

# Business Report for FY2016 1st Half



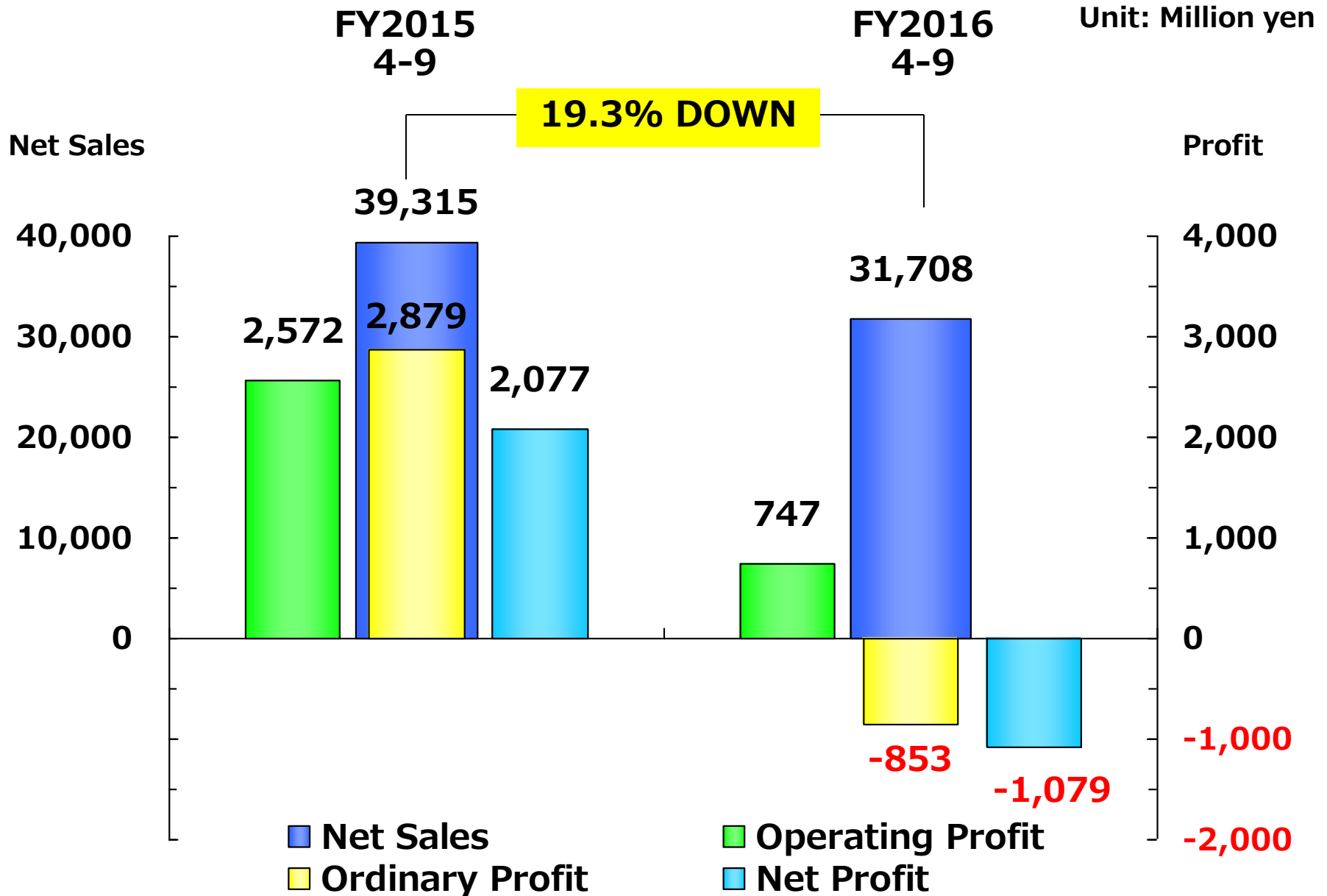
# **FY2016 2Q**

# **Outline of Financial Statement**

**Executive Vice President and CFO**

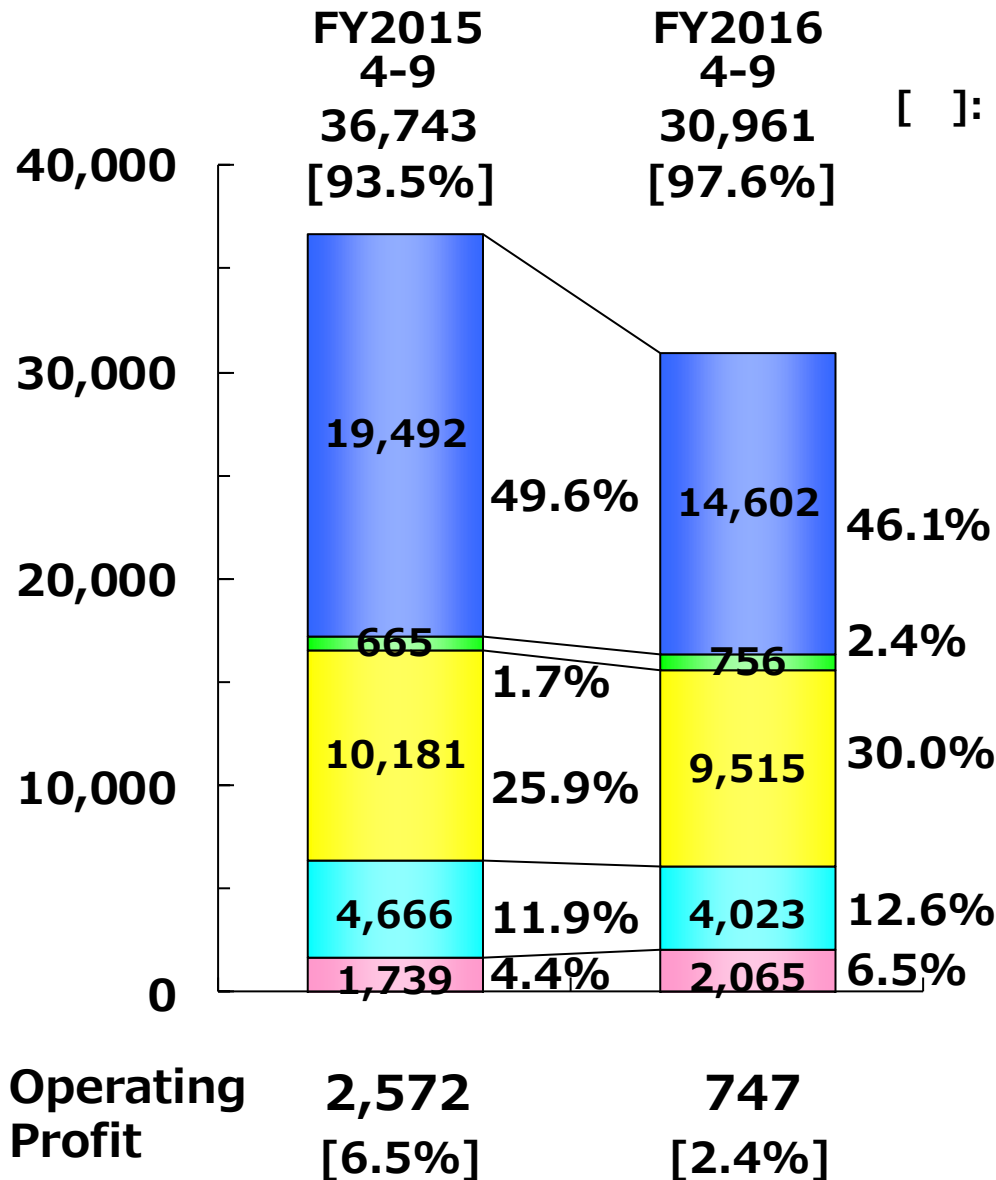
**KOHEI OHGAKI**

# <Consolidated> 2Q Financial Result



# <Consolidated> Operating Expenses

Unit: Million yen



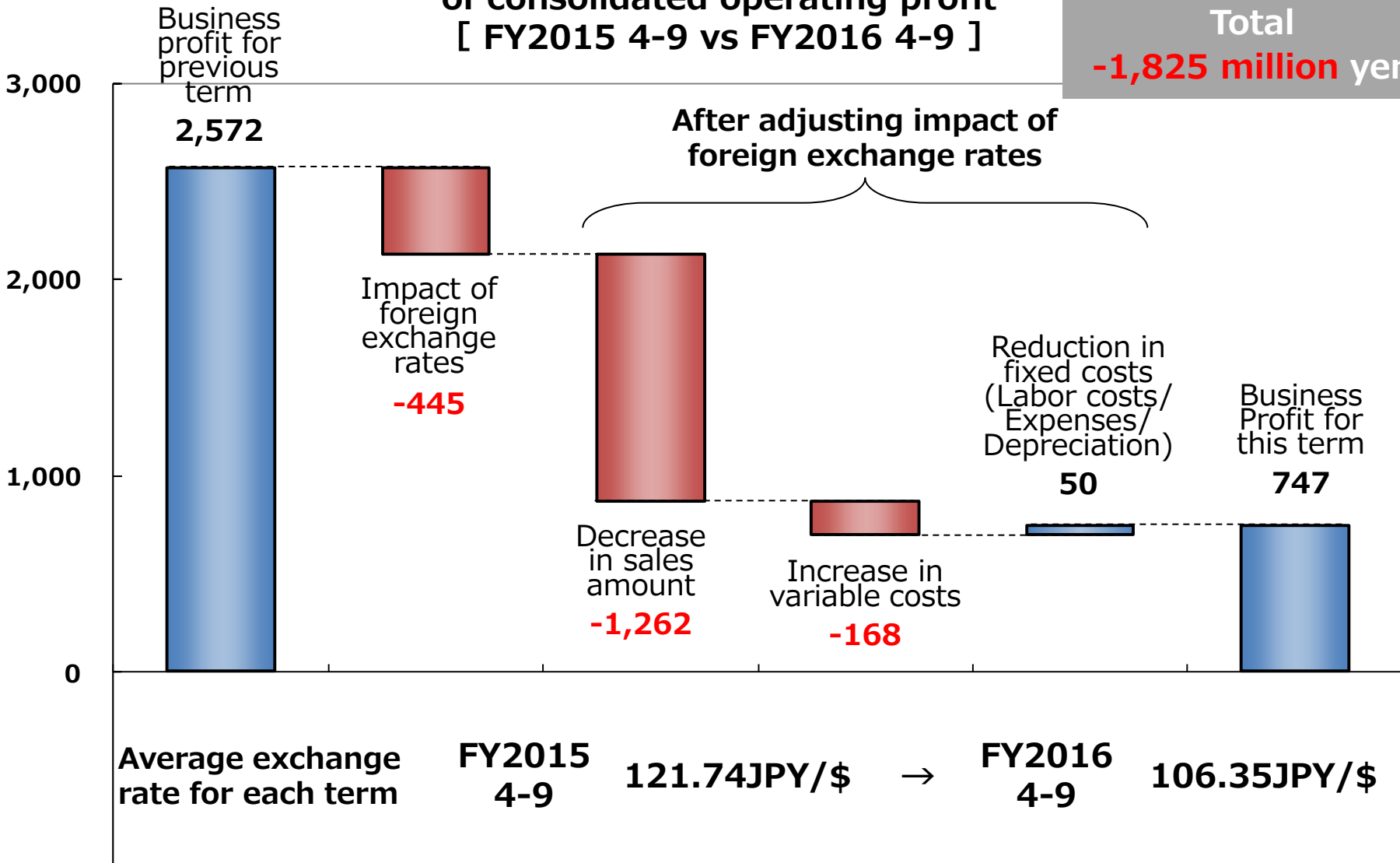
- Improvement by 2.8% in ratio of Material costs & Amount paid to subcontractors  
51.3% → 48.5%  
(The ratio of Material costs decreased due to the model mix)
- Raise by 4.8% in ratio of Labor costs & Expenses  
37.8% → 42.6%  
(Due to the reduction in sales)

# <Consolidated> Analysis of Sales Expenses

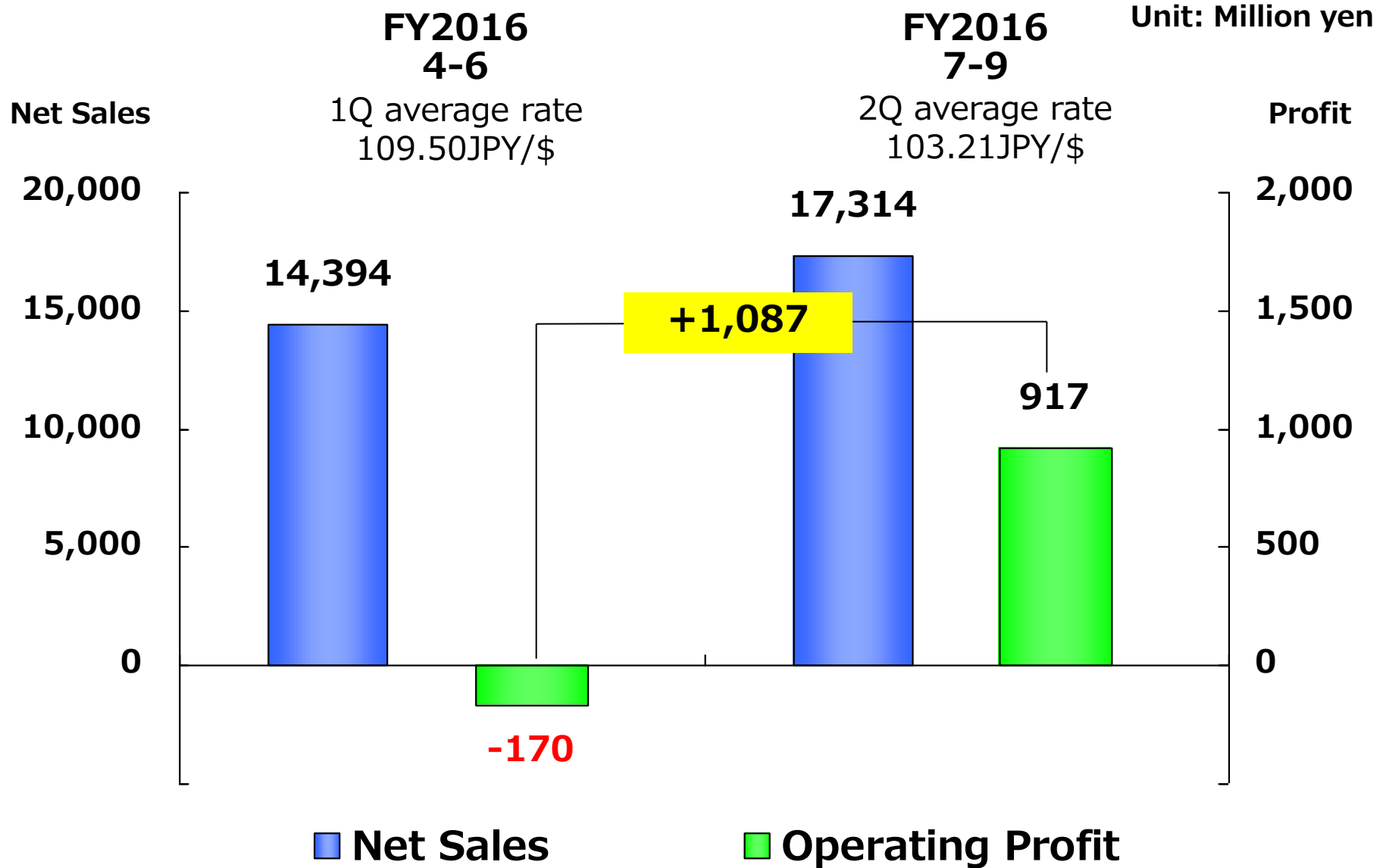
Analysis of factors for increase/ decrease  
of consolidated operating profit  
[ FY2015 4-9 vs FY2016 4-9 ]

Unit: Million yen

**Total**  
**-1,825 million yen**



# <Consolidated> Progress in Sales & Profit (1Q, 2Q)



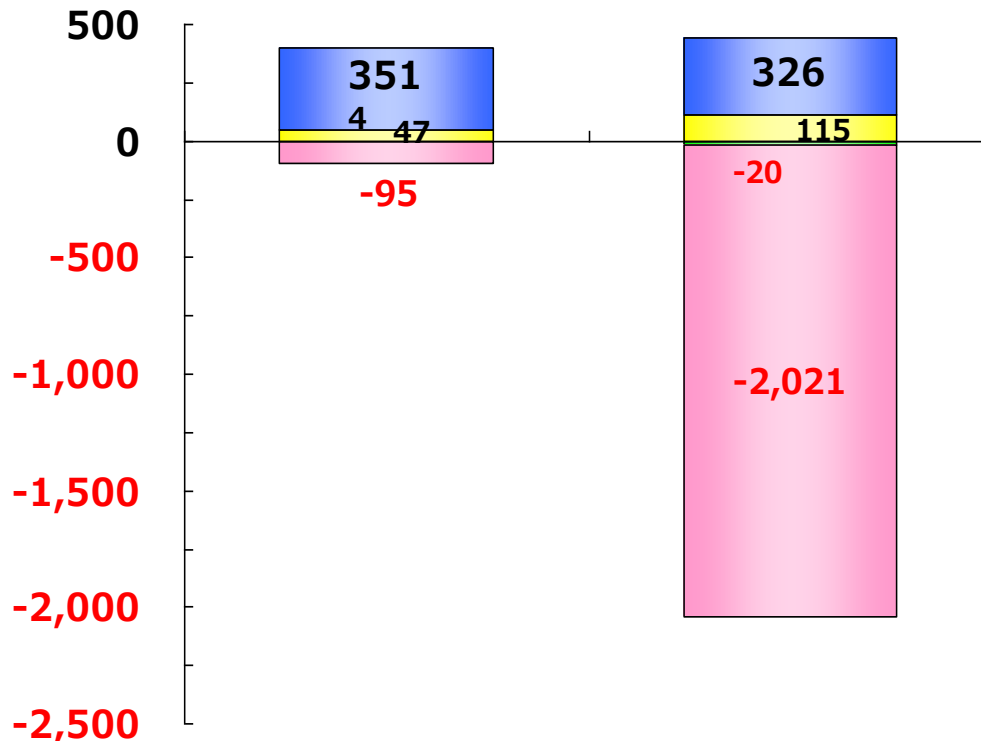
# <Consolidated> Non-operating Profit and Loss

Unit: Million yen

FY2015  
4-9  
307  
[0.8%]

FY2016  
4-9  
**-1,600**  
**[-5.0%]**

[ ]: Percentage to sales amount



■ Currency exchange profit/ loss

■ Revenues from and expenditure to fixed assets

■ Financial account balance

■ Others

**[Exchange gain → Exchange loss]**  
**-1,926 million yen**

1. FY2015 4-9

Mar. 2015 120.17JPY/\$

Sep. 2015 119.96JPY/\$

Yen strengthened by 0.21 yen

2. FY2016 4-9

Mar. 2016 112.68JPY/\$

Sep. 2016 101.12JPY/\$

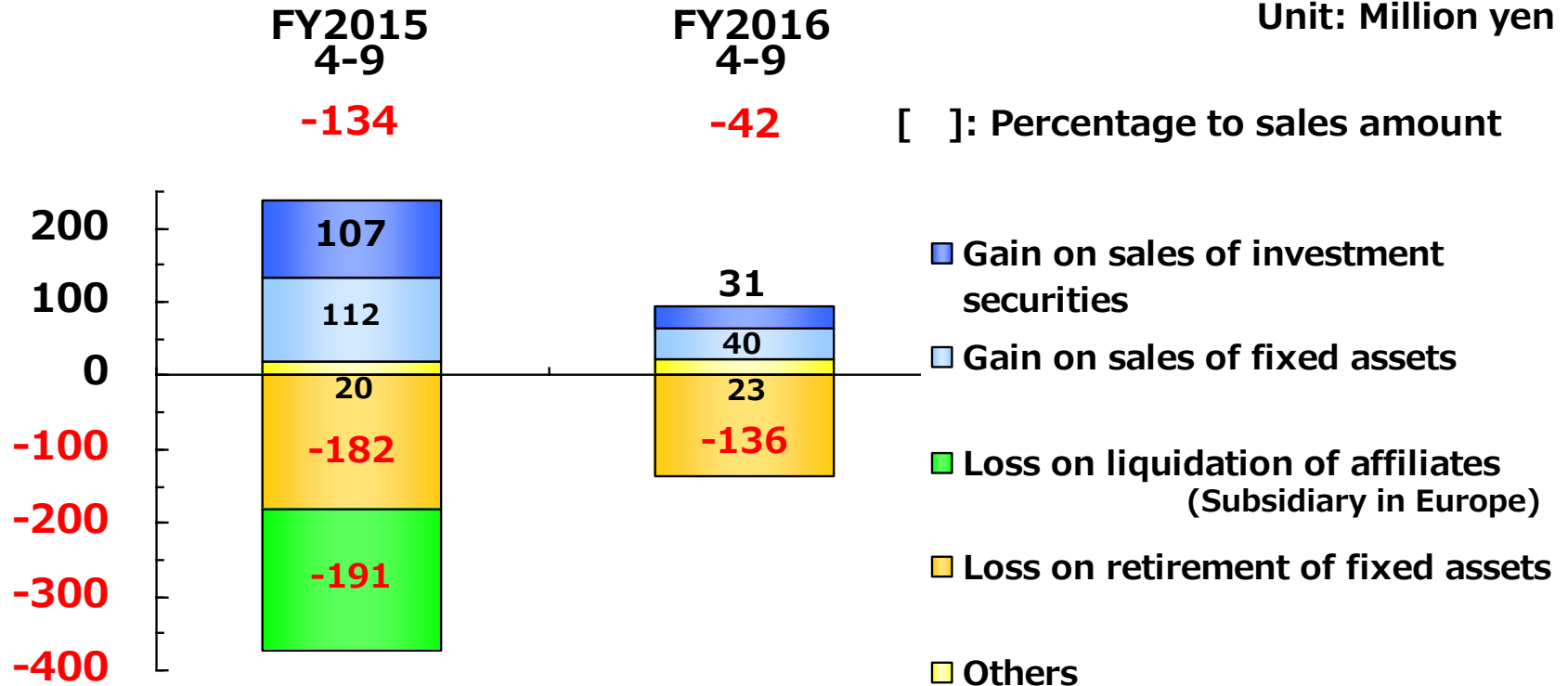
Yen strengthened by 11.56 yen

**Ordinary Profit** 2,879  
[7.3%]

**-853**  
**[-2.6%]**

# <Consolidated> Extraordinary Profit or Loss

Unit: Million yen



Profit (loss) before taxes	<b>2,745</b>	<b>-895</b>
Profit taxes (Current and deferred)	<b>-691</b>	<b>-206</b>
Profit attributable to non-controlling interests	<b>23</b>	<b>22</b>
<b>Net profit</b>	<b>2,077</b>	<b>-1,079</b>
	<b>[5.3%]</b>	<b>[-3.4%]</b>



# <Consolidated> Segment Information

**FY2016 4-9**

Unit: Million yen

	Reporting Segment				Others*	TOTAL
	CS Div.	FC Div.	TP Div.	Total		
<b>Net Sales</b>	<b>11,461</b>	<b>14,326</b>	<b>5,834</b>	<b>31,621</b>	<b>87</b>	<b>31,708</b>
<b>Operating Profit (Loss)</b>	<b>762</b>	<b>(59)</b>	<b>249</b>	<b>952</b>	<b>(205)</b>	<b>747</b>

**FY2015 4-9**

	Reporting Segment				Others*	TOTAL
	CS Div.	FC Div.	TP Div.	Total		
<b>Net Sales</b>	<b>14,118</b>	<b>17,787</b>	<b>7,356</b>	<b>39,261</b>	<b>54</b>	<b>39,315</b>
<b>Operating Profit (Loss)</b>	<b>1,292</b>	<b>267</b>	<b>1,045</b>	<b>2,604</b>	<b>(32)</b>	<b>2,572</b>

\*Others: research and development, lease, real-estate rental, factoring

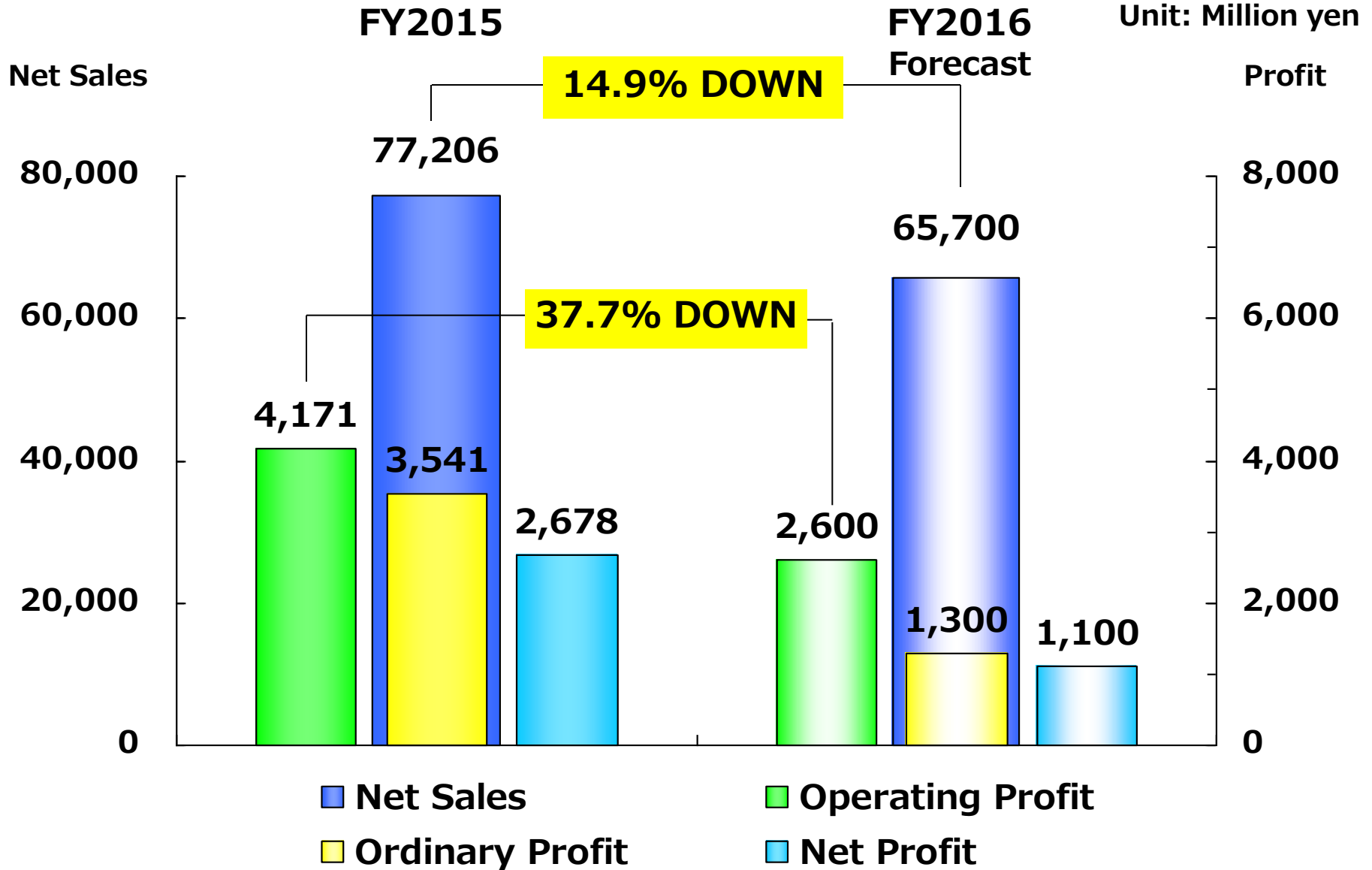
# <Consolidated> Revised Financial result forecast

Upper row: Sales Ratio  
Lower row: Increase (decrease) ratio to FY2015

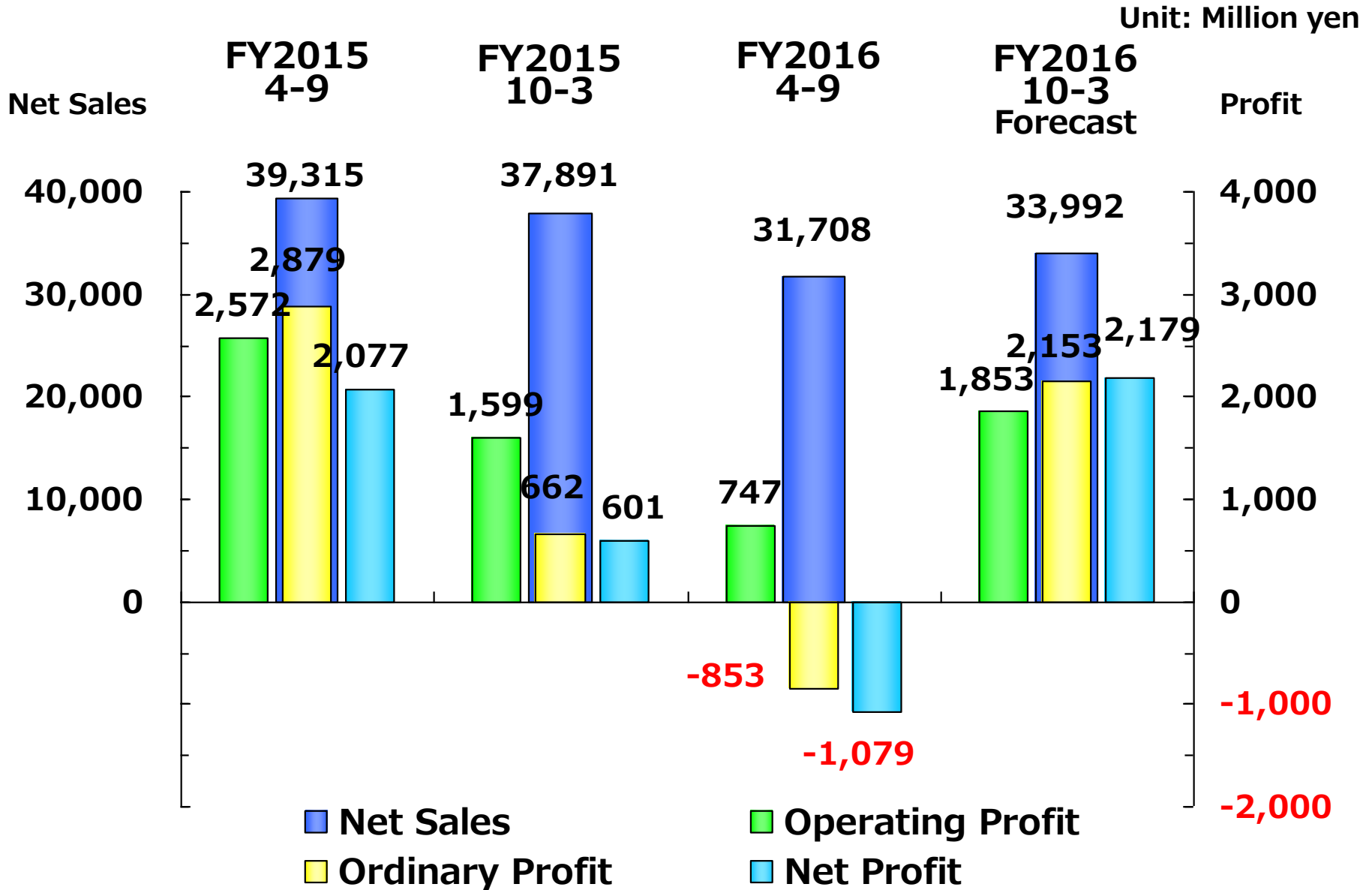
## Forecast of consolidated operating results for FY2016 (Full-year)

Announced on	Net Sales		Operating Profit		Ordinary Profit		Net Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Apr. 26, 2016	76,000	100.0 (1.6)	3,100	4.1 (25.7)	3,300	4.3 (6.8)	2,300	3.0 (14.1)
Jul. 26, 2016	TBD	–	TBD	–	TBD	–	TBD	–
Oct. 25, 2016 New	65,700	100.0 (14.9)	2,600	4.0 (37.7)	1,300	2.0 (63.3)	1,100	1.7 (58.9)

# <Consolidated> Changes in Financial Results (Full-year)



# <Consolidated> Changes in Financial Results (Half term)



# <Consolidated> Cash Position

Unit: Million yen

	Mar. 2016 (A)	Sep. 2016 (B)	Differential (B – A)
<b>Assets</b>	<b>67,606</b>	<b>65,255</b>	<b>(2,350)</b>
Cash and cash equivalents	10,778	11,104	325
Accounts receivable	16,509	16,546	36
Inventories	7,187	6,871	(316)
Fixed assets	29,237	28,306	(930)
<b>Liabilities</b>	<b>34,318</b>	<b>36,579</b>	<b>2,261</b>
Accounts payable and accrued expenses	11,053	9,322	(1,730)
Interest-bearing debt	17,546	22,347	4,800
<b>Net assets</b>	<b>33,287</b>	<b>28,676</b>	<b>(4,611)</b>
Common stock	7,996	7,996	–
<b>Capital adequacy ratio</b>	<b>48.8%</b>	<b>43.6%</b>	<b>(5.2)%</b>

# <Consolidated> Cash Flow Position

Unit: Million yen

	FY2015 4-9	FY2016 4-9
<b>Cash flow from operating activities</b>	<b>2,451</b>	<b>243</b>
Working capital	<b>(1,654)</b>	<b>(619)</b>
Profit before taxes	<b>2,745</b>	<b>(895)</b>
Depreciation	<b>1,847</b>	<b>2,136</b>
Others	<b>(487)</b>	<b>(379)</b>
<b>Cash flow from investing activities</b>	<b>(2,908)</b>	<b>(2,434)</b>
<b>Free cash flow</b>	<b>(457)</b>	<b>(2,191)</b>
<b>Cash flow from financing activities</b>	<b>3,041</b>	<b>2,690</b>
Increase in interest-bearing debt	<b>4,307</b>	<b>4,800</b>
Increase (decrease) in treasury stock	<b>(972)</b>	<b>(1,551)</b>
Proceeds from non-controlling interests	<b>352</b>	<b>—</b>
Dividends paid	<b>(645)</b>	<b>(559)</b>
<b>Initial balance</b>	<b>9,999</b>	<b>10,668</b>
<b>Final balance</b>	<b>12,505</b>	<b>11,003</b>

# Annual Dividend

	At second quarter end	At fiscal year end	Annual
<b>FY2015 Result</b>	<b>6.00 yen</b>	<b>8.00 yen</b> (Commemorative dividend 4.00 yen)	<b>14.00 yen</b>
<b>FY2016 Result</b>	<u><b>5.00 yen</b></u>	—	—
<b>FY2016 Forecast</b>	—	<u><b>5.00 yen</b></u>	<u><b>10.00 yen</b></u>

# FY2016 Prospect

**President, CEO and COO**

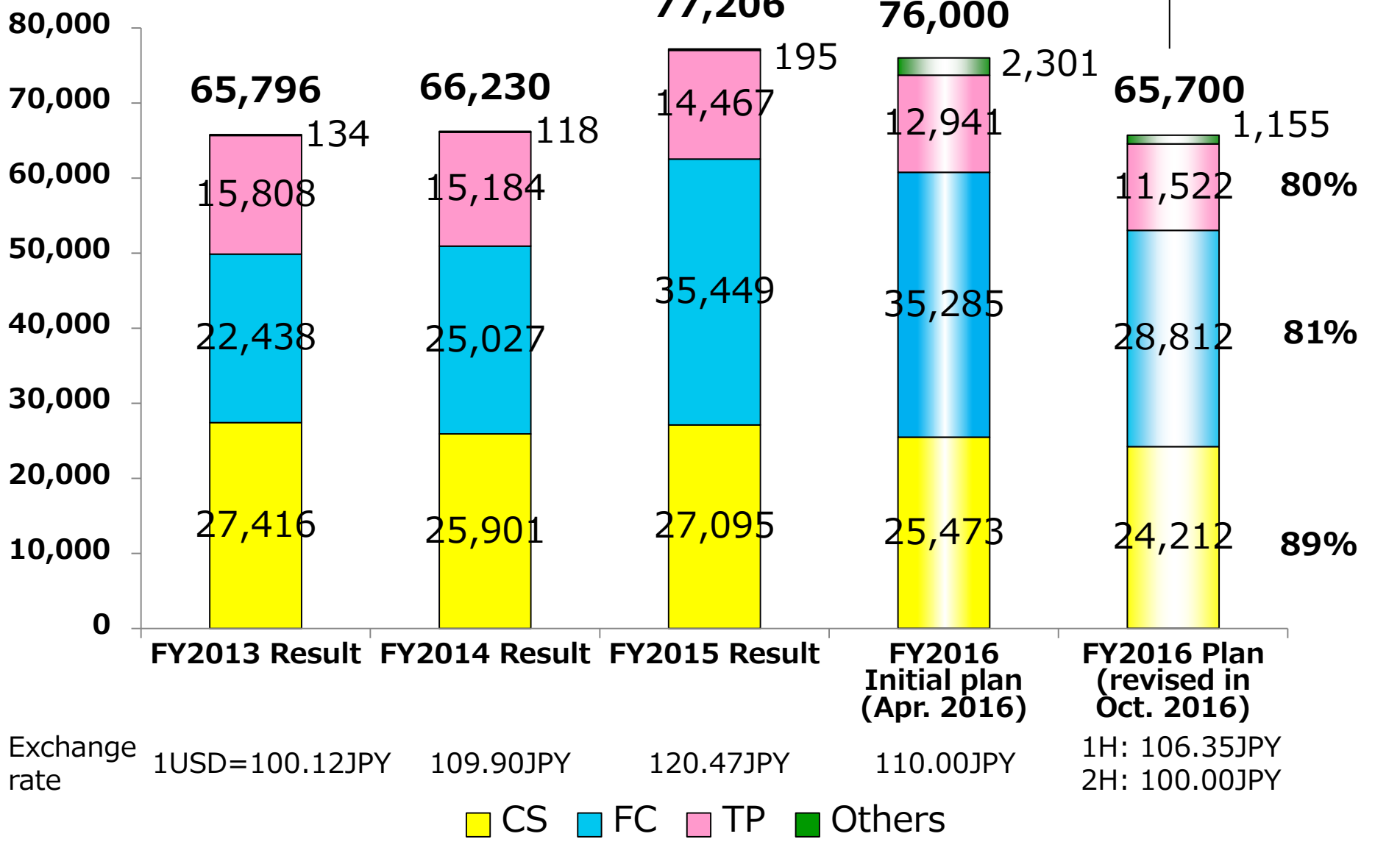
**YASUMITSU IKEDA**



# Net Sales by Product Div. (FY2013-FY2016)

Unit: Million yen

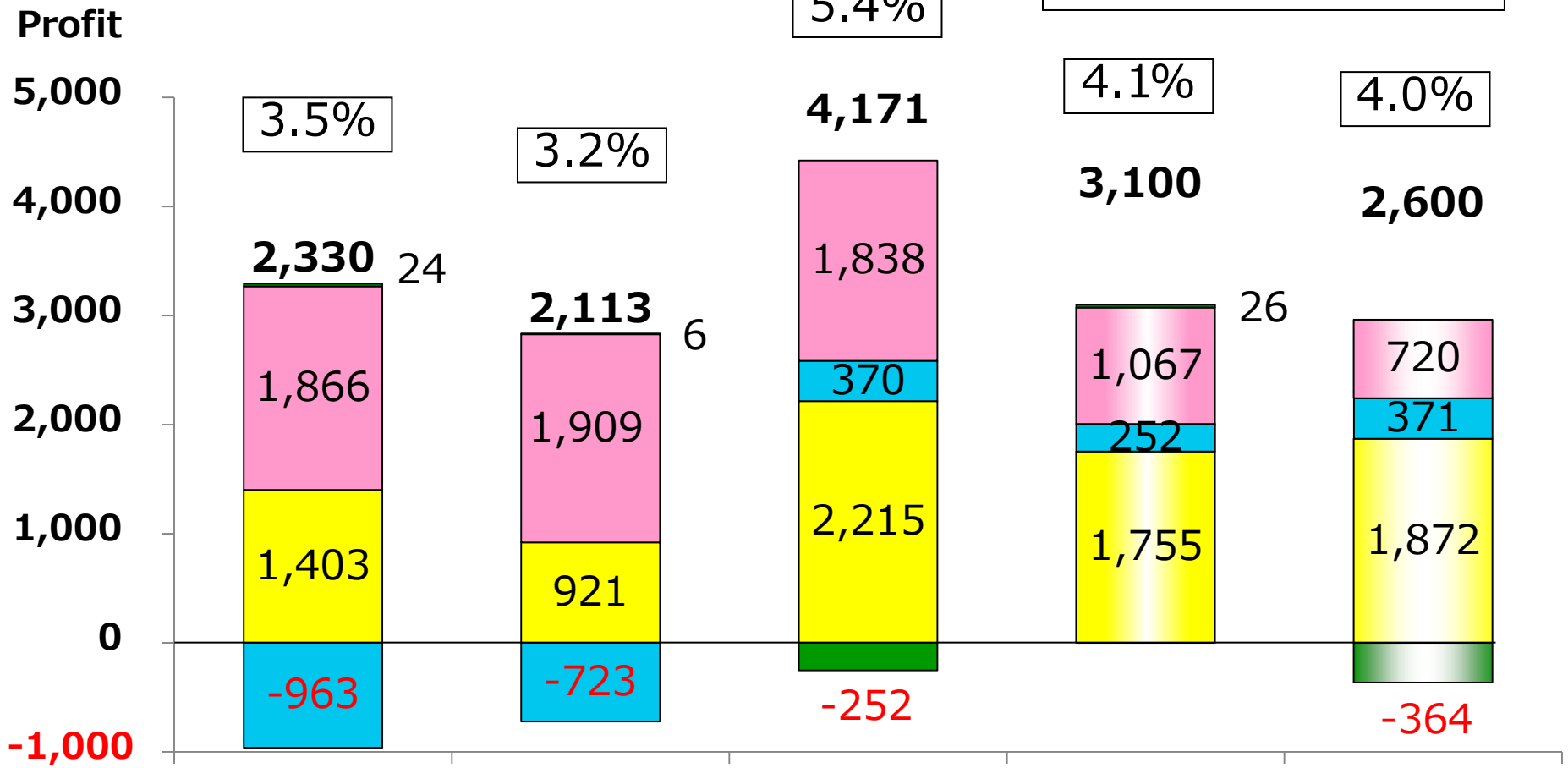
Net Sales



# Operating Profit by Product Div. (FY2013-FY2016)

Unit: Million yen

Profitability = Profit / Sales



Exchange rate: 1USD=100.12JPY, 109.90JPY, 120.47JPY, 110.00JPY, 1H: 106.35JPY, 2H: 100.00JPY

CS FC TP Others

# Reference: Net Sales by Market (FY2013 - FY2016)

Unit: Million yen

Net Sales

80,000

70,000

60,000

50,000

40,000

30,000

20,000

10,000

0

FY2013 Result

FY2014 Result

FY2015 Result

FY2016 Plan  
(revised in Oct. 2016)

65,796

66,230

77,206

65,700

1,285

1,634

2,100

3,420

14,046

15,765

18,446

14,110

18,252

19,341

21,178

18,190

8,825

9,131

16,034

12,490

6,453

5,400

4,783

4,070

16,933

14,957

14,662

13,420

163%

76%

86%

78%

85%

92%

85%

%: Compared to the previous term

Exchange rate

1USD=100.12JPY

109.90JPY

120.47JPY

1H: 106.35JPY  
2H: 100.00JPY

Telecom

Business Equipment

Home Appliance

Car Electronics

Audio & Visual

Others



CREATIVE CONNECTIVITY

# Notice

All information in this material concerning the forecast of business achievements, projections of general business conditions and our business strategies is dependent on our conclusion made to a normally foreseeable extent applying information reasonably accessible to us at the time of preparation of this material.

However, the reality is that it contains risks and uncertainties which may cause result to materially differ from business projections, stated or implied, due to situations which are unforeseeable under normal conditions, or of results which are beyond a reasonably foreseeable outcome at that time.

Despite our active efforts to disclose information which is considered to be important to investors of our company, total dependence on the business projections in this material, stated or implied, must be refrained from when decisions of any kind are made regarding our company.