

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2016 (Based on Japanese GAAP)

November 1, 2016

Company name: IRISO ELECTRONICS CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6908 URL <http://www.iriso.co.jp>
 Representative: President & CEO Ikuro Yuki
 Inquiries: Director & Executive Officer / General Manager of Administration Division Kenichi Ooe TEL 045-478-3111
 Scheduled date to file Quarterly Securities Report: November 1, 2016
 Scheduled date to commence dividend payments: December 19, 2016
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2016	18,159	(6.8)	2,845	(9.9)	2,638	(20.5)	1,913	(18.3)
Six months ended September 30, 2015	19,478	7.4	3,156	(7.6)	3,319	(3.3)	2,343	(9.4)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2016	163.63	-
Six months ended September 30, 2015	204.76	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2016	46,707	39,836	84.9	3,349.51
As of March 31, 2016	47,556	39,296	82.3	3,418.96

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended March 31, 2016	Yen -	Yen 0.00	Yen -	Yen 60.00	Yen 60.00
Year ending March 31, 2017	-	20.00			
Year ending March 31, 2017 (Forecast)			-	60.00	80.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	36,400	(4.7)	6,550	(0.3)	6,100	(7.6)	4,400	8.8	376.17

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

- (1) Changes in significant subsidiaries during the six months ended September 30, 2016
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

- (4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares):

As of September 30, 2016	12,291,849 shares	As of March 31, 2016	12,291,849 shares
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Number of treasury shares at the end of the period:

As of September 30, 2016	454,856 shares	As of March 31, 2016	846,215 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year):

Six months ended September 30, 2016	11,696,767 shares	Six months ended September 30, 2015	11,445,698 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	13,051	14,024
Notes and accounts receivable - trade	9,092	8,961
Merchandise and finished goods	3,882	3,166
Work in process	44	47
Raw materials and supplies	1,349	1,434
Deferred tax assets	363	378
Other	688	691
Allowance for doubtful accounts	(32)	(14)
Total current assets	28,439	28,688
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,066	4,786
Accumulated depreciation	(2,221)	(2,181)
Buildings and structures, net	2,845	2,604
Machinery, equipment and vehicles	18,143	17,109
Accumulated depreciation	(9,200)	(8,999)
Machinery, equipment and vehicles, net	8,943	8,110
Tools, furniture and fixtures	12,168	11,827
Accumulated depreciation	(9,206)	(9,006)
Tools, furniture and fixtures, net	2,962	2,820
Land	1,027	1,027
Construction in progress	2,574	2,770
Total property, plant and equipment	18,353	17,332
Intangible assets		
Software	146	118
Other	86	76
Total intangible assets	232	194
Investments and other assets		
Investment securities	159	127
Other	427	419
Allowance for doubtful accounts	(55)	(55)
Total investments and other assets	531	491
Total non-current assets	19,116	18,018
Total assets	47,556	46,707

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,481	2,777
Short-term loans payable	383	340
Current portion of long-term loans payable	56	56
Income taxes payable	1,693	570
Provision for bonuses	378	420
Other	2,477	1,994
Total current liabilities	7,471	6,159
Non-current liabilities		
Long-term loans payable	236	208
Provision for directors' retirement benefits	147	153
Net defined benefit liability	394	340
Other	9	8
Total non-current liabilities	788	710
Total liabilities	8,259	6,870
Net assets		
Shareholders' equity		
Capital stock	5,640	5,640
Capital surplus	6,781	8,744
Retained earnings	24,726	25,934
Treasury shares	(603)	(324)
Total shareholders' equity	36,544	39,994
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28	21
Foreign currency translation adjustment	2,464	(461)
Remeasurements of defined benefit plans	94	93
Total accumulated other comprehensive income	2,587	(346)
Non-controlling interests	164	188
Total net assets	39,296	39,836
Total liabilities and net assets	47,556	46,707

Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	19,478	18,159
Cost of sales	12,757	11,827
Gross profit	6,720	6,331
Selling, general and administrative expenses	3,563	3,486
Operating income	3,156	2,845
Non-operating income		
Interest income	9	15
Dividend income	2	2
Foreign exchange gains	144	-
Reversal of allowance for doubtful accounts	0	13
Other	29	12
Total non-operating income	186	43
Non-operating expenses		
Interest expenses	3	2
Foreign exchange losses	-	233
Other	19	14
Total non-operating expenses	23	250
Ordinary income	3,319	2,638
Extraordinary income		
Subsidy income	2	-
Total extraordinary income	2	-
Extraordinary losses		
Loss on retirement of non-current assets	31	6
Other	-	0
Total extraordinary losses	31	6
Profit before income taxes	3,290	2,631
Income taxes - current	862	685
Income taxes - deferred	60	(7)
Total income taxes	923	678
Profit	2,366	1,953
Profit attributable to non-controlling interests	23	39
Profit attributable to owners of parent	2,343	1,913

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	2,366	1,953
Other comprehensive income		
Valuation difference on available-for-sale securities	(10)	(7)
Foreign currency translation adjustment	(300)	(2,942)
Remeasurements of defined benefit plans, net of tax	7	(0)
Total other comprehensive income	(303)	(2,950)
Comprehensive income	2,063	(996)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,054	(1,020)
Comprehensive income attributable to non-controlling interests	9	23

Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	3,290	2,631
Depreciation	1,544	1,529
Increase (decrease) in allowance for doubtful accounts	(8)	(15)
Increase (decrease) in provision for bonuses	92	58
Increase (decrease) in provision for directors' retirement benefits	(31)	5
Increase (decrease) in net defined benefit liability	(29)	(46)
Interest and dividend income	(11)	(17)
Interest expenses	3	2
Foreign exchange losses (gains)	24	35
Loss on retirement of non-current assets	31	6
Decrease (increase) in notes and accounts receivable - trade	85	(1,151)
Decrease (increase) in inventories	(76)	92
Increase (decrease) in notes and accounts payable - trade	(151)	1,189
Other, net	89	195
Subtotal	4,851	4,517
Interest and dividend income received	11	17
Interest expenses paid	(3)	(2)
Income taxes paid	(322)	(1,765)
Net cash provided by (used in) operating activities	4,537	2,766
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,719)	(2,477)
Purchase of intangible assets	(0)	(1)
Other, net	(16)	18
Net cash provided by (used in) investing activities	(2,736)	(2,460)
Cash flows from financing activities		
Repayments of long-term loans payable	(28)	(28)
Proceeds from disposal of treasury shares	-	2,241
Purchase of treasury shares	-	(0)
Cash dividends paid	(686)	(686)
Repayments of lease obligations	(0)	(0)
Net cash provided by (used in) financing activities	(715)	1,525
Effect of exchange rate change on cash and cash equivalents	(284)	(858)
Net increase (decrease) in cash and cash equivalents	800	973
Cash and cash equivalents at beginning of period	11,089	13,051
Cash and cash equivalents at end of period	11,890	14,024