

2. Dividends

	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Dividend on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 2018 Term	—	10.00	—	23.00	33.00	934	98.6	1.5
March 2019 Term	—	15.00	—	55.00	70.00	1,352	93.3	3.2
March 2020 Term (forecast)	—	15.00	—	55.00	70.00		90.1	

(Note) The payout ratio is calculated by dividing the total dividends by the net profit attributable to shareholders of parent company.

3. Forecasts for Consolidated Business Performance for March 2020 Term (April 1, 2019 – March 31, 2020)

(% figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to shareholders of parent company		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	58,000	(19.9)	700	(0.8)	550	(0.1)	430	(0.7)	22.42
Full year	124,000	(16.1)	2,150	9.4	1,900	9.4	1,500	3.5	78.21

*** Annotations**

(1) Significant subsidiary changes during the term (changes in scope of consolidation): None

Newly added: Excluded:

(2) Changes in accounting principles, changes in accounting estimate, and redisplay after revision:

- 1) Changes in accounting principles caused by revision of accounting standards: None
- 2) Changes in accounting principles other than 1): None
- 3) Changes in accounting estimate: None
- 4) Redisplay after revision: None

(3) Number of shares outstanding (ordinary shares)

1) Number of shares outstanding at the end of term (including treasury stock):

March 2019 Term: 24,281,373 shares March 2018 Term: 29,281,373 shares

2) Amount of treasury stock at the end of term:

March 2019 Term: 5,103,188 shares March 2018 Term: 1,102,796 shares

3) Amount of average stock during the term:

March 2019 Term: 21,471,490 shares March 2018 Term: 28,178,670 shares

Note: The amount of treasury stock at the end of the term includes Company stock (March 2019 term: 139,000 shares, March 2018 term: 139,000 shares) possessed in a trust related to the Performance-Based Stock Compensation Plan for Directors (with the exception of External Directors). Also, Company stock held in the trust is included in treasury stock to be deducted in the calculation of the amount of average stock during the term (March 2019 term: 139,000 shares, March 2018 term: 84,923 shares).

(Reference) Overview of Non-consolidated Results**(1) Non-consolidated Business Performance for March 2019 Term (April 1, 2018 – March 31, 2019)**

(% figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 2019 Term	87,865	(13.2)	447	(20.0)	977	(15.4)	953	94.3
March 2018 Term	101,170	(4.1)	560	—	1,155	—	490	—

	Net profit per share	Diluted net profit per share
	Yen	Yen
March 2019 Term	44.42	—
March 2018 Term	17.42	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 2019 Term	57,494	32,012	55.7	1,669.20
March 2018 Term	65,026	52,010	80.0	1,845.75

Reference) Shareholders' equity March 2019 Term: 32,012 million yen March 2018 Term: 52,010 million yen

* This summary of financial results is not subject to audits of certified public accountants or auditing corporations.

* Cautionary statement regarding forward-looking statements

The projected results and forward-looking statements included in this document reflect the Company's expectations based on information available at the time of release, and are not intended as a guarantee that the Company will achieve these targets. The actual performance may considerably differ from the forecast due to various factors.

See the section "1. Overview of Business Results – (4) Future Prospects" on page 4 of [Appendix] regarding the relevant matters for the above forecast for the business performance.

The Company is planning to hold a briefing for securities analysts and institutional investors on May 21, 2019. As for the issued documents explaining the closing of accounts, they shall promptly be updated on our website after the briefing is held.

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1. Overview of Business Results

(1) Overview of Business Results for the Fiscal Year Ended March 31, 2019

In the consolidated fiscal year under review, the overall global economy was strong. The trend in the Japanese economy continues to be gradual recovery due to factors such as increased corporate earnings and an improved employment environment. On the other hand, there is concern for how the global economy will be impacted by factors such as trade friction between the United States and China and the withdrawal of the United Kingdom from the European Union, and as a result, future economic trends inside and outside of Japan are more unclear than ever. In the electronics industry, which is the primary area of business of the Group, fields such as automobile driving systems, the internet of things (IoT), artificial intelligence (AI), and machine to machine technology (M2M) continued to grow. In Japan's domestic IT industry as well, in addition to cloud technology, big data, and security, companies are also increasing their investments for labor efficiency improvement goals.

In the midst of these conditions, with the goal of achieving return on equity (ROE) of 5% and ordinary profit of ¥3 billion, the Group promoted business portfolio reforms to shift to a highly profitable structure in its device business while also conducting thorough management of exchange-rate and inventory risk and making efforts to improve profitability through increasing operation efficiency, all based on the provision of the V70 Medium-Term Management Plan scheduled to end at the conclusion of the 2021 fiscal year. Also, in order to strengthen the cloud business in our solution business, we expanded the menu of cloud-computing services based on the Sanshin Data Center, while also working to create synergy between business units through cross-cell promotions.

As a result of these initiatives, business performance in the consolidated fiscal year under review was as follows: Net sales were ¥147,879 million (down 6.0% year-on-year), but operating profit was ¥1,965 million (up 11.4% year-on-year) due to factors such as an improved gross profit margin and reduction of selling, general and administrative expenses. Ordinary profit was ¥1,737 million (down 2.8% year-on-year) due to factors such as an increase in non-operating expenses including an increase in interest expenses and posting of commission for purchase of treasury stock. In addition, due to posting of extraordinary gains caused by factors such as gain on the sale of land and buildings of the Atsugi facility, net profit attributable to shareholders of parent company was ¥1,449 million (up 53.0% year-on-year). Furthermore, as the result of acquiring treasury stock, paying dividends aimed at a consolidated payout ratio of 100%, engaging in active return to shareholders, and working to improve capital efficiency, we achieved a ROE of 2.8% (1.5% in the previous fiscal year).

Moving forward, in addition to focusing on the continued expansion of business profit, we will strive to further improve our capital efficiency, and will review the implementation of capital policies such as the acquisition of treasury stock while making appropriate investments and maintaining financial soundness in preparation for risk.

Consolidated performance by segment for the term under review is as follows.

(Device segment)

In the device business segment, our leading products are semiconductors (including system LSIs, microcomputers, LCD driver ICs and memory) and electronic components (including connectors and capacitors). These products are sold mainly to electronics manufacturers. We also provide technical support such as software development and module development.

In the consolidated year under review, although sales in new business increased year-on-year, sales to the social/industrial field and toy field decreased. As a result of such factors, segment sales were ¥133,275 (down 7.3% year-on-year). Segment profit was ¥465 million (down 35.8% year-on-year) due to an increase in non-operating expenses caused by factors such as increased working capital and increased interest expenses due to rising interest, which offset a year-on-year increase in operating profit caused by an improved gross profit margin and reduced selling, general and administrative expenses.

(Solution segment)

In the solution business segment, we are committed to design, construction, operation and maintenance of infrastructure for private companies as well as government offices and municipalities, focusing on communication networks. For core systems, we offer services deriving from provision of package software, such as individually developed and customized solutions. We also provide broadcast stations and production companies with systems for editing, transmission and distribution of video content, centered on products from suppliers abroad.

In the consolidated fiscal year under review, as a result of more favorable public works and video field targeted sales results than the previous fiscal year, net sales were ¥14,604 million (up 7.7% year-on-year), and segment profit was ¥1,272 million (up 19.7% year-on-year).

(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2019***(Assets)***

As of March 31, 2019, assets decreased ¥5,362 million compared to March 31, 2018, to ¥88,261 million. This was mainly attributable to a ¥1,539 million decrease in merchandise inventories, an ¥893 million decrease in land, a ¥683 million decrease in notes and accounts receivable-trade, a ¥633 million decrease in partly-finished work, and a ¥594 million decrease in consumption taxes refund receivable.

(Liabilities)

As of March 31, 2019, liabilities increased ¥13,713 million compared to March 31, 2018, to ¥45,549 million. This was mainly attributable to a ¥10,256 million increase in short-term loans payable and a ¥2,829 million increase in notes and accounts payable-trade.

(Net Assets)

As of March 31, 2019, net assets decreased ¥19,075 million compared to March 31, 2018, to ¥42,711 million. This was mainly attributable to a ¥9,489 million increase in treasury stock, a ¥10,102 million decrease in capital surplus due to the retirement of treasury stock, and a ¥413 million increase in foreign currency translation adjustment.

(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2019

As of March 31, 2019, cash and cash equivalents decreased ¥112 million compared to March 31, 2018, to ¥17,064 million. This was due to expenses such as the purchase of treasury stock, etc., exceeding income as the result of an increase in notes and accounts payable-trade, a decrease in inventories, etc.

(Operating activities)

Net cash provided by operating activities during the consolidated period under review totaled ¥9,061 million. This was mainly due to a decrease in in notes and accounts receivable-trade, a decrease in inventories, and an increase in notes and accounts payable-trade. Since the figure for the previous consolidated fiscal year was an expense of ¥1,996 million, this represented an income rise of ¥11,058 million.

(Investing activities)

Net cash provided by investing activities during the consolidated period under review totaled ¥1,824 million due to factors such as the sales of property and equipment, the sales of investment securities, etc. Since the figure for the previous consolidated fiscal year was an expense of ¥1,048 million, this represented an income rise of ¥2,872 million.

(Financing activities)

Net cash used in financing activities during the consolidated period under review totaled ¥11,024 million due to the purchase of treasury stock, payment of dividends, etc. Since the figure for the previous consolidated fiscal year was an income of ¥583 million, this represented an expense increase of ¥11,607 million.

(4) Future Prospects

1) Outlook for the next fiscal year

For the next consolidated fiscal year, the Company expects that the solution business will remain strong, with net sales and segment profit at about the same level year-on-year. On the other hand, in the device business, we expect net sales to decrease year-on-year due to concern for the effect of a slowdown in the smartphone market and expected shrinking of the volume business. We expect segment profit to increase year-on-year due to a forecasted improvement in the gross profit margin and a decrease in selling, general and administrative expenses.

Based on these assumptions, we forecast the following numbers as prospect for consolidated business results for the next consolidated fiscal year.

(Prospect for Consolidated Business Results)

Net sales:	¥124 billion (down 16.1% YoY)
Operating profit:	¥2.15 billion (up 9.4% YoY)
Ordinary profit:	¥1.9 billion (up 9.4% YoY)
Net profit attributable to shareholders of parent company:	¥1.5 billion (up 3.5% YoY)
Dividend amount per share (Annual dividend amount):	¥70 (¥70 per share for the previous fiscal year)

2) Outlook for assets, liabilities, net assets and cash flows

At the end of March 2020, the Company expects total assets to be roughly ¥74.3 billion, a ¥14 billion decrease from the end of March 2019, mainly because of a projected decrease in notes and accounts receivable-trade and a projected decrease in inventories. In addition, the Company expects interest-bearing debt to decrease by approximately ¥8.1 billion compared to the end of this consolidated fiscal year and interest-bearing debt is forecast to total about ¥16 billion at the end of March 2020.

Cash and cash equivalents at the end of March 2020 are expected to decrease by about ¥1 billion from the end of this consolidated fiscal year to about ¥16 billion. This is mainly because of expected expenses from repayment of interest-bearing debt, which offsets expected income from decreased notes and accounts receivable-trade, decreased inventories, etc.

(Reference) Performance indicators associated with cash flows

	March 2015 Term	March 2016 Term	March 2017 Term	March 2018 Term	March 2019 Term
Ratio of shareholders' equity (%)	64.5	66.3	65.4	65.7	48.3
Ratio of shareholders' equity on current price base (%)	27.6	26.2	38.0	65.3	41.2
Interest-bearing debt to cash flow ratio (year)	—	—	2.6	—	2.7
Interest coverage ratio	—	—	48.9	—	22.1

Notes: Ratio of shareholders' equity: Shareholders' equity ÷ Total assets

Ratio of shareholders' equity on current price base: Market capitalization ÷ Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debts ÷ Operating cash flow

Interest coverage ratio: Operating cash flow ÷ Interest paid

* Each indicator is calculated using the consolidated financial figures.

* The market capitalization is calculated as the share price at term-end multiplied by the number of shares outstanding at term-end (after the deduction of treasury stock).

* For the operating cash flow, the "cash flow from operating activities" shown in the consolidated statement of cash flows is used. The interest-bearing debts feature all debts bearing interest among the debts listed in the consolidated balance sheets. For the amount of interest paid, the "interest expenses paid" listed in the consolidated statement of cash flows is used.

* Figures for the interest-bearing debt to cash flow ratio and the interest coverage ratio are not recorded when the operating cash flow figure is negative.

2. Basic Attitudes Toward the Selection of our Accounting Standards

For the time being, the Group has applied the Japanese standards to its consolidated financial statements, with consideration given to the comparability of the terms of consolidated financial statements and comparability among enterprises.

As regards the application of international accounting standards, the Group is open to appropriately meet these standards upon consideration of both domestic and overseas circumstances.

3. Consolidated Financial Statements and Main Notes
(1) Consolidated Balance Sheets

(Million yen)

	March 2018 Term (As of Mar. 31, 2018)	March 2019 Term (As of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposits	17,176	17,064
Notes and accounts receivable-trade	41,734	41,780
Electronically recorded monetary claims	6,335	5,605
Merchandise inventories	16,119	14,580
Partly-finished work	772	139
Accrued income	174	177
Others	3,714	2,892
Allowance for doubtful accounts	(12)	(7)
Total current assets	86,016	82,234
Non-current assets		
Property and equipment		
Buildings and structures	5,849	4,469
Accumulated depreciation	(4,357)	(3,251)
Buildings and structures, net	1,492	1,218
Land	2,029	1,135
Leased assets	196	166
Accumulated depreciation	(108)	(107)
Lease assets, net	87	59
Other	658	614
Accumulated depreciation	(586)	(537)
Other, net	71	77
Total property and equipment	3,681	2,490
Intangible assets	361	322
Investments and other assets		
Investment securities	3,307	2,719
Deferred tax assets	125	373
Others	146	160
Allowance for doubtful accounts	(14)	(39)
Total investments and other assets	3,564	3,215
Total non-current assets	7,608	6,027
Total assets	93,624	88,261

(Million yen)

	March 2018 Term (As of Mar. 31, 2018)	March 2019 Term (As of Mar. 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	15,633	18,462
Short-term loans payable	13,809	24,066
Current portion of long-term loans payable	16	6
Lease obligations	34	26
Accrued corporate tax, etc.	186	463
Allowance for bonuses to employees	474	483
Allowance for bonuses to Directors and Audit & Supervisory Board members	24	26
Others	1,232	1,625
Total current liabilities	31,411	45,161
Non-current liabilities		
Long-term loans payable	6	-
Lease obligations	52	32
Deferred tax liabilities	1	0
Allowance for stock compensation	11	31
Net defined benefit liabilities	256	224
Others	97	99
Total non-current liabilities	425	388
Total liabilities	31,836	45,549
Net assets		
Shareholders' equity		
Capital stock	14,811	14,811
Capital surplus	15,432	5,329
Retained earnings	32,197	32,578
Treasury stock	(867)	(10,356)
Total shareholders' equity	61,574	42,363
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	781	574
Deferred hedge gains (losses)	80	(4)
Foreign currency translation adjustment	(708)	(294)
Remeasurements of defined benefit plans	16	22
Total accumulated other comprehensive income	169	298
Non-controlling interests	43	50
Total net assets	61,787	42,711
Total liabilities and net assets	93,624	88,261

(2) Consolidated Profit and Loss Statement, Consolidated Comprehensive Income Statement
(Consolidated Profit and Loss Statement)

(Million yen)

	March 2018 Term (Apr. 1, 2017 – Mar. 31, 2018)	March 2019 Term (Apr. 1, 2018 – Mar. 31, 2019)
Net sales	157,257	147,879
Cost of sales	145,809	136,472
Gross profit on sales	11,447	11,407
Selling, general and administrative expenses	9,684	9,441
Operating profit	1,763	1,965
Non-operating profit		
Interest income	22	14
Dividend income	57	40
Foreign exchange gains	166	116
Others	47	104
Total non-operating profit	294	275
Non-operating expenses		
Interest expenses	237	410
Sales discounts	16	14
Commission for purchase of treasury stock	-	55
Others	17	22
Total non-operating expenses	271	503
Ordinary profit	1,787	1,737
Extraordinary profits		
Gain on sales of non-current assets	0	589
Gain on sales of investment securities	0	295
Total extraordinary profits	0	884
Extraordinary losses		
Loss on retirement of non-current assets	0	1
Loss on sales of investment securities	-	0
Loss on valuation of investment securities	467	220
Impairment loss	-	56
Special retirement benefits	229	38
Office transfer expenses	-	38
Loss on withdrawal of corporate pension funds	-	406
Total extraordinary losses	697	761
Net profit before tax and other adjustments	1,090	1,860
Corporate, resident and enterprise taxes	188	525
Adjustment for corporate tax, etc.	(77)	(121)
Total corporate taxes	110	404
Net profit	979	1,456
Net profit attributable to non-controlling interests	32	7
Net profit attributable to shareholders of parent company	947	1,449

(Consolidated Comprehensive Income Statement)

(Million yen)

	March 2018 Term (Apr. 1, 2017 – Mar. 31, 2018)	March 2019 Term (Apr. 1, 2018 – Mar. 31, 2019)
Net profit	979	1,456
Other comprehensive income		
Valuation difference on available-for-sale securities	126	(206)
Deferred hedge gains (losses)	87	(84)
Foreign currency translation adjustment	(466)	413
Remeasurements of defined benefit plans, net of tax	185	6
Total other comprehensive income	(67)	128
Comprehensive income	912	1,585
(Details)		
Comprehensive income attributable to shareholders of parental company	879	1,577
Comprehensive income attributable to non-controlling interests	32	7

(3) Consolidated Statements of Changes in Shareholders' Equity

March 2018 Term (April 1, 2017 to March 31, 2018)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2017	14,811	15,329	31,923	(764)	61,300
Changes during the term					
Dividends of surplus			(705)		(705)
Net profit attributable to shareholders of parent company			947		947
Purchase of treasury stock				(0)	(0)
Purchase of treasury stock under stock compensation plan				(199)	(199)
Disposal of treasury stock under stock compensation plan		102		96	199
Change of scope of consolidation			32		32
Net changes of items other than shareholders' equity					
Total changes during the term	-	102	274	(102)	274
Balance as of March 31, 2018	14,811	15,432	32,197	(867)	61,574

(Million yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred hedge gains (losses)	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2017	654	(7)	(241)	(168)	237	-	61,537
Changes during the term							
Dividends of surplus							(705)
Net profit attributable to shareholders of parent company							947
Purchase of treasury stock							(0)
Purchase of treasury stock under stock compensation plan							(199)
Disposal of treasury stock under stock compensation plan							199
Change of scope of consolidation							32
Net changes of items other than shareholders' equity	126	87	(466)	185	(67)	43	(24)
Total changes during the term	126	87	(466)	185	(67)	43	249
Balance as of March 31, 2018	781	80	(708)	16	169	43	61,787

March 2019 Term (April 1, 2018 to March 31, 2019)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2018	14,811	15,432	32,197	(867)	61,574
Changes during the term					
Dividends of surplus			(941)		(941)
Net profit attributable to shareholders of parent company			1,449		1,449
Purchase of treasury stock				(19,719)	(19,719)
Retirement of treasury stock		(10,102)	(127)	10,230	-
Net changes of items other than shareholders' equity					
Total changes during the term	-	(10,102)	380	(9,489)	(19,211)
Balance as of March 31, 2019	14,811	5,329	32,578	(10,356)	42,363

(Million yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred hedge gains (losses)	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2018	781	80	(708)	16	169	43	61,787
Changes during the term							
Dividends of surplus							(941)
Net profit attributable to shareholders of parent company							1,449
Purchase of treasury stock							(19,719)
Retirement of treasury stock							-
Net changes of items other than shareholders' equity	(206)	(84)	413	6	128	7	136
Total changes during the term	(206)	(84)	413	6	128	7	(19,075)
Balance as of March 31, 2019	574	(4)	(294)	22	298	50	42,711

(4) Consolidated Statement of Cash Flows

(Million yen)

	March 2018 Term (Apr. 1, 2017 – Mar. 31, 2018)	March 2019 Term (Apr. 1, 2018 – Mar. 31, 2019)
Operating activities		
Net profit before tax and other adjustments	1,090	1,860
Depreciation and amortization	190	163
Impairment loss	-	56
Amortization of goodwill	41	40
Increase (decrease) in allowance for doubtful accounts	5	38
Increase (decrease) in allowance for stock compensation	11	19
Increase (decrease) in net defined benefit liabilities	58	(13)
Interest and dividend income	(80)	(54)
Interest expenses	237	410
Loss (gain) on sales of non-current assets	(0)	(589)
Loss (gain) on sales of investment securities	(0)	(295)
Loss (gain) on valuation of investment securities	467	220
Decrease (increase) in notes and accounts receivable-trade	3,356	1,698
Decrease (increase) in inventories	(5,782)	2,400
Increase (decrease) in notes and accounts payable-trade	(763)	2,536
Decrease (increase) in consumption taxes refund receivable	(328)	594
Increase (decrease) in accrued consumption taxes	9	(11)
Others	(168)	597
Subtotal	(1,653)	9,672
Interest and dividend income received	80	58
Interest expenses paid	(238)	(409)
Corporate and other taxes paid	(185)	(259)
Net cash provided by (used in) operating activities	(1,996)	9,061
Investing activities		
Purchase of property and equipment	(23)	(67)
Proceeds from sales of property and equipment	19	1,721
Purchase of software	(4)	(77)
Purchase of investment securities	(1,068)	(0)
Proceeds from sales of investment securities	0	248
Others	28	1
Net cash provided by (used in) investing activities	(1,048)	1,824
Financing activities		
Proceeds from short-term loans	25,643	50,515
Repayment of short-term loans	(24,298)	(40,826)
Repayment of long-term loans	(15)	(16)
Repayments of lease obligations	(41)	(37)
Net decrease (increase) in treasury stock	(0)	(19,719)
Cash dividends paid	(704)	(939)
Net cash provided by (used in) financing activities	583	(11,024)
Effect of exchange rate change on cash and cash equivalents	(3)	25
Net increase (decrease) in cash and cash equivalents	(2,465)	(112)
Balance of cash and cash equivalents, beginning of the period	19,599	17,176
Increase in cash and cash equivalents from newly consolidated subsidiary	42	-
Balance of cash and cash equivalents, end of the period	17,176	17,064

**(5) Notes on Consolidated Financial Statements
(Notes Regarding Going Concern)**

None

(Changes in Presentation Methods)

Changes in Conjunction with Application of Partial Amendments to Accounting Standard for Tax Effect Accounting

Partial Amendments to Accounting Standard for Tax Effect Accounting (Corporate Accounting Standard No. 28; February 16, 2018; hereinafter, “Partial Amendments for Tax Effect Accounting”) were applied from the beginning of the consolidated fiscal year under review. Accordingly, the Company has changed to a method in which “Deferred tax assets” is presented under “Investments and other assets” and “Deferred tax liabilities” is presented under “Non-current liabilities.”

As a result, in the consolidated balance sheets for the previous fiscal year, “Deferred tax assets” under “Current assets” decreased by ¥394 million and “Deferred tax assets” under “Investments and other assets” increased by ¥394 million.

Also, deferred tax assets and deferred tax liabilities for the same taxable entity are presented as offsetting each other. Total assets decreased by ¥347 million compared to before the changes.

(Additional Information)

Performance-Based Stock Compensation Plan for Directors

The Company has introduced a Performance-Based Stock Compensation Plan for Directors, for the purpose of further clarifying the link between the compensation to the Company’s Directors (excluding External Directors) and the value of its shares. With the introduction of the Performance-Based Stock Compensation Plan, Directors will not only enjoy the advantages when the Company’s share price rises but also bear the risks when the share price declines, sharing with shareholders the benefits and risks of fluctuations in share prices. This move is intended ultimately to incentivize Directors to increase medium-to-long-term business results and increase enterprise value.

1) Overview of Transactions

In the Performance-Based Stock Compensation Plan, a trust that is funded by Company expenditures acquires shares in the Company. The Board of Directors establishes regulations for the granting of shares, according to which each director is awarded points for his or her degree of accomplishment of numerical targets based on management indices. Each director is then awarded the Company’s shares in proportion to the points awarded, through the trust. In principle, the shares are awarded to directors at the time of their resignation or retirement.

2) Accounting treatment of Company shares remaining in the trust

The book value of the trust (net of ancillary expenses) for shares held by the trust was ¥199 million in the previous consolidated fiscal year and ¥199 million in the consolidated fiscal year under review, and is recorded as treasury stock in the shareholders’ equity.

The number of said shares was 139,000 as of the end of the previous consolidated fiscal year and 139,000 as of the end the fiscal year under review. The average number of shares was 84,000 during the previous consolidated fiscal year and 139,000 during the fiscal year under review. These shares are included in the shares of treasury stock excluded for calculation of per share information.

(Segment Information and Other)

a. Segment Information

1. Outline of Report Segments

The report segments are composition units of the Company for which separate financial information is available. The Board of Directors reviews these segments periodically to determine the allotment of managerial resources and evaluate the financial results.

The Company has business headquarters for individual merchandise and services. The business headquarters work out domestic and overseas comprehensive strategies about their merchandise and services, and do business activities according to the strategies.

Therefore, the Company is organized in two segments by merchandise and services based on business headquarters. They are device segment and solution segment.

In the device business segment, our leading products are semiconductors (including system LSIs, microcomputers, LCD driver ICs and memory) and electronic components (including connectors and capacitors). These products are sold mainly to electronics manufacturers. We also provide technical support such as software development and module development.

In the solution business segment, we are committed to design, construction, operation and maintenance of infrastructure for private companies as well as government offices and municipalities, focusing on communication networks. For core systems, we offer services deriving from provision of package software, such as individually developed and customized solutions. We also provide broadcast stations and production companies with systems for editing, transmission and distribution of video content, centered on products from suppliers abroad.

2. Amount calculation methods for sales, profit or loss, assets, liabilities, and other items in each report segment

The accounting method in the reported business segments is almost the same as that used for preparing the consolidated financial statements.

Profit (loss) in the report segments are based on ordinary profit (loss).

3. Information regarding the amounts of sales, profit or loss, assets, liabilities, and other items in each report segment

March 2018 Term (Apr. 1, 2017 – Mar. 31, 2018)

(Million yen)

	Report segment			Adjustment amount (Note 1)	Amount accounted on consolidated financial statements (Note 2)
	Device segment	Solution segment	Total		
Net sales					
Sales to outside customers	143,701	13,555	157,257	-	157,257
Inter-segment sales or transfers	-	-	-	-	-
Total	143,701	13,555	157,257	-	157,257
Segment profit	724	1,062	1,787	-	1,787
Segment assets (Note 3)	65,363	7,522	72,885	20,739	93,624
Other items					
Depreciation and amortization (Note 4)	134	56	190	-	190
Increase of property and equipment and intangible assets	25	14	39	17	57

Notes: 1. The adjustment amount of segment assets includes investment capital (cash, deposits, and securities), long-term investment (investment in securities), and assets related to the management divisions of the Company.

2. The segment profit coincides with the ordinary profit in the consolidated profit and loss statement.

3. Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (Corporate Accounting Standard No. 28; February 16, 2018) were applied from the beginning of the consolidated fiscal year under review. Accordingly, segment assets for the previous consolidated fiscal year list numbers after retroactive application of said Accounting Standard, etc.

4. The depreciation and amortization do not include the amortization of goodwill.

March 2019 Term (Apr. 1, 2018 – Mar. 31, 2019)

(Million yen)

	Report segment			Adjustment amount (Note 1)	Amount accounted on consolidated financial statements (Note 2)
	Device segment	Solution segment	Total		
Net sales					
Sales to outside customers	133,275	14,604	147,879	-	147,879
Inter-segment sales or transfers	-	-	-	-	-
Total	133,275	14,604	147,879	-	147,879
Segment profit	465	1,272	1,737	-	1,737
Segment assets	61,752	7,144	68,897	19,364	88,261
Other items					
Depreciation and amortization (Note 3)	114	48	163	-	163
Increase of property and equipment and intangible assets	41	24	65	94	160

Notes: 1. The adjustment amount of segment assets includes investment capital (cash, deposits, and securities), long-term investment (investment in securities), and assets related to the management divisions of the Company.

2. The segment profit coincides with the ordinary profit in the consolidated profit and loss statement.

3. The depreciation and amortization do not include the amortization of goodwill.

b. Related information

March 2018 Term (Apr. 1, 2017 – Mar. 31, 2018)

1. Information of products and services

The information by product and service coincides with that by report segment, and is, therefore, omitted.

2. Information of regions

(1) Net sales

(Million yen)

Japan	Asia	North America	Others	Total
80,223	73,716	306	3,010	157,257

(2) Property and equipment

As the amount of property and equipment in Japan exceeds 90% of the amount stated in the consolidated balance sheets, description is omitted.

3. Information of major clients

(Million yen)

Name of client	Net sales	Related segments
Japan Display Inc.	23,801	Mainly device segment

March 2019 Term (Apr. 1, 2018 – Mar. 31, 2019)

1. Information of products and services

The information by product and service coincides with that by report segment, and is, therefore, omitted.

2. Information of regions

(1) Net sales

(Million yen)

Japan	Asia	North America	Others	Total
81,805	62,204	293	3,576	147,879

(2) Property and equipment

As the amount of property and equipment in Japan exceeds 90% of the amount stated in the consolidated balance sheets, description is omitted.

3. Information of major clients

(Million yen)

Name of client	Net sales	Related segments
Japan Display Inc.	28,733	Mainly device segment

c. Information regarding impairment loss for non-current assets in each report segment

March 2018 Term (Apr. 1, 2017 – Mar. 31, 2018)

None

March 2019 Term (Apr. 1, 2018 – Mar. 31, 2019)

(Million yen)

	Device segment	Solution segment	Elimination/Corporate	Total
Impairment loss	56	-	-	56

d. Information regarding the amount of amortization of goodwill and the balance in each report segment

March 2018 Term (Apr. 1, 2017 – Mar. 31, 2018)

(Million yen)

	Device segment	Solution segment	Elimination/Corporate	Total
Amount of amortization	41	-	-	41
Balance at term-end	213	-	-	213

March 2019 Term (Apr. 1, 2018 – Mar. 31, 2019)

(Million yen)

	Device segment	Solution segment	Elimination/Corporate	Total
Amount of amortization	40	-	-	40
Balance at term-end	118	-	-	118

e. Information regarding profit on negative goodwill in each report segment

None

(Per Share Information)

(Yen)

	March 2018 Term (Apr. 1, 2017 – Mar. 31, 2018)	March 2019 Term (Apr. 1, 2018 – Mar. 31, 2019)
Net assets per share	2,191.19	2,224.47
Net profit per share	33.62	67.48

Notes: 1. Diluted net profit per share is not presented since the Company has no dilutive shares.

2. Shares of the Company which are owned by a trust in connection with the Performance-Based Stock Compensation Plan for Directors (excluding the External Directors) and which are recorded as treasury stock in shareholders' equity are included in the shares of treasury stock that are excluded from the total number of shares outstanding at the end of term for calculation of net assets per share (current consolidated fiscal year: 139,000 shares, previous consolidated fiscal year: 139,000 shares), and also are included in treasury stock excluded in the calculation of amount of average stock during the term for calculation of net profit per share (current consolidated fiscal year: 139,000 shares, previous consolidated fiscal year: 84,000 shares).

3. Net profit per share was calculated on the following basis.

(Million yen)

	March 2018 Term (Apr. 1, 2017 – Mar. 31, 2018)	March 2019 Term (Apr. 1, 2018 – Mar. 31, 2019)
Net profit attributable to shareholders of parent company	947	1,449
Amount not attributable to ordinary shareholders	-	-
Net profit attributable to shareholders of parent company available to ordinary shares	947	1,449
Average shares outstanding available to ordinary shares (thousand shares)	28,178	21,471

4. Other

(1) Changes in Officers (Scheduled for June 21, 2019)

1) Changes in Representative Directors

None

2) Changes in Other Officers

- Candidate for new Director
 - Director, Operating Officer Koji Harada (currently Operating Officer, Deputy Senior General Manager/Manager of Osaka Branch in Solution Marketing & Sales Division)
- Director scheduled for retirement
 - Director, Senior Operating Officer Nobuyuki Hatano (after retirement, scheduled for appointment as Senior Operating Officer)

(2) Changes in Operating Officers (Scheduled for June 21, 2019)

- Promotion
 - Director, Senior Operating Officer Akio Misono (currently Director, Operating Officer)