

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2017 (Based on Japanese GAAP)

November 2, 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 to file Quarterly Securities Report: November 2, 2017
 Scheduled date to commence dividend payments: -
 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, 2017 (from April 1, 2017 to September 30, 2017)

(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, 2017	20,687	13.9	3,930	38.1	3,867	46.6	2,862	49.6
Six months ended September 30, 2016	18,159	(6.8)	2,845	(9.9)	2,638	(20.5)	1,913	(18.3)

(Note) Comprehensive income: Six months ended September 30, 2017: ¥3,598 million [-%]
 Six months ended September 30, 2016: ¥(996) million [-%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2017	120.91	-
Six months ended September 30, 2016	81.81	-

(Note) The Company conducted a stock split at a ratio of two for one common share on September 1, 2017. Accordingly, earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(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, 2017	56,602	47,587	83.6	1,998.71
As of March 31, 2017	52,363	44,692	84.9	1,877.72

(Reference) Equity: As of September 30, 2017: ¥47,317 million
 As of March 31, 2017: ¥44,452 million

(Note) The Company conducted a stock split at a ratio of two for one common share on September 1, 2017. Accordingly, net assets per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	-	20.00	-	60.00	80.00
Year ending March 31, 2018	-	0.00			
Year ending March 31, 2018 (Forecast)			-	45.00	45.00

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

(Note) Details of the dividends for the second quarter ended September 30, 2016: Commemorative dividend ¥20.00
(Dividend commemorating the change of market and the 50th founding anniversary)

(Note) The Company conducted a stock split at a ratio of two for one common share on September 1, 2017. Figures for the year ended March 31, 2017 presented above are the actual amounts of the dividends before the said stock split.

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
Full year	41,500	10.5	7,900	18.6	7,800	15.5	5,800	19.0	245.00

(Note) Revision to the financial results forecast announced most recently: No

(Note) The Company conducted a stock split at a ratio of two for one common share on September 1, 2017. Accordingly, earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

* Notes:

- Changes in significant subsidiaries during the six months ended September 30, 2017
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes
- 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
- Number of issued shares (common shares)

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

As of September 30, 2017	24,583,698 shares	As of March 31, 2017	24,583,698 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period:

As of September 30, 2017	909,862 shares	As of March 31, 2017	909,776 shares
--------------------------	----------------	----------------------	----------------

Average number of shares during the period:

Six months ended September 30, 2017	23,673,889 shares	Six months ended September 30, 2016	23,393,534 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

(Note) The Company conducted a stock split at a ratio of two for one common share on September 1, 2017. Accordingly, the number of issued shares (common shares) is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	15,242	15,825
Notes and accounts receivable - trade	9,620	10,710
Merchandise and finished goods	4,103	4,169
Work in process	48	50
Raw materials and supplies	1,634	1,909
Deferred tax assets	420	557
Other	774	1,006
Allowance for doubtful accounts	(15)	(19)
Total current assets	31,828	34,209
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,044	5,107
Accumulated depreciation	(2,342)	(2,446)
Buildings and structures, net	2,701	2,660
Machinery, equipment and vehicles	20,359	21,394
Accumulated depreciation	(10,424)	(11,195)
Machinery, equipment and vehicles, net	9,934	10,199
Tools, furniture and fixtures	12,975	13,212
Accumulated depreciation	(10,004)	(10,219)
Tools, furniture and fixtures, net	2,970	2,993
Land	1,274	1,287
Construction in progress	2,701	4,264
Total property, plant and equipment	19,583	21,405
Intangible assets		
Software	104	119
Other	327	334
Total intangible assets	432	453
Investments and other assets		
Investment securities	169	168
Other	404	420
Allowance for doubtful accounts	(55)	(55)
Total investments and other assets	517	533
Total non-current assets	20,534	22,392
Total assets	52,363	56,602

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,953	3,602
Short-term loans payable	359	398
Current portion of long-term loans payable	56	61
Income taxes payable	1,070	1,208
Provision for bonuses	370	567
Other	2,190	2,480
Total current liabilities	7,000	8,319
Non-current liabilities		
Long-term loans payable	179	151
Provision for directors' retirement benefits	159	160
Net defined benefit liability	314	314
Other	16	68
Total non-current liabilities	669	695
Total liabilities	7,670	9,014
Net assets		
Shareholders' equity		
Capital stock	5,640	5,640
Capital surplus	8,744	8,744
Retained earnings	28,677	30,837
Treasury shares	(324)	(324)
Total shareholders' equity	42,737	44,896
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	49	49
Foreign currency translation adjustment	1,558	2,264
Remeasurements of defined benefit plans	107	107
Total accumulated other comprehensive income	1,715	2,420
Non-controlling interests	239	270
Total net assets	44,692	47,587
Total liabilities and net assets	52,363	56,602

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, 2016	Six months ended September 30, 2017
Net sales	18,159	20,687
Cost of sales	11,827	12,784
Gross profit	6,331	7,902
Selling, general and administrative expenses	3,486	3,972
Operating income	2,845	3,930
Non-operating income		
Interest income	15	22
Dividend income	2	1
Foreign exchange gains	-	4
Reversal of allowance for doubtful accounts	13	-
Other	12	8
Total non-operating income	43	37
Non-operating expenses		
Interest expenses	2	7
Foreign exchange losses	233	-
Business commencement expenses	-	78
Other	14	14
Total non-operating expenses	250	100
Ordinary income	2,638	3,867
Extraordinary income		
Gain on sales of non-current assets	-	1
Total extraordinary income	-	1
Extraordinary losses		
Loss on retirement of non-current assets	6	51
Other	0	-
Total extraordinary losses	6	51
Profit before income taxes	2,631	3,817
Income taxes - current	685	1,056
Income taxes - deferred	(7)	(123)
Total income taxes	678	933
Profit	1,953	2,884
Profit attributable to non-controlling interests	39	21
Profit attributable to owners of parent	1,913	2,862

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	1,953	2,884
Other comprehensive income		
Valuation difference on available-for-sale securities	(7)	(0)
Foreign currency translation adjustment	(2,942)	714
Remeasurements of defined benefit plans, net of tax	(0)	0
Total other comprehensive income	(2,950)	714
Comprehensive income	(996)	3,598
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,020)	3,567
Comprehensive income attributable to non-controlling interests	23	31

Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	2,631	3,817
Depreciation	1,529	1,761
Increase (decrease) in allowance for doubtful accounts	(15)	3
Increase (decrease) in provision for bonuses	58	190
Increase (decrease) in provision for directors' retirement benefits	5	0
Increase (decrease) in net defined benefit liability	(46)	(1)
Interest and dividend income	(17)	(24)
Interest expenses	2	7
Foreign exchange losses (gains)	35	27
Loss on retirement of non-current assets	6	51
Decrease (increase) in notes and accounts receivable - trade	(1,151)	(723)
Decrease (increase) in inventories	92	(114)
Increase (decrease) in notes and accounts payable - trade	1,189	307
Other, net	195	45
Subtotal	4,517	5,348
Interest and dividend income received	17	24
Interest expenses paid	(2)	(7)
Income taxes paid	(1,765)	(929)
Net cash provided by (used in) operating activities	2,766	4,436
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,477)	(3,198)
Purchase of intangible assets	(1)	(50)
Other, net	18	(26)
Net cash provided by (used in) investing activities	(2,460)	(3,275)
Cash flows from financing activities		
Repayments of long-term loans payable	(28)	(23)
Proceeds from disposal of treasury shares	2,241	-
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(686)	(709)
Repayments of lease obligations	(0)	(9)
Net cash provided by (used in) financing activities	1,525	(743)
Effect of exchange rate change on cash and cash equivalents	(858)	164
Net increase (decrease) in cash and cash equivalents	973	582
Cash and cash equivalents at beginning of period	13,051	15,242
Cash and cash equivalents at end of period	14,024	15,825