



Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (Japanese GAAP)

April 28, 2016
Tokyo Stock Exchange

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 Code Number 6794
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 Holding of a briefing on Financial Results: Yes (For analysts and institutional investors)

(Amounts less than one million yen are omitted)

1. Consolidated Financial Results for the Fiscal year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(1) Consolidated operating results (Percentage figures represent changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2016	190,928	1.0	10,351	6.2	10,847	4.3	6,833	40.7
March 31, 2015	189,124	12.8	9,747	61.9	10,398	64.3	4,858	109.3

Note: Comprehensive income: Fiscal year ended March 31, 2016 ¥3,603 million [(67.8)%]
 Fiscal year ended March 31, 2015 ¥11,178 million [59.9%]

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2016	255.44	-	11.0	10.7	5.4
March 31, 2015	206.18	-	9.1	10.3	5.2

Reference: Equity in earnings of affiliated companies: Fiscal year ended March 31, 2016 ¥- million
 Fiscal year ended March 31, 2015 ¥- million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2016	98,735	67,017	63.7	2,350.26
March 31, 2015	104,843	64,944	58.2	2,279.32

Reference: Equity capital: As of March 31, 2016 ¥62,878 million
 As of March 31, 2015 ¥60,980 million

(3) Consolidated cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents, end of year
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2016	24,057	(3,946)	(6,676)	17,858
March 31, 2015	15,499	(4,417)	(11,513)	5,924

2. Dividends

	Annual dividends					Total cash dividends	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2015	-	12.00	-	28.00	40.00	1,029	19.4	1.9
March 31, 2016	-	25.00	-	25.00	50.00	1,337	19.6	2.2
March 31, 2017 (Forecast)	-	-	-	-	40.00		23.3	

3. Forecast of Financial Results for the Fiscal Year Ending March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Percentage figures represent changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2017	180,000	(5.7)	8,000	(22.7)	8,000	(26.3)	4,600	(32.7)	171.94

* Notes

- (1) Changes in major subsidiaries during the year (changes in specified subsidiaries accompanying changes in the scope of consolidation): No
 Newly added: - subsidiaries (Company name) -
 Excluded: - subsidiaries (Company name) -
- (2) Changes in accounting policies and changes / restatement of accounting estimates
 (i) Changes in accounting policies due to amendment of accounting standards, etc. : Yes
 (ii) Changes in accounting policies other than (i) : No
 (iii) Changes in accounting estimates : No
 (iv) Restatement : No
- (3) Number of shares outstanding (common stock)
 (i) Number of shares outstanding at end of year (including treasury stock)
 March 31, 2016: 26,931,051
 March 31, 2015: 26,931,051
 (ii) Number of treasury stock at end of year
 March 31, 2016: 177,209
 March 31, 2015: 177,166
 (iii) Average number of shares outstanding for the year
 Fiscal year ended March 31, 2016: 26,753,846
 Fiscal year ended March 31, 2015: 23,563,800

(Reference) Summary of non-consolidated results

1. Non-consolidated Financial Results for the Fiscal year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(1) Non-consolidated operating results (Percentage figures represent changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2016	139,060	3.5	297	(87.4)	2,942	(28.3)	3,096	23.6
March 31, 2015	134,350	10.3	2,363	-	4,101	226.5	2,504	204.3

	Net income per share	Diluted net income per share
Fiscal year ended	Yen	Yen
March 31, 2016	115.73	-
March 31, 2015	106.29	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2016	56,151	33,700	60.0	1,259.64
March 31, 2015	57,807	32,269	55.8	1,206.17

Reference: Equity capital: As of March 31, 2016 ¥33,700 million
 As of March 31, 2015 ¥32,269 million

* Information on audit procedures conducted

At the time of disclosure of this financial report, the consolidated financial statements audit procedure as stipulated under the Financial Instruments and Exchange Act of Japan is still in process.

* Information on proper use of the projected financial results and other notes

Forward-looking statements in this document, including earnings projections, are based on currently available information and certain assumptions that the Company regards as reasonable at the time of writing. Actual results may differ greatly from the forecast figures depending on various factors. For the preconditions of and precautions in using the earnings projections, please refer to "Analysis of operating results" on page 2 of the Attachment.

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1. Analysis of operating results and financial position

(1) Analysis of operating results

Operating results for the year under review

The world economy during the fiscal year ended March 31, 2016 continued on a path of moderate recovery, yet uncertainties with respect to the future mounted as the pace of recovery slowed. The U.S. economy held strong amid factors such as a more upbeat jobs environment, while Europe and Japan also remained on a path of gradual recovery. On the other hand, the Chinese economy experienced conspicuous deceleration, and other emerging nations also took a hit from falling resource prices. Moreover, from the latter half of last year the slowdown in emerging nations began to exert downward pressure on the economies of developed nations.

In the electronic equipment and electronic components industries where the Foster Group (“the Group”) operates, smartphone components and automotive components drove global demand overall. Nevertheless, from the fourth quarter onwards the environment surrounding the industry has become increasingly severe due to factors that include slowing orders for smartphone components along with a shift to a strengthening yen in the forex markets. Meanwhile, business involving components related to audiovisual equipment such as flat TVs continued to face difficult challenges.

Under this business environment, the Group concentrated its efforts on securing orders in response to market changes, while also reducing material costs and other production expenditures. On the production front, the Group worked toward improving processes to increase productivity while promoting mechanization and labor-saving initiatives, and at the same time also worked to restructure factory operations in China and Vietnam with the aim of building optimal frameworks for production. Furthermore, we have been shifting production to the ASEAN region from China, and accordingly launched speaker component production at the Thilawa plant in Myanmar in December 2015.

As a result, for the fiscal year ended March 31, 2016, consolidated net sales increased by 1.0% from the previous year (¥189,124 million) to ¥190,928 million, consolidated operating income increased by 6.2% from the previous year (¥9,747 million) to ¥10,351 million, consolidated ordinary income increased by 4.3% from the previous year (¥10,398 million) to ¥10,847 million, and net income attributable to owners of the parent increased by 40.7% from the previous year (¥4,858 million) to ¥6,833 million.

The performance of each segment is as follows.

[Acoustic Components and Products Segment]

Mainly due to a decrease in shipments of flat TV speakers and speaker systems, and audio speakers, sales of this segment were ¥21,758 million (down 22.8%, y-o-y). Operating income was ¥1,201 million (down 28.5%, y-o-y) due to the decrease in sales and recognition of allowance for doubtful receivables.

[Automotive Components and Products Segment]

Due to robust demand in the North American market, sales of this segment were ¥65,039 million (up 9.3%, y-o-y). Operating income was ¥3,623 million (up 63.3%, y-o-y) as a result of controlling labor costs increases in China and productivity improvement at the Bac Ninh plant in Vietnam, and other such factors.

[Information & Communication Components and Products Segment]

Although shipments of headsets to major customers dropped off sharply in the fourth quarter, sales of this segment were ¥97,958 million (up 2.1% y-o-y) due to a weak yen over the entire fiscal year, relative to the previous fiscal year. Operating income was ¥5,632 million (down 3.1%, y-o-y) due to a diminished rate of factory capacity utilization during the fourth quarter.

[Other Segment]

Sales of this segment, including micro acoustic components and the “FOSTEX” brand products, were ¥6,173 million (up 13.5%, y-o-y). Meanwhile, operating loss was ¥106 million (operating income was ¥44 million for the previous year) due to deteriorating profitability of products for the domestic market caused by yen depreciation.

Outlook for FY2017 (From April 1, 2016 to March 31, 2017)

The global economy is expected to remain on a path of moderate recovery. However, there is still a need to remain cautious, due to factors that include U.S. economic trends in the wake of interest rate hikes and Chinese economic trends amid growing signs of a slowdown, and also due to instability in the Middle East and ramifications of the UK referendum on its membership in the EU.

In the electronic components industry to which the Group belongs, we anticipate ongoing robust demand for automotive components primarily for the North American market, but on the other hand expect slowing demand for smartphone components. Meanwhile, considering the accelerating pace of technological innovation anticipated going forward, encompassing wearable devices, the Internet of Things (IoT), autonomous driving vehicles, robotics, drones, artificial intelligence (AI), virtual reality (VR), and other such technologies, it is now more important than ever that we engage in initiatives geared to markets newly emerging in such realms.

Amid this environment, the Group will engage in marketing initiatives that place focus on next-generation opportunities that are attracting attention involving the autonomous driving vehicle market and virtual reality. Our product strategy involves seeking to deliver substantial added value in order to better leverage the Company's strengths. In addition, we will take advantage of business opportunities arising from new technological trends by developing technologies involving interfaces between acoustic signals and human beings, and will work to develop other new technologies and create new businesses. Moreover, we will promote quality management and aim for long-term growth focused on profits in order to further improve reliability of products achieved on the basis of audio technologies. We will also improve capital efficiency, and have accordingly set a medium-term management target to achieve consolidated ROE of over 10%.

Moreover, we will further develop initiatives taken by the Company thus far geared to continually improving the corporate structure, and will accordingly promote reforms in that regard, under our corporate slogan of "Year for the Improvement of Operational Quality." As specific measures, we implement "A powerful implementation in QMS and operation improvement," "To strengthen the production process," "To strengthen the global functions," "To exploit new products acquiring new market," and thereby strive to innovate/improve all operations in the whole Group. Meanwhile, with CSR (Corporate Social Responsibility) in mind, we will instill awareness of legal compliance, environmental response and risk management across the entire Group, and continue to make steady efforts to become a company that is a trusted and necessary part of society and the markets we serve.

Considering the domestic and overseas economic conditions described, we project the consolidated earnings for the fiscal year ending March 31, 2017 as follows.

Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
¥180,000 million	¥8,000 million	¥8,000 million	¥4,600 million

* In projecting the performance above, we assumed exchange rates of ¥110 to the US dollar and ¥125 to the euro.

Note: Considerations to take into account when using earnings projections

The earnings projections above are calculated based on information currently available and assumptions currently made on the risk and uncertain factors that may affect future earnings, etc. However, actual earnings may differ from the projections and estimates above due to various factors including but not limited to economic conditions of the business segments of the Group, business conditions of related markets and OEM customers, trends of competition and price competition in Japan and overseas, conditions of raw material markets, exchange rates, risk of overseas development, legal regulations in Japan and overseas, disasters and accidents, and share prices.

(2) Analysis of financial position

Analysis of the status of assets, liabilities, net assets, and cash flows

Total assets decreased by ¥6,108 million from the end of the previous consolidated fiscal year to ¥98,735 million due mainly to the reduction in notes and accounts receivable - trade. Total liabilities decreased by ¥8,181 million from the end of the previous consolidated fiscal year to ¥31,717 million due mainly to the reduction in loans payable. Net assets increased by ¥2,072 million from the end of the previous consolidated fiscal year to ¥67,017 million due mainly to the increase in retained earnings. The equity ratio increased by 5.5 percentage points from the end of the previous consolidated fiscal year, to 63.7%.

[Operating activities]

Net cash provided by operating activities totaled ¥24,057 million due mainly to increase in income before income taxes.

[Investing activities]

Net cash used in investing activities totaled ¥3,946 million due mainly to capital investment.

[Financing activities]

Net cash used in financing activities totaled ¥6,676 million due mainly to the repayment of short-term loans payable. Consequently, the balance of cash and cash equivalents at the end of the consolidated fiscal year under review increased by ¥11,934 million from the end of the previous consolidated fiscal year to ¥17,858 million.

Changes in cash flow-related indicators

Changes in the indicators related to cash flows of the Group are as follows:

	FY2012	FY2013	FY2014	FY2015	FY2016
Equity ratio	47.2%	42.5%	46.3%	58.2%	63.7%
Market value equity ratio	40.6%	32.0%	30.1%	77.1%	64.8%
Ratio of interest-bearing debt to cash flow	6.3	15.7	2.4	0.9	0.4
Interest coverage ratio	13.6	6.0	45.4	77.7	198.3

Notes: 1. Equity ratio: Equity capital / Total assets

2. Market value equity ratio: Market capitalization / Total assets

3. Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Cash flow

4. Interest coverage ratio: Cash flow / Interest payment

* Each indicator is calculated based on the financial indicators on a consolidated basis.

* Market capitalization is calculated by multiplying the share's closing price at year-end by the number of outstanding shares at year-end.

* Cash flows from operating activities posted on the consolidated statement of cash flows are used in calculating cash flow-related indicators. Interest-bearing debt covers all the liabilities that are posted on the consolidated balance sheet for which interest is paid. Interest paid posted in the consolidated statement of cash flows is used as interest payment.

(3) Basic policy for profit sharing and dividends for the current and next fiscal year

The Group has adopted the basic policy of improving the benefit of shareholders comprehensively, recognizing the enhancement of corporate value as a corporate challenge and keeping the balance between profit allocation according to earnings and increase of internal reserves on a long-term perspective, and aims to achieve the dividend payout ratio of at least 20% on a consolidated basis.

Based on this policy, we plan to pay a year-end dividend of ¥25 per share considering the results of the fiscal year under review and the business environment in the future. As a result, the annual dividend for the entire fiscal year, including the interim dividend (¥25 per share) is ¥50 per share.

For the next fiscal year, the Company plans to set the dividend at ¥40 per share, in view of the current business environment and earnings forecasts.

2. The situation of the Group

The Group consists of the Company and 27 subsidiaries, engaged in production and sale of electronic equipment and components, etc. Their positioning in relation to the Group business is as follows:

[Domestic production bases]

"Fostex Company," a division dealing in commercial products, is engaged in production of "acoustic components and products" for the purpose of producing high-tech and high value-added products.

[Overseas production bases]

As of the end of the consolidated fiscal year, 14 subsidiaries conduct overseas production to seek advantages in production costs and open up sales channels in local markets:

China, Hong Kong and South Korea: Foster Electric Co., (Hong Kong) Ltd. is engaged in production and sale of "acoustic components and products," "automotive components and products," and "information & communication components and products" by contracting out to Guangzhou Panyu Jiu Shui Keng Foster Electric Factory in China. Foster Electric Co., (Heyuan) Ltd. is engaged in production of "acoustic components and products" and "automotive components and products." Foster Electric Co., (Nanning) Ltd. is engaged in production of "information & communication components and products."

ESTec Corporation and ESTec Electronics (JIAXING) Co., Ltd. are engaged in production of "acoustic components and products" and "automotive components and products."

ASEAN: Under the control of Foster Electric (Singapore) Pte. Ltd., PT Foster Electric Indonesia is engaged in production of "acoustic components and products," "automotive components and products," and "information & communication components and products." Foster Electric (Thilawa) Co., Ltd. is engaged in production of "acoustic components and products." Foster Electric (Bac Ninh) Co., Ltd. is engaged in production of "automotive components and products" and "information & communication components and products." Foster Electric (Vietnam) Co., Ltd. is engaged in production of "acoustic components and products" and "information & communication components and products." Foster Electric (Da Nang) Co., Ltd., and Foster Electric (Quang Ngai) Co., Ltd. are engaged in production of "information & communication components and products."

ESTec VINA Co., Ltd. is engaged in production of "acoustic components and products" and "automotive components and products," and ESTec Phu Tho Co., Ltd. is engaged in production of "information & communication components and products." ESTec Corporation (Cambodia) Ltd. is engaged in production of "acoustic components and products" and "information & communication components and products."

[Domestic sales bases]

The Company and two subsidiaries (Foster Electronics Ltd. and ESTec Corporation) are engaged in domestic sales.

[Overseas sales bases]

The Company and a subsidiary (Foster Electronics Ltd.) are engaged in export to overseas except the regions for which the following overseas subsidiaries are in charge:

Hong Kong: Foster Electric Co., (Hong Kong) Ltd.

China: Foster Electric Co., (Guangzhou) Ltd., ESTec Electronics (JIAXING) Co., Ltd.

Taiwan: Foster Electric Co., (Taiwan) Ltd.

South Korea: ESTec Corporation

ASEAN: Foster Electric (Singapore) Pte. Ltd.

Foster Electric IPO (Thailand) Ltd.

ESTec Electronics (M) Sdn. Bhd.

ESTec VINA Co., Ltd.

ESTec Phu Tho Co., Ltd.

ESTec Corporation (Cambodia) Ltd.

North America: Foster Electric (U.S.A.), Inc.

ESTec America Corporation

Europe: Foster Electric (Europe) GmbH

[Others]

Two subsidiaries (Foster Transportations Ltd. and Foster KIGYOU KABUSHIKI KAISHA) serve to complement the production and sales activities of the Group.

Overview of subsidiaries and affiliates

Name	Address	Stated Capital or Contribution (Millions of yen)	Principal Business	Holding (held) ratio of voting rights		Relations with the Company			
				Percentage held by the Company (%)	Percentage held by others (%)	Financial support	Business transactions	Leased equipment	Others
(Consolidated subsidiary) Foster Transportations Ltd.	Akishima city, Tokyo	40	Haulage, warehouse management, and vehicle maintenance	100.0	-	No	This company provides the Company with logistic services	Yes	Interlocking Directors
Foster Electronics Ltd.	Nakano ward, Tokyo	10	Sale of acoustic components and products, automotive components and products, and information & communication components and products	100.0	-	No	The Company sells acoustic components and products, automotive components and products, and information & communication components and products	No	Interlocking Directors
Foster KIGYOU KABUSHIKI KAISHA	Akishima city, Tokyo	71	Finance	100.0	-	No	This company provides the Company with financial services	No	Interlocking Directors
Foster Electric Co., (Hong Kong) Ltd.	Hong Kong, China	HK\$ 100,000,000	Production and sale of acoustic components and products, automotive components and products, and information & communication components and products	100.0	-	No	The Company sells materials and purchases acoustic components and products, automotive components and products, and information & communication components and products	No	The Company provides technical support Interlocking Directors
Foster Electronic Co., (Guangzhou) Ltd.	Guangzhou city, China	RMB 30,000,000	Sale to China of acoustic components and products, automotive components and products, and information & communication components and products	100.0 (100.0)	-	No	This company purchases acoustic components and products, automotive components and products, and information & communication components and products from Foster Electric Co., (Hong Kong) Ltd.	No	Interlocking Directors
Foster Electric Co., (Nanning) Ltd.	Nanning city, China	RMB 91,316,000	Production of information & communication components and products	100.0 (100.0)	-	No	This company purchases materials from Foster Electric Co., (Hong Kong) Ltd. and sells information & communication components and products	No	Interlocking Directors
Foster Electric Co., (Heyuan) Ltd.	Heyuan city, China	RMB 51,141,000	Production of acoustic components and products, and automotive components and products	100.0 (100.0)	-	No	This company purchases materials from Foster Electric Co., (Hong Kong) Ltd. and sells acoustic components and products, and automotive components and products	No	Interlocking Directors
Foster Electric Co., (Chongzuo) Ltd.	Chongzuo city, China	RMB 11,000,000	-	100.0 (100.0)	-	No	-	No	Currently in liquidation process
Foster Electric Co., (Taiwan) Ltd.	Taoyuan city, Taiwan	NT\$ 50,000,000	Sale of acoustic components and products, automotive components and products, and information & communication components and products	100.0	-	No	This company purchases acoustic components and products, automotive components and products, and information & communication components and products from Foster Electric Co., (Hong Kong) Ltd.	No	Interlocking Directors

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Name	Address	Stated Capital or Contribution (Millions of yen)	Principal Business	Holding (held) ratio of voting rights		Relations with the Company			
				Percentage held by the Company (%)	Percentage held by others (%)	Financial support	Business transactions	Leased equipment	Others
Foster Electric (Singapore) Pte. Ltd.	Singapore	US\$ 5,000,000	Sale of acoustic components and products, automotive components and products, and information & communication components and products	100.0	-	The Company provides loans for equipment fund	The Company sells materials and purchases acoustic components and products, automotive components and products, and information & communication components and products This company sells materials to PT Foster Electric Indonesia and purchases acoustic components and products, automotive components and products, and information & communication components and products	No	The Company provides technical support Interlocking Directors
PT Foster Electric Indonesia	Batam, Indonesia	US\$ 2,550,000	Production of acoustic components and products, automotive components and products, and information & communication components and products	100.0 (100.0)	-	No	This company purchases materials from Foster Electric (Singapore) Pte. Ltd. and sells acoustic components and products, automotive components and products, and information & communication components and products	No	No
Myanmar Foster Electric Co., Ltd.	Yangon, Myanmar	US\$ 2,356,000	-	100.0 (100.0)	-	No	-	No	Currently in liquidation process
Foster Electric (Thilawa) Co., Ltd.	Thilawa, Myanmar	US\$ 3,000,000	Production of acoustic components and products	100.0 (100.0)	-	No	This company purchases materials from Foster Electric (Singapore) Pte. Ltd. and sells acoustic components and products	No	Interlocking Directors
Foster Electric IPO (Thailand) Ltd.	Thailand	TBH 3,500,000	Sale of automotive components and products	100.0 (100.0)	-	No	This company purchases automotive components and products from Foster Electric Co., (Singapore) Pte. Ltd.	No	No
Foster Electric (Vietnam) Co., Ltd.	Binh Duong, Vietnam	US\$ 29,000,000	Production of acoustic components and products, and information & communication components and products	100.0	-	No	This company purchases components from Foster Electric (Bac Ninh) Co., Ltd. and Foster Electric (Da Nang) Co., Ltd., and sells acoustic components and products, and information & communication components and products to the Company	No	Interlocking Directors
Foster Electric (Da Nang) Co., Ltd.	Da Nang, Vietnam	US\$ 2,446,000	Production of information & communication components and products	100.0 (100.0)	-	The Company provides loans of working capital	This company sells information & communication components and products to the Company	No	No

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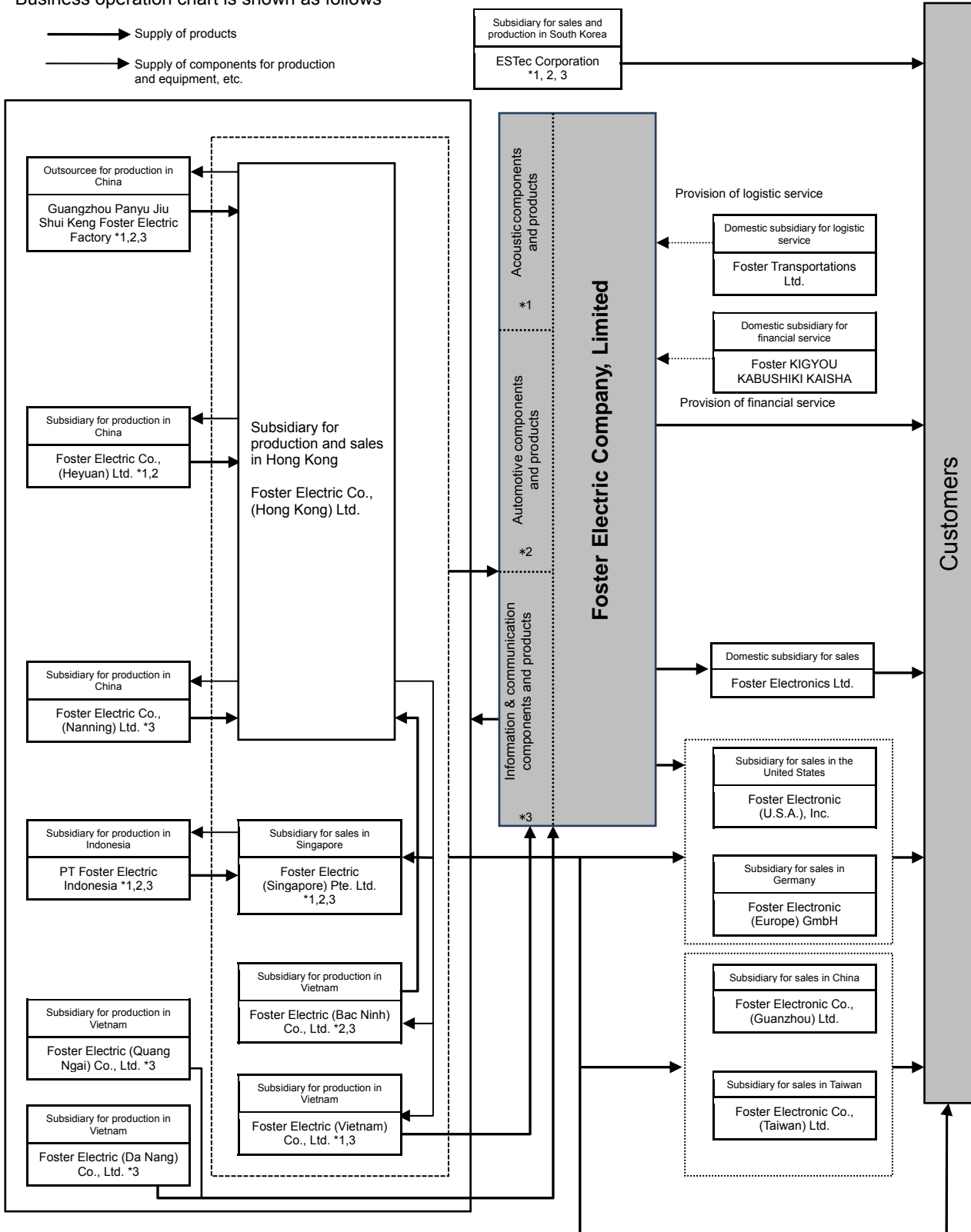
Name	Address	Stated Capital or Contribution (Millions of yen)	Principal Business	Holding (held) ratio of voting rights		Relations with the Company			
				Percentage held by the Company (%)	Percentage held by others (%)	Financial support	Business transactions	Leased equipment	Others
Foster Electric (Quang Ngai) Co., Ltd.	Quang Ngai, Vietnam	US\$ 1,000,000	Production of information & communication components and products	100.0 (100.0)	-	The Company provides loans of working capital	This company sells information & communication components and products to the Company	No	No
Foster Electric (Bac Ninh) Co., Ltd.	Bac Ninh, Vietnam	US\$ 8,000,000	Production of automotive components and products, and information & communication components and products	100.0 (100.0)	-	The Company provides loans for equipment fund	This company sells components to Foster Electric (Vietnam) Co., Ltd. This company sells automotive components and products to the Company	No	The Company provides technical support Interlocking Directors
Foster Electric (U.S.A.), Inc.	Illinois, U.S.A.	US\$ 18,000,000	Import and sale of acoustic components and products, automotive components and products, and information & communication components and products	100.0	-	No	The Company sells acoustic components and products, automotive components and products, and information & communication components and products	No	Interlocking Directors
Foster Electronic (Europe) GmbH	Hamburg, Germany	€4,000,000	Import and sale of acoustic components and products, automotive components and products, and information & communication components and products	100.0	-	No	The Company sells acoustic components and products, automotive components and products, and information & communication components and products	No	Interlocking Directors
ESTec Corporation	Gyeongsan gnam-do, South Korea	KRW 5,455,000,000	Production and sale of acoustic components and products, and automotive components and products	64.1	-	No	No	No	Interlocking Directors
ESTec Electronics (JIAXING) Co., Ltd.	Jiaxing city, China	US\$ 7,050,000	Production and sale of acoustic components and products, and automotive components and products	64.1 (64.1)	-	No	No	No	No
ESTec Electronics (M) Sdn. Bhd.	Malaysia	US\$ 700,000	Sale of acoustic components and products, and automotive components and products	64.1 (64.1)	-	No	No	No	No
ESTec VINA Co., Ltd.	Binh Duong, Vietnam	US\$ 9,020,000	Production and sale of acoustic components and products, automotive components and products	64.1 (64.1)	-	No	The Company sells materials to Foster Electric (Singapore) Pte. Ltd.	No	No
ESTec Phu Tho Co., Ltd.	Phu Tho, Vietnam	US\$ 8,000,000	Production and sale of information & communication components and products	64.1 (64.1)	-	No	This company sells products to Foster Electric Co., (Hong Kong) Ltd. and Foster Electric Co., (Guangzhou) Ltd.	No	No
ESTec Corporation (Cambodia) Ltd.	Cambodia	US\$ 3,000,000	Production and sale of acoustic components and products, and information & communication components and products	64.1 (64.1)	-	No	No	No	No

Name	Address	Stated Capital or Contribution (Millions of yen)	Principal Business	Holding (held) ratio of voting rights		Relations with the Company			
				Percentage held by the Company (%)	Percentage held by others (%)	Financial support	Business transactions	Leased equipment	Others
ESTec America Corporation	U.S.A.	US\$ 50,000	Import and sale of acoustic components and products, and automotive components and products	64.1 (64.1)	-	No	No	No	No

Notes: 1. Figures in parentheses in the columns of percentage of voting rights of subsidiaries represent percentages of indirect ownership.

2. In May 2015, ESTec VINA Co., Ltd. increased its capital by US\$3,000,000 to US\$9,020,000.
3. In June 2015, ESTec Corporation (Cambodia) Ltd. increased its capital by US\$1,000,000 to US\$3,000,000.
4. In October 2015, the Company decided to dissolve Myanmar Foster Electric Co., Ltd.
5. In December 2015, ESTec Phu Tho Co., Ltd. increased its capital by US\$5,000,000 to US\$8,000,000.
6. In March 2016, the Company decided to dissolve Foster Electric Co., (Chongzuo) Ltd.
7. ESTec Corporation holds 100% of shares in ESTec Electronics (JIAXING) Co., Ltd., ESTec Electronics (M) Sdn. Bhd., ESTec VINA Co., Ltd., ESTec Phu Tho Co., Ltd., ESTec Corporation (Cambodia) Ltd., and ESTec America Corporation.

Business operation chart is shown as follows



(Note) The numbers in the chart *1 to 3 represent business segments of the Company and its relation to the business of each subsidiary and affiliate.

3. Managerial policy

(1) Major policy for corporate management

The Company maintains a customer-oriented and customer-focused philosophy based on its corporate creed of “sincerity.” As such, the Company consistently endeavors to contribute to society while heightening the satisfaction of its stakeholders and earning their greater trust, and accordingly aims to achieve sustainable growth and development with respect to heightening its competitive strengths through its corporate social responsibility initiatives, and by showing consideration and accountability with respect to the global environment.

An outline of the Company's managerial policy in 2016 is as follows.

[Major Policy]

To establish a base of global business and create a profitable structure toward the year of 2020

[Targets]

1. A powerful implementation in QMS and operation improvement
2. To strengthen the production processes
3. To strengthen the global functions
4. To exploit new products acquiring new market
5. Compliance, environmental response and risk management on a global basis, and global CSR organization

[Corporate Slogan in 2016]

“Year for the Improvement of Operational Quality”

(2) Management objectives

The Group is taking steps geared to ensuring sustainable growth of business and further enhancing corporate value, and has accordingly set the goal of achieving consolidated ROE of over 10% as its medium-term management target for implementing its strategy heading toward the year 2020.

(3) Mid- and long-term management strategies

The Group, as a specialized manufacturer of “acoustics,” has adopted the vision of “To make contributions for future society through acoustics” and the mission of “Through acoustic products or its solutions, a total commitment to help create a comfortable life and pleasure of communication around the world. A truly global enterprise our future society counts on.” By further developing the interface technologies between acoustic signals and human beings, the Group aims to create new technologies and businesses.

(4) Issues to be addressed by the Company

Based on the management with focus on cash flows, the Foster Group will promote the reinforcement of production processes and cost reduction. In particular, this will involve accelerating the pace of achieving mechanization and labor-savings at manufacturing facilities, while at the same time taking a manufacturing perspective in creating processes and forming organizational entities with a focus on everything from design and development to product manufacturing. In addition, the Group will promote the functional reinforcement for global response, which is increasingly sought in order to address technical innovation and rapid market change. More specifically, the Group will work to reorganize its sales and technical functions in the ASEAN region while also developing functions of regional oversight and control. The Group will also enhance its marketing capabilities while further promoting development of new products and cultivation of new markets, and will also work toward giving rise to products that will play a leading role in the next generation.

Meanwhile, with the understanding of the significance of human resource development as an important agenda for carrying out the policies stated above, the Foster Group further promotes the systematization of global human resources development programs, while the entire Group endeavors to introduce a personnel system for establishment of an organizational culture considering the diversity of working styles. Moreover, the whole Group will promote efforts to further strengthen the Quality Management System (QMS), in order to upgrade operational quality in terms of “product quality,” “quality of responses to customers,” and “quality of proposals to customers.”

4. Basic policies concerning the Selection of Accounting Standards

In light of the comparability between consolidated financial statements for different fiscal years and companies, it is the Group's policy to continue to prepare consolidated financial statements under Japanese GAAP for the foreseeable future.

Meanwhile, with an eye to the future adoption of IFRS, the Group is moving ahead on development of internal manuals and guidelines, etc. and the timing of its adoption.

5. Consolidated financial statements
(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	8,589	16,519
Notes and accounts receivable - trade	31,692	23,880
Electronically recorded monetary claims - operating	522	564
Securities	-	1,951
Finished goods	18,090	15,478
Raw materials	8,928	6,602
Work in process	1,156	1,230
Supplies	285	203
Short-term loans receivable	11	3
Accounts receivable - other	2,117	932
Deferred tax assets	604	592
Other	2,695	2,378
Allowance for doubtful receivables	(971)	(378)
Total current assets	73,721	69,959
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,497	14,671
Accumulated depreciation	(4,690)	(5,035)
Buildings and structures, net	9,806	9,636
Machinery and equipment	23,994	21,234
Accumulated depreciation	(15,257)	(14,074)
Machinery and equipment, net	8,737	7,160
Furniture and fixtures	13,075	11,799
Accumulated depreciation	(10,004)	(9,087)
Furniture and fixtures, net	3,070	2,711
Land	1,133	1,102
Construction in progress	523	1,385
Net property, plant and equipment	23,271	21,995
Intangible assets		
Software	393	352
Leasehold rights	1,248	1,075
Other	115	106
Total intangible assets	1,757	1,534
Investments and other assets		
Investment securities	3,800	3,339
Long-term loans receivable	45	30
Long-term prepaid expenses	601	518
Asset for employees' retirement benefits	837	575
Deferred tax assets	369	424
Other	447	366
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	6,093	5,245
Total non-current assets	31,121	28,775
Total assets	104,843	98,735

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,433	13,021
Electronically recorded obligations - operating	80	75
Short-term bank loans	6,494	2,236
Current portion of long-term debt	1,052	5,093
Accounts payable - other	4,298	4,045
Income taxes payable	1,672	694
Accrued expenses	1,985	1,782
Deferred tax liabilities	138	164
Reserve for bonuses	677	598
Other	866	1,400
Total current liabilities	31,699	29,111
Long-term liabilities		
Long-term debt	6,514	1,432
Deferred tax liabilities	974	545
Liability for employees' retirement benefits	201	180
Liability for directors' retirement benefits	68	48
Asset retirement obligations	226	231
Other	213	168
Total long-term liabilities	8,199	2,605
Total liabilities	39,899	31,717
Net assets		
Shareholders' equity		
Common stock	6,770	6,770
Capital surplus	9,372	9,372
Retained earnings	39,528	44,944
Treasury stock	(133)	(133)
Total shareholders' equity	55,538	60,954
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	1,141	891
Foreign currency translation adjustment	4,477	1,479
Remeasurements of defined benefit plans	(176)	(446)
Total accumulated other comprehensive income	5,442	1,924
Non-controlling interests	3,963	4,138
Total net assets	64,944	67,017
Total liabilities and net assets	104,843	98,735

(2) Consolidated statement of income and consolidated statement of comprehensive income
(Consolidated statement of income)

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	189,124	190,928
Cost of sales	162,382	163,876
Gross profit	26,741	27,052
Selling, general and administrative expenses	16,993	16,701
Operating income	9,747	10,351
Non-operating income		
Interest income	158	123
Dividend income	45	66
Foreign currency exchange gain	431	280
Miscellaneous income	686	601
Total non-operating income	1,322	1,072
Non-operating expenses		
Interest expense	209	121
Miscellaneous loss	461	454
Total non-operating expenses	671	576
Ordinary income	10,398	10,847
Extraordinary income		
Gain on sales of property, plant and equipment	-	168
Gain on sales of investment securities	22	-
Government subsidy	137	-
Compensation income	-	551
Total extraordinary income	160	719
Extraordinary losses		
Loss on impairment of long-lived assets	1,129	732
Special retirement expenses	410	845
Total extraordinary losses	1,539	1,578
Income before income taxes	9,019	9,989
Income taxes – current	3,232	2,848
Income taxes for prior periods	493	-
Income taxes – deferred	(36)	(238)
Total income taxes	3,689	2,610
Net income	5,330	7,378
Net income attributable to non-controlling interests	472	544
Net income attributable to owners of the parent	4,858	6,833

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net income	5,330	7,378
Other comprehensive income		
Unrealized gain on available-for-sale securities	503	(249)
Foreign currency translation adjustment	5,432	(3,225)
Remeasurements of defined benefit plans	(88)	(299)
Total other comprehensive income	5,847	(3,775)
Comprehensive income	11,178	3,603
(Breakdown)		
Total comprehensive income attributable to owners of the parent	10,359	3,315
Total comprehensive income attributable to non-controlling interests	819	288

(3) Consolidated statement of changes in net assets
Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance, April 1, 2014	3,770	6,372	35,416	(133)	45,426
Changes during the year					
Conversion of bonds with subscription rights to shares	3,000	3,000			6,000
Dividends paid			(746)		(746)
Net income attributable to owners of the parent			4,858		4,858
Purchase of treasury stock				(0)	(0)
Net change in items other than shareholders' equity during the year (net value)					
Net change in the year	3,000	3,000	4,111	(0)	10,111
Balance, March 31, 2015	6,770	9,372	39,528	(133)	55,538

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized gain on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance, April 1, 2014	638	(581)	(115)	(58)	3,236	48,604
Changes during the year						
Conversion of bonds with subscription rights to shares						6,000
Dividends paid						(746)
Net income attributable to owners of the parent						4,858
Purchase of treasury stock						(0)
Net change in items other than shareholders' equity during the year (net value)	503	5,059	(61)	5,500	727	6,228
Net change in the year	503	5,059	(61)	5,500	727	16,340
Balance, March 31, 2015	1,141	4,477	(176)	5,442	3,963	64,944

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance, April 1, 2015	6,770	9,372	39,528	(133)	55,538
Changes during the year					
Conversion of bonds with subscription rights to shares					
Dividends paid			(1,417)		(1,417)
Net income attributable to owners of the parent			6,833		6,833
Purchase of treasury stock				(0)	(0)
Net change in items other than shareholders' equity during the year (net value)					
Net change in the year	-	-	5,416	(0)	5,415
Balance, March 31, 2016	6,770	9,372	44,944	(133)	60,954

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized gain on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance, April 1, 2015	1,141	4,477	(176)	5,442	3,963	64,944
Changes during the year						
Conversion of bonds with subscription rights to shares						
Dividends paid						(1,417)
Net income attributable to owners of the parent						6,833
Purchase of treasury stock						(0)
Net change in items other than shareholders' equity during the year (net value)	(249)	(2,998)	(270)	(3,518)	175	(3,343)
Net change in the year	(249)	(2,998)	(270)	(3,518)	175	2,072
Balance, March 31, 2016	891	1,479	(446)	1,924	4,138	67,017

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Operating activities		
Income before income taxes	9,019	9,989
Depreciation and amortization	5,928	5,542
Amortization of goodwill	7	-
(Increase) decrease in asset for employees' retirement benefits	(192)	262
Increase (decrease) in liability for employees' retirement benefits	265	(10)
Increase (decrease) in directors' retirement benefits	(0)	(18)
Increase (decrease) in allowance for doubtful receivables	9	(551)
Increase (decrease) in reserve for bonuses	55	(67)
Loss (gain) on sales of property, plant and equipment	-	(168)
Loss (gain) on sales of investment securities	(22)	-
Compensation income	-	(551)
Loss on impairment of long-lived assets	1,129	732
Special retirement expenses	410	845
Interest and dividend income	(203)	(190)
Interest expense	209	121
Foreign exchange loss (gain)	1,045	48
Decrease (increase) in trade notes and accounts receivable	(1,042)	7,040
Decrease (increase) in inventories	10	3,760
Increase (decrease) in trade notes and accounts payable	769	(562)
Decrease (increase) in other accounts receivable	(293)	1,113
Increase (decrease) in other accounts payable	1,132	(82)
Other	466	675
Subtotal	18,704	27,928
Interest and dividend income received	203	190
Interest expenses paid	(199)	(121)
Compensation received	-	551
Payments for special retirement expenses	(410)	(505)
Income taxes - paid	(2,798)	(3,986)
Net cash provided by operating activities	15,499	24,057
Investing activities		
Purchases of securities	-	(534)
Purchases of investment securities	(513)	(0)
Proceeds from sales of investment securities	89	-
Purchases of property, plant and equipment	(3,185)	(5,719)
Proceeds from sales of property, plant and equipment	-	208
Purchases of intangible assets	(455)	(123)
Decrease (increase) in time deposits	(26)	2,491
Decrease (increase) in short-term loans receivable	47	10
Payments of long-term loans receivable	(21)	(4)
Collection of long-term loans receivable	19	14
Payment for long-term prepaid expenses	(377)	(362)
Other	6	73
Net cash used in investing activities	(4,417)	(3,946)

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Financing activities		
Increase (decrease) in short-term bank loans payable, net	(9,638)	(4,283)
Proceeds from long-term debt	427	479
Repayments of long-term debt	(1,475)	(1,328)
Dividends paid	(746)	(1,417)
Dividends paid to non-controlling interests	(80)	(126)
Purchase of treasury stock	(0)	(0)
Net cash used in financing activities	(11,513)	(6,676)
Effect of exchange rate changes on cash and cash equivalents	519	(1,499)
Net increase (decrease) in cash and cash equivalents	88	11,934
Cash and cash equivalents, beginning of year	5,836	5,924
Cash and cash equivalents, end of year	5,924	17,858

(5) Notes to the consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Basis of preparations for consolidated financial statements)

Disclosure of significant matters is omitted, as there have been no material changes from those described in the latest Securities Report filed on June 23, 2015.

(Changes in accounting policies)

(Application of the accounting standard for business combinations, etc.)

Effective from the consolidated fiscal year under review, the Company has adopted "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan ("ASBJ") Statement No. 21; September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22; September 13, 2013) and "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7; September 13, 2013), etc., and accordingly has changed the presentation of net income and others as well as the presentation of minority interests to non-controlling interests. In order to reflect such changes in presentation, the reclassification of accounts has been made to the consolidated financial statements for the previous consolidated fiscal year.

(Segment information, etc.)

Segment information

1. Outline of reportable segments

The Company's reportable segments are the business units for which the Company is able to obtain respective financial information separately, and the management makes periodic reviews to determine the distribution of management resources and evaluate their performance.

The Company identifies business segments according to business organizations, contents of products to be provided, and similarity of market and has four reportable segments: "Acoustic components and products," "Automotive components and products," "Information & communication components and products," and "Other business."

The segment of "Acoustic components and products" manufactures and distributes audio and TV speakers and speaker systems, amplifier built-in speakers, headphones, etc. The segment of "Automotive components and products" manufactures and distributes car speakers and speaker systems, etc. The segment of "Information & communication components and products" manufactures and distributes head sets and small speakers for mobile phones, business microphones, etc. The segment of "Other business" manufactures and distributes "FOSTEX" brand products, and electronic buzzers and sounders for applications such as alarm or warning, and provides logistics services, etc.

2. Method of accounting for net sales, income or loss, assets, liabilities, and other items for each reportable segment

Accounting procedures applied to reportable business segments are generally the same as those employed for the preparation of Consolidated Financial Statements.

3. Information on sales and income/loss according to reportable segments
 Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable segments				Total	Adjustments * Note 1	Amount reported on the consolidated income statement * Note 2
	Acoustic components and products	Automotive components and products	Information & communication components and products	Other			
Net sales							
Sales to external customers	28,189	59,516	95,981	5,437	189,124	-	189,124
Inter-segment sales or transfers	-	-	-	-	-	-	-
Total	28,189	59,516	95,981	5,437	189,124	-	189,124
Segment income	1,680	2,218	5,810	44	9,754	(7)	9,747

Notes: 1. Segment adjustment of ¥(7) million is amortization of goodwill.

2. Segment income is adjusted with operating income of the consolidated income statement.

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable segments				Total	Adjustments * Note 1	Amount reported on the consolidated income statement * Note 2
	Acoustic components and products	Automotive components and products	Information & communication components and products	Other			
Net sales							
Sales to external customers	21,758	65,039	97,958	6,173	190,928	-	190,928
Inter-segment sales or transfers	-	-	-	-	-	-	-
Total	21,758	65,039	97,958	6,173	190,928	-	190,928
Segment income (loss)	1,201	3,623	5,632	(106)	10,351	-	10,351

Notes: 1. There are no segment adjustments.

2. Total segment income (loss) coincides with the value of operating income of the consolidated income statement.

(Per-share information)

The amounts and bases for the computation of net assets per share and net income per share are set out below.

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net assets per share	¥2,279.32	¥2,350.26
Net income per share	¥206.18	¥255.44

Notes: 1. The diluted net income per share is not stated as there were no dilutive shares.

2. The basis for calculation of net income per share is as follows.

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net income per share		
Net income attributable to owners of the parent (Millions of yen)	4,858	6,833
Amount not attributable to common shareholders (Millions of yen)	-	-
Net income attributable to owners of the parent relating to common shares (Millions of yen)	4,858	6,833
Average number of common shares outstanding for the year (shares)	23,563,800	26,753,846

Note 3. The basis for calculation of net assets per share is as follows.

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Total net assets (Millions of yen)	64,944	67,017
Amount to be deducted from total net assets (Millions of yen)	3,963	4,138
Of which, non-controlling interests (Millions of yen)	3,963	4,138
Year-end net assets relating to common shares (Millions of yen)	60,980	62,878
Number of common shares at year-end used for calculating net assets per share (shares)	26,753,885	26,753,842

(Subsequent events)

Not applicable.

6. Non-consolidated financial statements

(1) Balance sheet

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	621	4,579
Notes receivable	31	80
Electronically recorded monetary claims - operating	281	393
Accounts receivable - trade	23,588	17,611
Finished goods	8,693	5,942
Raw materials	143	146
Supplies	46	100
Prepaid expenses	53	59
Short-term loans receivable	2,287	5,411
Accounts receivable - other	672	648
Receivable of income tax refund	25	206
Deferred tax assets	318	225
Other	15	1
Allowance for doubtful receivables	(0)	(111)
Total current assets	36,777	35,295
Non-current assets		
Property, plant and equipment		
Buildings	3,420	3,219
Structures	64	57
Machinery and equipment	105	521
Vehicles	3	7
Furniture and fixtures	308	270
Land	277	277
Net property, plant and equipment	4,179	4,353
Intangible assets		
Software	180	147
Other	19	19
Total intangible assets	199	166
Investments and other assets		
Investment securities	3,341	2,943
Shares of subsidiaries and associates	12,349	12,349
Prepaid pension costs	877	956
Other	119	125
Allowance for doubtful accounts	(9)	(9)
Allowance for investment losses	(29)	(29)
Total investments and other assets	16,650	16,336
Total non-current assets	21,029	20,856
Total assets	57,807	56,151

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Accounts payable - trade	15,600	14,504
Short-term bank loans	177	177
Current portion of long-term debt	500	5,000
Accounts payable - other	757	533
Income taxes payable	1,065	47
Accrued expenses	156	154
Advances received	5	6
Deposits received	57	26
Reserve for bonuses	484	435
Other	0	5
Total current liabilities	18,805	20,890
Long-term liabilities		
Long-term debt	5,750	750
Deferred tax liabilities	729	579
Asset retirement obligations	226	231
Other	25	-
Total long-term liabilities	6,731	1,560
Total liabilities	25,537	22,451
Net assets		
Shareholders' equity		
Common stock	6,770	6,770
Capital surplus		
Capital reserve	6,896	6,896
Other capital surplus	2,476	2,476
Total capital surplus	9,372	9,372
Retained earnings		
Legal retained earnings	373	373
Other retained earnings		
Reserve for special depreciation	41	35
General reserve	4,700	4,700
Retained earnings brought forward	10,016	11,701
Total retained earnings	15,132	16,810
Treasury stock	(133)	(133)
Total shareholders' equity	31,142	32,820
Valuation and translation adjustments		
Unrealized gain on available-for-sale securities	1,127	880
Total valuation and translation adjustments	1,127	880
Total net assets	32,269	33,700
Total liabilities and net assets	57,807	56,151

(2) Statement of income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	134,350	139,060
Cost of sales	125,502	133,055
Gross profit	8,847	6,005
Selling, general and administrative expenses	6,483	5,707
Operating income	2,363	297
Non-operating income		
Interest income	22	37
Dividend income	1,361	2,879
Foreign currency exchange gain	445	-
Miscellaneous income	21	19
Total non-operating income	1,850	2,936
Non-operating expenses		
Interest expense	98	44
Foreign currency exchange losses	-	227
Miscellaneous loss	14	19
Total non-operating expenses	112	291
Ordinary income	4,101	2,942
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	139	-
Gain on sales of investment securities	22	-
Compensation income	-	551
Total extraordinary income	162	551
Extraordinary losses		
Total extraordinary losses	-	-
Income before income taxes	4,263	3,493
Income taxes – current	1,200	303
Income taxes for prior periods	493	-
Income taxes – deferred	65	93
Total income taxes	1,758	397
Net income	2,504	3,096

(3) Statement of changes in net assets
Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity										
	Common stock	Capital surplus			Retained earnings					Treasury stock	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings		
						Reserve for special depreciation	General reserve	Retained earnings brought forward			
Balance, April 1, 2014	3,770	3,896	2,476	6,372	373	-	4,700	8,300	13,374	(133)	23,383
Changes during the year											
Conversion of bonds with subscription rights to shares	3,000	3,000		3,000							6,000
Provision of reserve for special depreciation						41		(41)	-		-
Reversal of reserve for special depreciation											
Dividends paid								(746)	(746)		(746)
Net income								2,504	2,504		2,504
Purchase of treasury stock										(0)	(0)
Net change in items other than shareholders' equity during the year (net value)											
Net change in the year	3,000	3,000	-	3,000	-	41	-	1,716	1,758	(0)	7,758
Balance, March 31, 2015	6,770	6,896	2,476	9,372	373	41	4,700	10,016	15,132	(133)	31,142

	Valuation and translation adjustments		Total net assets
	Unrealized gain on available-for-sale securities	Total valuation and translation adjustments	
Balance, April 1, 2014	626	626	24,010
Changes during the year			
Conversion of bonds with subscription rights to shares			6,000
Provision of reserve for special depreciation			-
Reversal of reserve for special depreciation			
Dividends paid			(746)
Net income			2,504
Purchase of treasury stock			(0)
Net change in items other than shareholders' equity during the year (net value)	500	500	500
Net change in the year	500	500	8,259
Balance, March 31, 2015	1,127	1,127	32,269

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity										
	Common stock	Capital surplus			Retained earnings					Treasury stock	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings		
						Reserve for special depreciation	General reserve	Retained earnings brought forward			
Balance, April 1, 2015	6,770	6,896	2,476	9,372	373	41	4,700	10,016	15,132	(133)	31,142
Changes during the year											
Conversion of bonds with subscription rights to shares											
Provision of reserve for special depreciation											
Reversal of reserve for special depreciation						(5)		5	-		-
Dividends paid								(1,417)	(1,417)		(1,417)
Net income								3,096	3,096		3,096
Purchase of treasury stock										(0)	(0)
Net change in items other than shareholders' equity during the year (net value)											
Net change in the year	-	-	-	-	-	(5)	-	1,684	1,678	(0)	1,678
Balance, March 31, 2016	6,770	6,896	2,476	9,372	373	35	4,700	11,701	16,810	(133)	32,820

	Valuation and translation adjustments		Total net assets
	Unrealized gain on available-for-sale securities	Total valuation and translation adjustments	
Balance, April 1, 2015	1,127	1,127	32,269
Changes during the year			
Conversion of bonds with subscription rights to shares			
Provision of reserve for special depreciation			
Reversal of reserve for special depreciation			-
Dividends paid			(1,417)
Net income			3,096
Purchase of treasury stock			(0)
Net change in items other than shareholders' equity during the year (net value)	(247)	(247)	(247)
Net change in the year	(247)	(247)	1,430
Balance, March 31, 2016	880	880	33,700

(4) Notes to the non-consolidated financial statements

(Notes on going concern assumption)

Not applicable.

7. Others

(1) Changes in Executives

(i) Change in the representative

Not applicable.

(ii) Other changes in executives (scheduled for June 23, 2016) **Disclosed on February 26, 2016**

Changes in Statutory Auditors

1. Candidates for Statutory Auditor

Outside Statutory Auditor	Takuma Ino	(Reappointment)	(Representative, Takuma Ino Certified Tax Accountant Office)
Outside Statutory Auditor	Osamu Nakamoto	(Reappointment)	(Representative, Nakamoto Law Office)
Outside Statutory Auditor	Takashi Suzuki	(New appointment)	(Representative, Kyo Sogo Law Offices)
Statutory Auditor	Tsutomu Inokuma	(New appointment)	(Manager, Accounting Department, Administration Division of the Company)

2. Resigning Statutory Auditors

(a) Resigning Statutory Auditor

Haruo Shirasu

(b) Date of resignation

June 23, 2016 (upon conclusion of the Ordinary General Meeting of Shareholders)

(c) Reason for resignation

His resignation is due to personal reasons.

(2) Other

Not applicable.