



Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (Japanese GAAP)

April 28, 2017

Tokyo Stock Exchange

Company name	Foster Electric Company, Limited	
Code Number	6794	
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Scheduled date of the Ordinary General Meeting of Shareholders		June 22, 2017
Scheduled date of commencing dividend payment		June 23, 2017
Scheduled date of submitting Securities Report		June 22, 2017
Preparation of supplementary materials on Financial Results:		Yes
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, 2017 (From April 1, 2016 to March 31, 2017)

(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, 2017	160,896	(15.7)	2,963	(71.4)	3,017	(72.2)	1,088	(84.1)
March 31, 2016	190,928	1.0	10,351	6.2	10,847	4.3	6,833	40.7

Note: Comprehensive income: Fiscal year ended March 31, 2017 ¥43 million [(98.8)%]
Fiscal year ended March 31, 2016 ¥3,603 million [(67.8)%]

	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, 2017	41.16	-	1.8	3.0	1.8
March 31, 2016	255.44	-	11.0	10.7	5.4

Reference: Equity in earnings of affiliated companies: Fiscal year ended March 31, 2017 ¥- million
Fiscal year ended March 31, 2016 ¥- 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, 2017	102,409	63,901	58.2	2,316.09
March 31, 2016	98,735	67,017	63.7	2,350.26

Reference: Equity capital: As of March 31, 2017 ¥59,592 million
As of March 31, 2016 ¥62,878 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, 2017	4,372	(11,089)	1,690	12,037
March 31, 2016	24,057	(3,946)	(6,676)	17,858

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, 2016	-	25.00	-	25.00	50.00	1,337	19.6	2.2
March 31, 2017	-	15.00	-	25.00	40.00	1,044	97.2	1.6
March 31, 2018 (Forecast)	-	-	-	-	40.00		34.3	

3. Forecast of Financial Results for the Fiscal Year Ending March 31, 2018 (From April 1, 2017 to March 31, 2018)

(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, 2018	160,000	(0.6)	6,000	102.5	6,000	98.9	3,000	175.7	116.60

* 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. : No
 (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 the end of year (including treasury stock)
 March 31, 2017: 26,931,051
 March 31, 2016: 26,931,051
 (ii) Number of treasury stock at the end of year
 March 31, 2017: 1,201,261
 March 31, 2016: 177,209
 (iii) Average number of shares outstanding for the year
 Fiscal year ended March 31, 2017: 26,438,400
 Fiscal year ended March 31, 2016: 26,753,846

(Reference) Summary of non-consolidated results

1. Non-consolidated Financial Results for the Fiscal year Ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(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, 2017	117,059	(15.8)	34	(88.6)	654	(77.8)	933	(69.9)
March 31, 2016	139,060	3.5	297	(87.4)	2,942	(28.3)	3,096	23.6

	Net income per share	Diluted net income per share
Fiscal year ended	Yen	Yen
March 31, 2017	35.31	-
March 31, 2016	115.73	-

(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, 2017	61,054	31,401	51.4	1,220.44
March 31, 2016	56,151	33,700	60.0	1,259.64

Reference: Equity capital: As of March 31, 2017 ¥31,401 million
 As of March 31, 2016 ¥33,700 million

* Consolidated financial statements are not subject to auditing.

* 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 "Overview of operating results, etc." on page 2 of the Attachment.

○ Contents of Attachment

1. Overview of operating results, etc.....	2
(1) Operating results for the year under review	2
(2) Financial position for the year under review	3
(3) Cash flow for the year under review	3
(4) Future outlook	3
(5) Basic policy for profit sharing and dividends for the current and next fiscal year	4
2. Basic policies concerning the Selection of Accounting Standards	4
3. Consolidated financial statements and important notes.....	5
(1) Consolidated balance sheet	5
(2) Consolidated statement of income and consolidated statement of comprehensive income	7
(Consolidated statement of income)	7
(Consolidated statement of comprehensive income)	8
(3) Consolidated statement of changes in shareholders' equity	9
(4) Consolidated statement of cash flows	11
(5) Notes to the consolidated financial statements	13
(Notes on going concern assumption)	13
(Additional information)	13
(Segment information)	14
(Per-share information)	16
(Important subsequent events)	16
4. Other.....	17
(1) Changes in Executives.....	17
(2) Other	17

1. Overview of operating results, etc.

(1) Operating results for the year under review

During the fiscal year ended March 31, 2017, the global economy saw a modest recovery, particularly in developed countries. The U.S. economy held strong amid improvements in employment, while Europe and Japan also remained on a path of gradual recovery. On the other hand, the economies of emerging countries, such as China, remained unstable, and the outlook remains unclear with increased uncertainty factors from the issues caused by the U.K.'s exit from the E.U. and policy trends of the new administration in the U.S.

In the electronic components and electronic equipment industries in which the Foster Group ("the Group") operates, demand for automotive components remained robust, and we widened various initiatives aimed at new markets such as IoT and AI. However, smartphone parts, which had until now been the driver of global demand, faced severe competition due to a slowdown in growth caused by the maturing of the market.

Under this business environment, the Group concentrated its efforts on securing new orders and cost-cutting initiatives including material cost reduction in response to market changes. On the production side, the Group continued to promote improvements in production processes, mechanization, and labor-saving initiatives, in order to increase productivity. Furthermore, the Group established a framework for increased car-speaker production at the Bac Ninh plant in Vietnam, with the aim of building optimal frameworks for production. Furthermore, we accelerated our production shift from China to the ASEAN region, starting car speaker production at our Thilawa plant in Myanmar in March 2017. However, in addition to the slowing growth in the smartphone market, due to major customers being in a period of transition to new models, shipments of headsets declined sharply, and led to an unavoidable fall in profit.

As a result, for the fiscal year ended March 31, 2017, consolidated net sales decreased by 15.7% from the previous year (¥190,928 million) to ¥160,896 million, consolidated operating income decreased by 71.4% from the previous year (¥10,351 million) to ¥2,963 million, consolidated ordinary income decreased by 72.2% from the previous year (¥10,847 million) to ¥3,017 million, and net income attributable to owners of the parent decreased by 84.1% from the previous year (¥6,833 million) to ¥1,088 million.

The performance of each segment is as follows.

[Acoustic Components and Products Segment]

Sales volumes of flat TV speakers and speaker systems, audio speakers, and headphones were roughly in line with expectations. However, due to the impact of the stronger yen, sales of this segment were at ¥19,029 million (down 12.5% y-o-y), while operating income was ¥1,054 million (down 12.2% y-o-y).

[Automotive Components and Products Segment]

Sales of car speakers and speaker systems were robust, supported by demand in the North American market. However, revenue fell due to the impact of the stronger yen, and sales were ¥62,288 million (down 4.2% y-o-y). Operating income amounted to ¥4,553 million (up 25.7% y-o-y), due to factors such as higher factory utilization, as well as the effects of mechanization and the labor-saving initiatives.

[Information & Communication Components and Products Segment]

In addition to being in a period of transition to new models, lower-than-expected smartphone sales to major customers led to a decline in headset sales volumes, and sales were ¥73,815 million (down 24.6% y-o-y). Due to increased labor costs related to the ramp-up of new models and lower factory utilization caused by declines in orders, an operating loss of ¥2,646 million was posted, compared to operating income of ¥5,632 million in the same period of the previous year.

[Other Segment]

Sales of this segment, including micro acoustic components and the "FOSTEX" brand products, were ¥5,762 million (down 6.6%, y-o-y). Operating income was ¥1 million, compared to an operating loss of ¥106 million in the same period of the previous year.

(2) Financial position for the year under review

Total assets increased by ¥3,674 million from the end of the previous consolidated fiscal year to ¥102,409 million, primarily due to increases in tangible fixed assets. Total liabilities increased by ¥6,789 million from the end of the previous consolidated fiscal year to ¥38,507 million, primarily due to increases in loans. Mainly as a result of an increase in treasury stock, net assets decreased by ¥3,115 million from the end of the previous consolidated fiscal year to ¥63,901 million, and the equity ratio decreased by 5.5 percentage points from the end of the previous consolidated fiscal year to 58.2%.

(3) Cash flow for the year under review

[Operating activities]

Net cash from operating activities totaled ¥4,372 million, mainly due to decreases in trade notes and accounts receivable.

[Investing activities]

Net cash used in investing activities totaled ¥11,089 million, mainly due to capital expenditure.

[Financing activities]

Net cash provided by financing activities totaled ¥1,690 million, mainly due to increases in loans.

The balance of cash and cash equivalents at the end of the consolidated fiscal year under review decreased by ¥5,820 million from the end of the previous consolidated fiscal year to ¥12,037 million.

(4) Future outlook

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 future policy trends of the new administration in the U.S, elections in major European countries as protectionism is on the rise, heightened geopolitical risks, and trends in commodities prices. In the electronic components industry to which the Group belongs, we anticipate the trend towards growth in demand for electronic components to continue, with factors such as increased utilization of the IoT and AI in a diverse range of fields. In particular, automotive components are expected to lead global demand for electronic components, with technological revolutions aimed at EVs, ADASs, and fully autonomous driving vehicles picking up speed, in addition to increased automobile sales.

In this environment, the Group will develop technologies involving interfaces between acoustic signals and human beings, and endeavor to ensure the development of new technologies and commercialization of new businesses, in order to leverage new technological trends as business opportunities. Our product strategy is to seek substantial added value in order to better leverage the Company's strengths. 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%.

Based on the above, we will promote reforms through advancement of activities aimed at the continuous improvement of our corporate structure under our corporate slogan of "Year for Quality and Profit Enhancement, and Business Transformation." As specific measures, we implement "A powerful implementation in QMS and operation improvement," "To strengthen the production process," "To strengthen the global functions," and "To develop new products and 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 trusted and required by the society and markets we serve.

We project the consolidated earnings for the fiscal year ending March 31, 2018, as follows.

Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
¥160,000 million	¥6,000 million	¥6,000 million	¥3,000 million

* In projecting the performance above, we assumed exchange rates of ¥105 to the US dollar and ¥115 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.

(5) 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 (¥15 per share) is ¥40 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. 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.

3. Consolidated financial statements and important notes

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	16,519	10,258
Notes and accounts receivable - trade	23,880	18,932
Electronically recorded monetary claims - operating	564	547
Securities	1,951	2,172
Finished goods	15,478	24,840
Raw materials	6,602	7,632
Work in process	1,230	1,337
Supplies	203	209
Short-term loans receivable	3	3
Accounts receivable - other	932	791
Deferred tax assets	592	613
Other	2,378	2,034
Allowance for doubtful receivables	(378)	(59)
Total current assets	69,959	69,315
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,671	15,494
Accumulated depreciation	(5,035)	(5,549)
Buildings and structures, net	9,636	9,944
Machinery and equipment	21,234	25,688
Accumulated depreciation	(14,074)	(15,169)
Machinery and equipment, net	7,160	10,519
Furniture and fixtures	11,799	12,483
Accumulated depreciation	(9,087)	(9,415)
Furniture and fixtures, net	2,711	3,067
Land	1,102	1,074
Construction in progress	1,385	1,339
Net property, plant and equipment	21,995	25,945
Intangible assets		
Software	352	382
Leasehold rights	1,075	933
Other	106	113
Total intangible assets	1,534	1,429
Investments and other assets		
Investment securities	3,339	2,606
Long-term loans receivable	30	31
Long-term prepaid expenses	518	1,845
Asset for employees' retirement benefits	575	626
Deferred tax assets	424	314
Other	366	303
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	5,245	5,718
Total non-current assets	28,775	33,094
Total assets	98,735	102,409

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,021	15,445
Electronically recorded obligations - operating	75	67
Short-term bank loans	2,236	3,905
Current portion of long-term debt	5,093	1,335
Accounts payable - other	4,045	4,420
Income taxes payable	694	850
Accrued expenses	1,782	1,779
Deferred tax liabilities	164	251
Reserve for bonuses	598	586
Other	1,400	748
Total current liabilities	29,111	29,390
Long-term liabilities		
Long-term debt	1,432	8,135
Deferred tax liabilities	545	362
Liability for employees' retirement benefits	180	181
Liability for directors' retirement benefits	48	48
Asset retirement obligations	231	235
Other	168	153
Total long-term liabilities	2,605	9,116
Total liabilities	31,717	38,507
Net assets		
Shareholders' equity		
Common stock	6,770	6,770
Capital surplus	9,372	9,372
Retained earnings	44,944	44,962
Treasury stock	(133)	(2,133)
Total shareholders' equity	60,954	58,972
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	891	730
Foreign currency translation adjustment	1,479	337
Remeasurements of defined benefit plans	(446)	(447)
Total accumulated other comprehensive income	1,924	620
Non-controlling interests	4,138	4,309
Total net assets	67,017	63,901
Total liabilities and net assets	98,735	102,409

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

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	190,928	160,896
Cost of sales	163,876	143,527
Gross profit	27,052	17,369
Selling, general and administrative expenses	16,701	14,405
Operating income	10,351	2,963
Non-operating income		
Interest income	123	106
Dividend income	66	63
Foreign currency exchange gain	280	-
Miscellaneous income	601	580
Total non-operating income	1,072	750
Non-operating expenses		
Interest expense	121	121
Foreign currency exchange loss	-	211
Miscellaneous loss	454	362
Total non-operating expenses	576	696
Ordinary income	10,847	3,017
Extraordinary income		
Gain on sales of property, plant and equipment	168	-
Gain on sales of investment securities	-	665
Government subsidy	-	70
Compensation income	551	-
Total extraordinary income	719	736
Extraordinary losses		
Loss on impairment of long-lived assets	732	111
Special retirement expenses	845	243
Total extraordinary losses	1,578	354
Income before income taxes	9,989	3,399
Income taxes – current	2,848	1,795
Income taxes – deferred	(238)	23
Total income taxes	2,610	1,818
Net income	7,378	1,581
Net income attributable to non-controlling interests	544	492
Net income attributable to owners of the parent	6,833	1,088

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net income	7,378	1,581
Other comprehensive income		
Unrealized gain on available-for-sale securities	(249)	(161)
Foreign currency translation adjustment	(3,225)	(1,371)
Remeasurements of defined benefit plans	(299)	(4)
Total other comprehensive income	(3,775)	(1,537)
Comprehensive income	3,603	43
(Breakdown)		
Total comprehensive income attributable to owners of the parent	3,315	(215)
Total comprehensive income attributable to non-controlling interests	288	259

(3) Consolidated statement of changes in shareholder's equity
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					
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						
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

Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance, April 1, 2016	6,770	9,372	44,944	(133)	60,954
Changes during the year					
Dividends paid			(1,070)		(1,070)
Net income attributable to owners of the parent			1,088		1,088
Purchase of treasury stock				(2,000)	(2,000)
Net change in items other than shareholders' equity during the year (net value)					
Net change in the year	-	-	18	(2,000)	(1,982)
Balance, March 31, 2017	6,770	9,372	44,962	(2,133)	58,972

	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, 2016	891	1,479	(446)	1,924	4,138	67,017
Changes during the year						
Dividends paid						(1,070)
Net income attributable to owners of the parent						1,088
Purchase of treasury stock						(2,000)
Net change in items other than shareholders' equity during the year (net value)	(161)	(1,141)	(0)	(1,303)	170	(1,133)
Net change in the year	(161)	(1,141)	(0)	(1,303)	170	(3,115)
Balance, March 31, 2017	730	337	(447)	620	4,309	63,901

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Operating activities		
Income before income taxes	9,989	3,399
Depreciation and amortization	5,542	6,922
(Increase) decrease in asset for employees' retirement benefits	262	(50)
Increase (decrease) in liability for employees' retirement benefits	(10)	3
Increase (decrease) in directors' retirement benefits	(18)	2
Increase (decrease) in allowance for doubtful receivables	(551)	(311)
Increase (decrease) in reserve for bonuses	(67)	(9)
Loss (gain) on sales of property, plant and equipment	(168)	-
Loss (gain) on sales of investment securities	-	(665)
Compensation income	(551)	-
Government subsidy	-	(70)
Loss on impairment of long-lived assets	732	111
Special retirement expenses	845	243
Interest and dividend income	(190)	(170)
Interest expense	121	121
Foreign exchange loss (gain)	48	(150)
Decrease (increase) in trade notes and accounts receivable	7,040	4,526
Decrease (increase) in inventories	3,760	(10,967)
Increase (decrease) in trade notes and accounts payable	(562)	2,603
Decrease (increase) in other accounts receivable	1,113	103
Increase (decrease) in other accounts payable	(82)	39
Other	675	531
Subtotal	27,928	6,212
Interest and dividend income received	190	170
Interest expenses paid	(121)	(121)
Government subsidies received	-	70
Compensation received	551	-
Payments for special retirement expenses	(505)	(440)
Income taxes - paid	(3,986)	(1,518)
Net cash provided by operating activities	24,057	4,372
Investing activities		
Purchases of securities	(534)	(184)
Proceeds from sales of securities	-	470
Purchases of investment securities	(0)	(0)
Proceeds from sales of investment securities	-	1,218
Purchases of property, plant and equipment	(5,719)	(10,099)
Proceeds from sales of property, plant and equipment	208	-
Purchases of intangible assets	(123)	(162)
Decrease (increase) in time deposits	2,491	(97)
Decrease (increase) in short-term loans receivable	10	1
Payments of long-term loans receivable	(4)	(15)
Collection of long-term loans receivable	14	11
Payment for long-term prepaid expenses	(362)	(2,275)
Other	73	45
Net cash used in investing activities	(3,946)	(11,089)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Financing activities		
Increase (decrease) in short-term bank loans payable, net	(4,283)	1,818
Proceeds from long-term debt	479	8,679
Repayments of long-term debt	(1,328)	(5,647)
Dividends paid	(1,417)	(1,070)
Dividends paid to non-controlling interests	(126)	(89)
Purchase of treasury stock	(0)	(2,000)
Net cash used in financing activities	(6,676)	1,690
Effect of exchange rate changes on cash and cash equivalents	(1,499)	(795)
Net increase (decrease) in cash and cash equivalents	11,934	(5,820)
Cash and cash equivalents, beginning of year	5,924	17,858
Cash and cash equivalents, end of year	17,858	12,037

(5) Notes to the consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Additional information)

(Application of implementation guidance on recoverability of deferred tax assets)

The Application of the Implementation Guidance on Recoverability of Deferred Tax Assets (Corporate Accounting Standards Guidance No. 26, March 28, 2016) has been applied in the fiscal year ended March 31, 2017.

(Segment information)

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

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.

Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(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 & communicatio n components and products	Other			
Net sales							
Sales to external customers	19,029	62,288	73,815	5,762	160,896	-	160,896
Inter-segment sales or transfers	-	-	-	-	-	-	-
Total	19,029	62,288	73,815	5,762	160,896	-	160,896
Segment income (loss)	1,054	4,553	(2,646)	1	2,963	-	2,963

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, 2016	Fiscal year ended March 31, 2017
Net assets per share	¥2,350.26	¥2,316.09
Net income per share	¥255.44	¥41.16

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, 2016	Fiscal year ended March 31, 2017
Net income per share		
Net income attributable to owners of the parent (Millions of yen)	6,833	1,088
Amount not attributable to common shareholders (Millions of yen)	-	-
Net income attributable to owners of the parent relating to common shares (Millions of yen)	6,833	1,088
Average number of common shares outstanding for the year (shares)	26,753,846	26,438,400

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

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Total net assets (Millions of yen)	67,017	63,901
Amount to be deducted from total net assets (Millions of yen)	4,138	4,309
Of which, non-controlling interests (Millions of yen)	4,138	4,309
Year-end net assets relating to common shares (Millions of yen)	62,878	59,592
Number of common shares at year-end used for calculating net assets per share (shares)	26,753,842	25,729,790

(Important subsequent events)

Not applicable.

4. Other

(1) Changes in Executives

(i) Change in the representative
Not applicable.

(ii) Other changes in executives (scheduled for June 22, 2017) Disclosed **on March 29, 2017**

Changes in Statutory Auditors

1. Candidate for Statutory Auditor

Outside Statutory Auditor	Yasuhiro Goto	(New appointment)	(Professor, Faculty of Urban Innovation, Asia University)
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2. Resigning Statutory Auditor

(a) Resigning Statutory Auditor

Osamu Nakamoto

(b) Date of resignation

June 22, 2017 (upon conclusion of the Ordinary General Meeting of Shareholders)

(c) Reason for resignation

His resignation is due to personal reasons.

(2) Other

Not applicable.