

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2017 (Based on Japanese GAAP)

May 9, 2017

Company name: IRISO ELECTRONICS CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6908 URL <http://www.iriso.co.jp>
 Representative: President & CEO Ikuo Yuki
 Inquiries: Director & Executive Officer / General Manager of Administration Division Kenichi Ooe TEL 045-478-3111
 Scheduled date of ordinary general meeting of shareholders: June 27, 2017
 Scheduled date to file Securities Report: June 27, 2017
 Scheduled date to commence dividend payments: June 28, 2017
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated financial results

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	%
Year ended March 31, 2017	37,547	(1.7)	6,661	1.4	6,750	2.3	4,875	20.5
Year ended March 31, 2016	38,209	2.7	6,568	(4.4)	6,602	(4.4)	4,045	(20.2)

(Note) Comprehensive income: Fiscal year ended March 31, 2017: ¥4,077 million [105.3%]

Fiscal year ended March 31, 2016: ¥1,986 million [(76.6)%]

	Earnings per share	Diluted earnings per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	414.32	-	11.7	13.5	17.7
Year ended March 31, 2016	353.46	-	10.5	14.2	17.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	52,363	44,692	84.9	3,755.44
As of March 31, 2016	47,556	39,296	82.3	3,418.96

(Reference) Equity: As of March 31, 2017: ¥44,452 million

As of March 31, 2016: ¥39,132 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2017	6,604	(5,406)	1,260	15,242
Year ended March 31, 2016	8,598	(5,370)	(744)	13,051

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	-	0.00	-	60.00	60.00	686	17.0	1.8
Year ended March 31, 2017	-	20.00	-	60.00	80.00	946	19.3	2.2
Year ending March 31, 2018 (Forecast)	-	0.00	-	90.00	90.00		20.5	

(Note) Details of the dividends for the second quarter ended March 31, 2017: Commemorative dividend 20.00 yen
(Dividend commemorating the change of market and the 50th founding anniversary)

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

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
First half	19,400	6.8	3,200	12.5	3,200	21.3	2,200	14.9	185.86
Full year	40,000	6.5	7,200	8.1	7,200	6.7	5,200	6.7	439.30

* Notes:

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: Two (Company name: Iriso Electronics Mexico, S.A. de C.V. and NANTONG IRISO ELECTRONICS CO., LTD.)

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2017	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 March 31, 2017	454,888 shares	As of March 31, 2016	846,215 shares
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Average number of shares during the period:

Year ended March 31, 2017	11,766,682 shares	Year ended March 31, 2016	11,445,682 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	13,051	15,242
Notes and accounts receivable - trade	9,092	9,620
Merchandise and finished goods	3,882	4,103
Work in process	44	48
Raw materials and supplies	1,349	1,634
Deferred tax assets	363	420
Other	688	774
Allowance for doubtful accounts	(32)	(15)
Total current assets	28,439	31,828
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,066	5,044
Accumulated depreciation	(2,221)	(2,342)
Buildings and structures, net	2,845	2,701
Machinery, equipment and vehicles	18,143	20,359
Accumulated depreciation	(9,200)	(10,424)
Machinery, equipment and vehicles, net	8,943	9,934
Tools, furniture and fixtures	12,168	12,975
Accumulated depreciation	(9,206)	(10,004)
Tools, furniture and fixtures, net	2,962	2,970
Land	1,027	1,274
Construction in progress	2,574	2,701
Total property, plant and equipment	18,353	19,583
Intangible assets		
Software	146	104
Other	86	327
Total intangible assets	232	432
Investments and other assets		
Investment securities	159	169
Other	427	404
Allowance for doubtful accounts	(55)	(55)
Total investments and other assets	531	517
Total non-current assets	19,116	20,534
Total assets	47,556	52,363

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,481	2,953
Short-term loans payable	383	359
Current portion of long-term loans payable	56	56
Income taxes payable	1,693	1,070
Provision for bonuses	378	370
Other	2,477	2,190
Total current liabilities	7,471	7,000
Non-current liabilities		
Long-term loans payable	236	179
Provision for directors' retirement benefits	147	159
Net defined benefit liability	394	314
Other	9	16
Total non-current liabilities	788	669
Total liabilities	8,259	7,670
Net assets		
Shareholders' equity		
Capital stock	5,640	5,640
Capital surplus	6,781	8,744
Retained earnings	24,726	28,677
Treasury shares	(603)	(324)
Total shareholders' equity	36,544	42,737
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28	49
Foreign currency translation adjustment	2,464	1,558
Remeasurements of defined benefit plans	94	107
Total accumulated other comprehensive income	2,587	1,715
Non-controlling interests	164	239
Total net assets	39,296	44,692
Total liabilities and net assets	47,556	52,363

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	For the fiscal year ended March 31, 2016	For the fiscal year ended March 31, 2017
Net sales	38,209	37,547
Cost of sales	24,642	23,758
Gross profit	13,566	13,788
Selling, general and administrative expenses	6,997	7,127
Operating income	6,568	6,661
Non-operating income		
Interest income	24	28
Dividend income	4	4
Foreign exchange gains	-	86
Gain on sales of scraps	23	1
Other	22	31
Total non-operating income	75	152
Non-operating expenses		
Interest expenses	9	5
Foreign exchange losses	9	-
Business commencement expenses	-	35
Other	23	22
Total non-operating expenses	41	63
Ordinary income	6,602	6,750
Extraordinary income		
Land subsidy	9	-
Subsidy income	3	-
Total extraordinary income	13	-
Extraordinary losses		
Loss on retirement of non-current assets	74	45
Total extraordinary losses	74	45
Profit before income taxes	6,541	6,705
Income taxes - current	1,671	1,807
Income taxes for prior periods	714	-
Income taxes - deferred	36	(44)
Total income taxes	2,422	1,762
Profit	4,118	4,942
Profit attributable to non-controlling interests	73	67
Profit attributable to owners of parent	4,045	4,875

Consolidated statements of comprehensive income

(Millions of yen)

	For the fiscal year ended March 31, 2016	For the fiscal year ended March 31, 2017
Profit	4,118	4,942
Other comprehensive income		
Valuation difference on available-for-sale securities	(23)	21
Foreign currency translation adjustment	(2,114)	(898)
Remeasurements of defined benefit plans, net of tax	5	12
Total other comprehensive income	(2,132)	(864)
Comprehensive income	1,986	4,077
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,933	4,003
Comprehensive income attributable to non-controlling interests	52	74

Consolidated statement of changes in net assets
Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,640	6,781	21,367	(602)	33,186
Changes of items during period					
Dividends of surplus			(686)		(686)
Profit attributable to owners of parent			4,045		4,045
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	3,358	(0)	3,358
Balance at end of current period	5,640	6,781	24,726	(603)	36,544

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	52	4,558	88	4,699	111	37,997
Changes of items during period						
Dividends of surplus						(686)
Profit attributable to owners of parent						4,045
Purchase of treasury shares						(0)
Disposal of treasury shares						-
Net changes of items other than shareholders' equity	(23)	(2,094)	5	(2,112)	52	(2,059)
Total changes of items during period	(23)	(2,094)	5	(2,112)	52	1,298
Balance at end of current period	28	2,464	94	2,587	164	39,296

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,640	6,781	24,726	(603)	36,544
Changes of items during period					
Dividends of surplus			(923)		(923)
Profit attributable to owners of parent			4,875		4,875
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		1,962		279	2,241
Net changes of items other than shareholders' equity					
Total changes of items during period	-	1,962	3,951	278	6,192
Balance at end of current period	5,640	8,744	28,677	(324)	42,737

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	28	2,464	94	2,587	164	39,296
Changes of items during period						
Dividends of surplus						(923)
Profit attributable to owners of parent						4,875
Purchase of treasury shares						(0)
Disposal of treasury shares						2,241
Net changes of items other than shareholders' equity	21	(905)	12	(871)	74	(797)
Total changes of items during period	21	(905)	12	(871)	74	5,395
Balance at end of current period	49	1,558	107	1,715	239	44,692

Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	6,541	6,705
Depreciation	3,178	3,402
Increase (decrease) in allowance for doubtful accounts	13	(15)
Increase (decrease) in provision for bonuses	(23)	(2)
Increase (decrease) in provision for directors' retirement	(25)	11
Increase (decrease) in net defined benefit liability	(48)	(66)
Interest and dividend income	(29)	(32)
Interest expenses	9	5
Foreign exchange losses (gains)	44	(80)
Loss on retirement of non-current assets	74	45
Loss (gain) on sales of non-current assets	(0)	(0)
Decrease (increase) in notes and accounts receivable - trade	(323)	(924)
Decrease (increase) in inventories	(300)	(658)
Increase (decrease) in notes and accounts payable - trade	173	743
Decrease (increase) in consumption taxes refund receivable	96	(53)
Other, net	43	(93)
Subtotal	9,423	8,987
Interest and dividend income received	29	32
Interest expenses paid	(9)	(5)
Income taxes paid	(871)	(2410)
Other, net	26	-
Net cash provided by (used in) operating activities	8,598	6,604
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,444)	(5,182)
Purchase of intangible assets	(2)	(249)
Purchase of investment securities	(1)	(1)
Proceeds from redemption of investment securities	100	-
Proceeds from sales of investment securities	-	26
Other, net	(22)	(0)
Net cash provided by (used in) investing activities	(5,370)	(5,406)
Cash flows from financing activities		
Repayments of long-term loans payable	(56)	(56)
Purchase of treasury shares	(0)	(0)
Proceeds from disposal of treasury shares	-	2,241
Cash dividends paid	(686)	(922)
Repayments of lease obligations	(0)	(0)
Net cash provided by (used in) financing activities	(744)	1,260
Effect of exchange rate change on cash and cash equivalents	(521)	(266)
Net increase (decrease) in cash and cash equivalents	1,961	2,191
Cash and cash equivalents at beginning of period	11,089	13,051
Cash and cash equivalents at end of period	13,051	15,242