

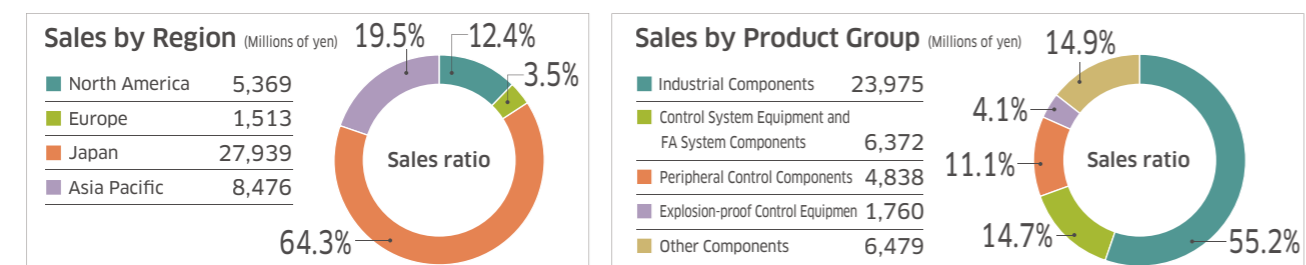
Financial Report

Financial Highlights

Profit and Loss Status (Years ended March 31)	Millions of yen			Thousands of U.S. dollars ^(Note 5)
	2017	2016	2015	2017
Net sales	¥43,426	¥43,468	¥42,173	\$387,042
Gross profit	18,027	18,017	17,117	160,669
Selling, general and administrative expenses	14,479	14,841	14,207	129,050
Operating income	3,547	3,176	2,910	31,618
Ordinary income	3,357	3,182	3,160	29,928
Net income attributable to owners of parent	2,440	1,708	2,096	21,754
Cash Flow Status (Years ended March 31)				
Net cash provided by (used in) operating activities	2,644	5,690	1,925	23,572
Net cash provided by (used in) investing activities	(21,190)	(18)	(1,169)	(188,864)
Free cash flow ^(Note 2)	(18,545)	5,671	756	(165,292)
Net cash provided by (used in) financing activities	19,929	(2,611)	(891)	177,626
Depreciation and amortization	1,141	1,519	1,677	10,175
Capital expenditures	2,103	1,500	1,761	18,751
Financial Status (As of March 31)				
Total assets	83,080	49,328	49,378	740,464
Total interest-bearing liabilities ^(Note 3)	34,947	5,348	6,710	311,471
Total shareholders' equity	33,355	31,976	32,121	297,289
Per Share Information (Yen/U.S. Dollars)				
Earnings per share (EPS) on a diluted basis	80.66	56.47	69.30	0.71
Book value per share (BPS)	1,102.20	1,057.28	1,062.53	9.82
Cash dividends per share (annual)	40	36	35	0.35
Financial Indicators				
Return on equity (ROE)	7.5%	5.3%	6.9%	7.5%
Shareholders' equity ratio	40.1%	64.8%	65.1%	40.1%
Current ratio	80.5%	176.9%	170.8%	80.5%
Dividends on equity (DOE) ^(Note 4)	3.7%	3.5%	3.5%	3.7%

Notes:

- In this Annual Report, amounts are given by dropping the decimal portion of the number whereas ratios are rounded to the nearest whole number.
- Free cash flow = Net cash provided by (used in) operating activities + Net cash provided by (used in) investing activities
- Interest-bearing liabilities = Short-term loans payable + Long-term loans payable
- Dividends on equity (DOE) = Annual dividends ÷ Shareholders' equity × 100
- Amounts in U.S. dollars are calculated at the prevailing exchange rate as of March 31, 2017 (US \$1 = JP ¥112.20) for the convenience of readers abroad.



Consolidated Balance Sheets

As of March 31, 2017 and 2016	Millions of yen		Thousands of U.S. dollars ^(Note 2)
	2017	2016	2017
Assets	Current assets		
Cash and deposits	11,877	10,742	105,860
Notes and accounts receivable-trade	9,726	7,077	86,691
Securities	897	901	8,000
Merchandise and finished goods	5,870	4,355	52,321
Work in process	1,517	1,183	13,521
Raw materials and supplies	3,755	2,033	33,472
Deferred tax assets	748	772	6,670
Others	1,591	713	14,187
Allowance for doubtful accounts	(49)	(42)	(439)
Total current assets	35,936	27,738	320,285
	Non-current assets		
	Property, plant and equipment		
Buildings and structures, net	7,640	8,321	68,096
Machinery, equipment and vehicles, net	2,749	1,131	24,505
Tools, furniture and fixtures, net	1,126	762	10,040
Land	6,897	7,438	61,476
Lease assets, net	184	230	1,644
Construction in progress	849	265	7,574
Total property, plant and equipment	19,448	18,151	173,338
	Intangible assets		
Software	466	264	4,159
Lease assets	36	45	326
Goodwill	20,661	358	184,144
Others	3,837	102	34,204
Total intangible assets	25,002	771	222,836
	Investments and other assets		
Investment securities	1,540	1,479	13,730
Long-term loans receivable	427	470	3,808
Deferred tax assets	129	189	1,152
Others	633	568	5,647
Allowance for doubtful accounts	(37)	(41)	(334)
Total investments and other assets	2,693	2,666	24,005
Total non-current assets	47,144	21,590	420,179
Total assets	83,080	49,328	740,464
Liabilities	Current liabilities		
Notes and accounts payable-trade	5,344	4,065	47,629
Electronically recorded obligations-operating	1,754	1,276	15,639
Current portion of bonds	50	-	445
Short-term loans payable	31,905	5,140	284,363
Current portion of long-term loans payable	41	166	370
Lease obligations	85	93	759
Income taxes payable	833	396	7,427
Accounts payable-other	892	712	7,954
Accrued expenses	2,436	1,565	21,716
Advances received	113	981	1,007
Deposits received	663	673	5,917
Provision for product warranties	74	220	661
Others	468	390	4,172
Total current liabilities	44,662	15,682	398,065
	Non-current liabilities		
Bonds payable	-	50	-
Long-term loans payable	3,000	41	26,738
Lease obligations	153	154	1,368
Deferred tax liabilities	97	23	865
Provision for directors' retirement benefits	74	71	667
Net defined benefit liability	1,324	1,012	11,808
Asset retirement obligations	101	76	900
Long-term accounts payable-other	11	6	101
Others	31	3	278
Total non-current liabilities	4,794	1,441	42,728
Total liabilities	49,457	17,124	440,793
Net assets	Shareholders' equity		
Capital stock	10,056	10,056	89,631
Capital surplus	9,726	9,723	86,685
Retained earnings	19,498	18,146	173,782
Treasury stock	(6,832)	(6,848)	(60,895)
Total shareholders' equity	32,448	31,077	289,203
	Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	514	461	4,588
Foreign currency translation adjustment	450	519	4,013
Remeasurements of defined benefit plans	(57)	(82)	(516)
Total accumulated other comprehensive income	907	898	8,085
Subscription rights to shares	27	21	241
Non-controlling interests	240	206	2,140
Total net assets	33,623	32,204	299,671
Total liabilities and net assets	83,080	49,328	740,464

Notes: 1. This Annual Report omits the consolidated statement of changes in net assets and all notes on financial statements. For a detailed explanation of financial statements, please refer to the company's Financial Report that was submitted to the Financial Services Agency's EDINET (Electronic Disclosure for Investors' Network) system.

2. Amounts in the consolidated financial statements on pages 36 to 38 are converted from yen to U.S. dollars at the prevailing exchange rate as of March 31, 2017 (US \$1 = JP ¥112.20) for the convenience of readers abroad.

Consolidated Statements of Income

Years ended March 31	Millions of yen		Thousands of
	2017	2016	U.S. dollars ^(Note 1)
Net sales	43,426	43,468	387,042
Cost of sales	25,399	25,450	226,373
Gross profit	18,027	18,017	160,669
Selling, general and administrative expenses	14,479	14,841	129,050
Operating income	3,547	3,176	31,618
Non-operating income			
Interest income	51	32	463
Dividends income	22	19	198
Equity in earnings of affiliates	44	69	395
Rent income	89	110	797
Others	89	96	797
Total non-operating income	297	328	2,652
Non-operating expenses			
Interest expenses	34	42	311
Foreign exchange losses	237	86	2,118
Depreciation	71	78	638
Others	143	115	1,275
Total non-operating expenses	487	322	4,343
Ordinary income	3,357	3,182	29,928
Extraordinary income			
Gain on sales of non-current assets	475	255	4,234
Gain on reversal of subscription rights to shares	1	–	16
Total extraordinary income	476	255	4,251
Extraordinary loss			
Loss on sales of non-current assets	80	–	721
Impairment loss	–	41	–
Loss on abandonment of non-current assets	8	2	71
Loss on sales of investment securities	–	1	–
Loss on valuation of investment securities	–	2	–
Loss on sales of stocks of subsidiaries and affiliates	7	–	67
Loss on liquidation of subsidiaries and affiliates	8	–	74
Restructuring loss	120	769	1,069
Total extraordinary loss	224	817	2,003
Income before income taxes and other adjustments	3,610	2,620	32,175
Income taxes-current	1,037	967	9,250
Income taxes-deferred	102	(73)	916
Total income taxes	1,140	893	10,166
Net income	2,469	1,726	22,009
Net income attributable to non-controlling interests	28	18	254
Net income attributable to owners of parent	2,440	1,708	21,754

Notes : 1. Amounts in the consolidated financial statements on pages 36 to 38 are converted from yen to U.S. dollars at the prevailing exchange rate as of March 31, 2017 (US \$1 = JP ¥112.20) for the convenience of readers abroad.

Consolidated Statements of Cash Flow

Years ended March 31	Millions of yen		Thousands of
	2017	2016	U.S. dollars ^(Note 1)
Net cash provided by (used in) operating activities			
Income before income taxes and other adjustments	3,610	2,620	32,175
Depreciation and amortization	1,141	1,519	10,175
Impairment loss	–	41	–
Amortization of goodwill	66	66	593
Increase (decrease) in allowance for doubtful accounts	4	1	38
Interest and dividends income	(74)	(52)	(661)
Interest expenses	34	42	311
Foreign exchange losses (gains)	130	(17)	1,166
Share of (profit) loss of entities accounted for using equity method	(44)	(69)	(395)
Decrease (increase) in notes and accounts receivable-trade	(1,160)	(638)	(10,340)
Decrease (increase) in inventories	(497)	998	(4,433)
Increase (decrease) in notes and accounts payable-trade	1,438	1,091	12,822
Increase (decrease) in provision for product warranties	(145)	220	(1,299)
Increase (decrease) in net defined benefit liability	29	(53)	266
Loss (gain) on sales of non-current assets	(394)	(255)	(3,513)
Loss (gain) on valuation of investment securities	–	2	–
Loss on abandonment of non-current assets	8	2	71
Loss (gain) on sales of investment securities	–	1	–
Loss (gain) on sales of stocks of subsidiaries and affiliates	7	–	67
Loss (gain) on liquidation of subsidiaries	8	–	74
Loss on business restructuring	120	322	1,069
Increase (decrease) in advances received	(868)	888	(7,737)
Decrease (increase) in accounts receivable-other	7	16	67
Increase (decrease) in accounts payable-other	160	(123)	1,427
Increase (decrease) in accrued expenses	(60)	(40)	(539)
Increase (decrease) in accrued consumption taxes	(117)	172	(1,047)
Increase (decrease) in accounts payable-bonuses	44	77	396
Increase (decrease) in deposits received	(9)	(4)	(80)
Increase (decrease) in long-term accounts payable-other	4	(70)	42
Others	191	137	1,703
Subtotal	3,637	6,898	32,420
Interest and dividends income received	74	51	663
Interest expenses paid	(35)	(43)	(317)
Income taxes paid	(1,031)	(1,215)	(9,194)
Net cash provided by (used in) operating activities	2,644	5,690	23,572
Net cash provided by (used in) investing activities			
Purchase of securities	(216)	(240)	(1,931)
Proceeds from sales of securities	220	120	1,966
Purchase of property, plant and equipment	(2,373)	(1,294)	(21,153)
Proceeds from sales of property, plant and equipment	2,175	1,451	19,389
Purchase of intangible assets	(79)	(93)	(705)
Purchase of investment securities	(6)	(5)	(54)
Proceeds from sales of investment securities	–	5	–
Collection of long-term loans receivable	61	62	549
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(21,078)	–	(187,865)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	39	–	355
Others	65	(24)	584
Net cash provided by (used in) investing activities	(21,190)	(18)	(188,864)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	18,152	(1,170)	161,790
Proceeds from long-term loans payable	3,000	–	26,738
Repayment of long-term loans payable	(41)	(192)	(365)
Purchase of treasury stock	(0)	(0)	(4)
Proceeds from exercise of share options	16	10	150
Cash dividends paid	(1,085)	(1,143)	(9,678)
Dividends paid to non-controlling interests	(1)	(1)	(12)
Repayments of lease obligations	(111)	(114)	(991)
Net cash provided by (used in) financing activities	19,929	(2,611)	177,626
Effect of exchange rate change on cash and cash equivalents	(249)	(313)	(2,219)
Net increase (decrease) in cash and cash equivalents	1,134	2,747	10,115
Cash and cash equivalents at beginning of year	10,742	7,995	95,745
Cash and cash equivalents at end of year	11,877	10,742	105,860