales of investment securities	110	591
Gain on sales of shares of subsidiaries	-	424
Reversal of allowance for doubtful accounts	-	53
Reversal of allowance for investment loss	495	265
Other	30	14
Total extraordinary income	636	1,350
Extraordinary losses		
Loss on sales of investment securities	31	24
Loss on valuation of investment securities	47	269
Loss on liquidation of subsidiaries	-	23
Provision of allowance for doubtful accounts	174	-
Other	12	0
Total extraordinary losses	265	317
Profit before income taxes	2,921	4,246
Income taxes - current	102	(121)
Income taxes - deferred	(136)	585
Total income taxes	(34)	463
Profit	2,955	3,782

## (3) Statement of changes in equity

For the fiscal year ended March 2017 (April 1, 2016 – March 31, 2017)

(Million yen)

	Shareholders' equity							Total retained earnings
	Capital stock	Capital surplus			Retained earnings		Total retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
					General reserve	Retained earnings brought forward		
Balance at the beginning of current period	12,133	13,912	0	13,912	618	7,000	4,954	12,573
Changes of items during period								
Dividends of surplus							(1,695)	(1,695)
Profit							2,955	2,955
Purchase of treasury shares								
Disposal of treasury shares			0	0				
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	0	0	-	-	1,259	1,259
Balance at the end of current period	12,133	13,912	0	13,912	618	7,000	6,214	13,833

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of current period	(539)	38,080	587	13	600	38,680
Changes of items during period						
Dividends of surplus		(1,695)				(1,695)
Profit		2,955				2,955
Purchase of treasury shares	(1,501)	(1,501)				(1,501)
Disposal of treasury shares	0	0				0
Net changes of items other than shareholders' equity			459	(13)	446	446
Total changes of items during period	(1,501)	(241)	459	(13)	446	204
Balance at the end of current period	(2,040)	37,839	1,046	(0)	1,046	38,885

For the fiscal year ended March 2018 (April 1, 2017 – March 31, 2018)

(Million yen)

	Shareholders' equity							Total retained earnings
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						General reserve	Retained earnings brought forward	
Balance at the beginning of current period	12,133	13,912	0	13,912	618	7,000	6,214	13,833
Changes of items during period								
Dividends of surplus							(1,783)	(1,783)
Profit							3,782	3,782
Purchase of treasury shares								
Disposal of treasury shares			0	0				
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	0	0	-	-	1,999	1,999
Balance at the end of current period	12,133	13,912	0	13,912	618	7,000	8,214	15,833

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of current period	(2,040)	37,839	1,046	(0)	1,046	38,885
Changes of items during period						
Dividends of surplus		(1,783)				(1,783)
Profit		3,782				3,782
Purchase of treasury shares	(2)	(2)				(2)
Disposal of treasury shares	0	0				0
Net changes of items other than shareholders' equity			244	(2)	241	241
Total changes of items during period	(2)	1,997	244	(2)	241	2,238
Balance at the end of current period	(2,042)	39,836	1,290	(2)	1,288	41,124