

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 [Japanese GAAP]



May 8, 2017

Company name: Shibaura Electronics Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 6957  
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 Scheduled date for the Ordinary General Meeting of Shareholders: June 29, 2017  
 Scheduled date for commencing dividend payments: June 30, 2017  
 Scheduled date for filing securities report: June 30, 2017  
 Availability of supplementary briefing material on financial results: Yes  
 Schedule of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Consolidated operating results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2017	22,071	3.8	2,394	43.9	2,463	44.0	1,818	49.8
March 31, 2016	21,261	5.7	1,663	(12.0)	1,710	(11.2)	1,213	(26.4)

(Note) Comprehensive income: Fiscal year ended March 31, 2017: ¥1,459 million [107.2 %]

Fiscal year ended March 31, 2016: ¥704 million [(72.5) %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets	Operating income margin
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2017	235.05	—	9.7	9.3	10.8
March 31, 2016	156.10	—	6.7	6.5	7.8

(Reference) Equity in earnings (losses) 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
	Million yen	Million yen	%	Yen
As of March 31, 2017	27,113	19,343	70.9	2,496.22
As of March 31, 2016	25,987	18,441	70.6	2,358.85

(Reference) Equity: As of March 31, 2017: ¥19,235 million

As of March 31, 2016: ¥18,338 million

(3) Consolidated cash flows

	Net cash flow provided by (used in) operating activities	Net cash flow provided by (used in) investing activities	Net cash flow provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2016	2,514	(1,224)	(1,235)	6,027
March 31, 2015	2,108	(1,544)	(1,068)	6,058

**2. Dividends**

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	—	0.00	—	55.00	55.00
Fiscal year ending March 31, 2017	—	0.00	—	60.00	60.00
Fiscal year ending March 31, 2018 (Forecast)	—	0.00	—	60.00	60.00

	Total dividends paid	Payout ratio (Consolidated)	Dividend on net assets (Consolidated)
	Million yen	%	%
Fiscal year ended March 31, 2016	427	35.2	2.4
Fiscal year ending March 31, 2017	466	25.5	2.5
Fiscal year ending March 31, 2018 (Forecast)		23.7	

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	12,000	8.6	1,250	16.1	1,250	23.9	920	33.6	118.92
Full year	24,500	11.0	2,650	10.7	2,650	7.6	1,960	7.8	253.34

**Notes:**

(1) Changes in significant subsidiaries during the period under review: No  
(Changes in specified subsidiaries resulting in changes in scope of consolidation)

Newly included: — Excluded: —

(2) Changes in accounting policies, changes in accounting estimates and restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Restatement: No

Note: For details, refer to page 14 of the appendix: “3. Consolidated Financial Statements and Primary Notes

(5) Notes to Consolidated Financial Statements (Changes in Accounting Policies).” (Available only in Japanese)

(3) Total number of issued shares (common shares)

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

March 31, 2017: 7,779,865 shares

March 31, 2016: 7,779,865 shares

2) Total number of treasury shares at the end of the period:

March 31, 2017: 74,168 shares

March 31, 2016: 5,597 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2017: 7,736,488 shares

Fiscal year ended March 31, 2016: 7,774,331 shares

Note: The Company has introduced the Board Incentive Plan (BIP Trust) from the fiscal year ended March 31, 2017. Shares of the Company held in the Trust are included in treasury shares to be deducted for the calculation of the “total number of treasury shares at the end of the period” and the “average number of shares during the period.”

(Reference) Summary of Non-Consolidated Operating Results

**1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)**

(1) Non-consolidated operating results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2017	18,697	9.1	666	53.9	867	27.1	627	26.6
March 31, 2016	17,133	3.5	433	(7.7)	682	0.1	495	(32.8)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2017	81.07	—
March 31, 2016	63.71	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2017	20,707	10,132	48.9	1,314.99
As of March 31, 2016	17,275	10,063	58.3	1,294.47

(Reference) Equity: As of March 31, 2017: ¥10,132 million

As of March 31, 2016: ¥10,063 million

\* These consolidated financial results are outside the scope of audit.

\* Explanation of the proper use of the financial results forecast and other notes

· The earnings forecasts and other forward-looking statements herein are based on certain information available to the Company and on certain assumptions deemed reasonable as of the date of publication of this document. As such, it is not a commitment made by the Company to achieve them and actual results may differ significantly from these forecasts due to a wide range of factors. For the assumptions used as the basis for the financial results forecast and notes on the use of the forecast, please refer to “(4) Future Outlook” on page 3 of the appendix to this report.

· The Company plans to hold a financial results briefing session for institutional investors and analysts on May 26, 2017. The explanatory materials used on that day will be posted on the Company’s website promptly after the session. (Available only in Japanese)

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## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Fiscal Year under Review

Looking at the global economic environment surrounding the Group, consisting of Shibaura Electronics Co., Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”), in the fiscal year ended March 31, 2017, the U.S. economy continued moderate economic growth due to steady consumer spending, whereas the European economy showed a moderate economic recovery trend despite uncertainty in the first half of the year under review due to the UK’s vote to leave the EU. China staved off the slowdown in its economic growth and showed signs of recovery. On the other hand, consumer spending continued to be stagnant in Japan, while corporate performance and the employment environment improved due to the weaker trend of the yen in the latter half of the fiscal year under review after a sudden appreciation during the first half.

Under these circumstances, from a production perspective, the Group has continued to enhance the production systems to meet the demand for various thermistor sensors for automobiles, in addition to the reinforcing production facilities in response to increased demand for thermistor elements and thermistor sensors for air conditioning. From a sales perspective, the Group has conducted aggressive marketing activities targeting domestic/overseas automotive manufacturers, as well as energy-saving and green-oriented manufacturers of air conditioning, home appliances, household equipment, etc. The consolidated net sales of its thermistor sensors by application resulted in ¥4,362 million (an increase of 14.5% year on year) for air conditioning, ¥3,316 million (a decrease of 1.0% year on year) for home appliances, ¥2,282 million (an increase of 1.3% year on year) for automobiles, ¥2,035 million (an increase of 6.2% year on year) for household equipment, ¥1,971 million (a decrease of 11.2% year on year) for OA equipment and ¥1,360 million (an increase of 7.2% year on year) for industrial equipment. Meanwhile, net sales of thermistor elements increased 7.5% to ¥6,167 million, of which those for automobiles increased 15.1% to ¥4,334 million.

As a result, consolidated net sales for the fiscal year ended March 31, 2017, increased 3.8% year on year to ¥22,071 million. In terms of profit, consolidated operating income increased 43.9% to ¥2,394 million, consolidated ordinary income increased 44.0% to ¥2,463 million and net income attributable to owners of parent increased 49.8% to ¥1,818 million.

Financial results by reportable segment are as follows.

As the Company has included Shibaura Electronics of America Corporation, a former non-consolidated subsidiary, in its scope of consolidation starting from the fiscal year under review, the reportable segments have been reorganized from the former 3-segment system consisting of “Japan,” “Asia,” and “Europe” to the 4-segment system consisting of “Japan,” “Asia,” “Europe,” and “America.” For this reason, year-on-year comparison for “America” is not provided.

#### (i) Japan

Net sales increased 9.1% year on year to ¥18,697 million owing to increased demand for thermistor elements for automobiles and thermistor sensors for air conditioning against a decrease in demand for thermistor sensors for small home appliances. Operating income increased 43.1% year on year to ¥2,573 million as a result of higher sales.

#### (ii) Asia

Net sales increased by 3.1% year on year to ¥11,077 million as the demand for thermistor sensors for air conditioning increased, while the thermistor sensors for OA equipment faced a decline in demand. Operating income increased 11.9% year on year to ¥597 million as a result of higher sales.

#### (iii) Europe

Net sales decreased 0.5% year on year to ¥774 million due to the impact of foreign exchange translation reflecting the strong yen. Operating income increased 43.9% year on year to ¥44 million as a result of higher sales.

#### (iv) America

Net sales and operating loss amounted to ¥260 million and ¥1 million, respectively, primarily through sales of thermistor elements for automobiles.

(2) Overview of Financial Position for the Fiscal Year under Review

Total assets at the end of the fiscal year under review increased ¥1,125 million, or 4.3%, from the end of the previous fiscal year to ¥27,113 million. Current assets increased ¥970 million, or 5.4%, to ¥18,901 million, and noncurrent assets increased ¥154 million, or 1.9%, to ¥8,212 million.

The main cause of the growth in current assets was an increase in notes and accounts receivable—trade and electronically recorded monetary claims—operating mainly due to increase in net sales.

The main cause of the growth in noncurrent assets was an increase in property, plant and equipment mainly due to the acquisition of land by Fukushima Shibaura Electronics Co., Ltd.

Total liabilities at the end of the fiscal year under review increased ¥223 million, or 3.0%, from the end of the previous fiscal year to ¥7,770 million. Current liabilities increased ¥683 million, or 11.6%, to ¥6,581 million, and noncurrent liabilities decreased ¥460 million, or 27.9%, to ¥1,189 million.

The main cause of the growth in current liabilities was an increase in accounts payable included in other current assets.

The main cause of the decline in noncurrent liabilities was a decrease in long-term loans payable.

Net assets at the end of the fiscal year under review increased ¥902 million, or 4.9%, from the end of the previous fiscal year to ¥19,343 million.

The main cause of the growth in net assets was an increase in retained earnings.

As a result, the Group's equity ratio increased from 70.6% at the end of the previous fiscal year to 70.9%. Net assets per share based on the total number of issued shares at the end of the fiscal year under review increased from ¥2,358.85 at the end of the previous fiscal year to ¥2,496.22.

(3) Overview of Cash Flows for the Fiscal Year under Review

The Group's consolidated cash and cash equivalents ("cash") as of the end of the fiscal year under review amounted to ¥6,027 million, down ¥30 million from the end of the previous fiscal year. The status of cash flows from operating, investing and financing activities and major contributing factors were as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥2,514 million compared with ¥2,108 million provided in the previous fiscal year. This was mainly because the cash increase primarily due to income before income taxes of ¥2,445 million and depreciation of ¥1,282 million considerably exceeded the cash decrease caused chiefly by an increase of ¥724 million in notes and accounts receivable—trade and income taxes paid of ¥451 million.

Cash flows from investing activities

Net cash used in investing activities was ¥1,224 million compared with ¥1,544 million used in the previous fiscal year. This was primarily due to ¥1,173 million in the purchase of property, plant and equipment for the improvement of productivity.

Cash flows from financing activities

Net cash used in financing activities was ¥1,235 million compared with ¥1,068 million used in the previous fiscal year. This was primarily due to the repayments of long-term loans payable of ¥680 million and the cash dividends paid amounting to ¥427 million.

(4) Future Outlook

While the U.S. economy is expected to continue steady growth, the European economy is recovering moderately despite the uncertain political environment and China is showing signs of economic recovery supported by steady consumer spending and economic policies led by the government.

In Japan, on the other hand, consumer spending continues to be weak even as the employment environment continues to improve firmly and corporate performance showed steady improvement.

Given such circumstances, the Group will reinforce its R&D systems to address the development of next-generation products and promote aggressive business activities to gain higher market shares in the temperature sensor field. Specifically, we will stimulate needs and seeds in existing markets, expand sales in overseas markets and enter new markets by continually promoting technology-sales-integrated marketing activities, including use on environment-friendly vehicles (hybrid and EV) and environment-focused applications such as the use of high-temperature thermistors for exhaust gas control equipment. In addition, to promote cost reduction on a Group-wide basis such as further reduction in material costs and rationalization as well as efficiency improvement of overall manufacturing, we will dedicate all our strength to increasing operating performance by proactively undertaking investments in the automation of manufacturing processes and capital investment in factory construction and machinery equipment in an effort to cope with a future increase in orders especially of thermistor elements and thermistor sensors for air conditioning and automobiles.

Our forecast for the fiscal year ending March 31, 2018, is net sales of ¥24.5 billion (a year on year increase of 11.0%), operating income of ¥2.65 billion (a 10.7% increase), ordinary income of ¥2.65 billion (a 7.6% increase) and net income attributable to owners of parent of ¥1.96 billion (a 7.8% increase).

## 2. Basic Concept on Adoption of Accounting Standards

The Group currently applies the Japanese GAAP primarily taking into account the comparability of the accounting periods and other factors and has no intention of changing this selection in the immediate future.

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

(Thousand yen)

	As of March 31, 2016	As of March 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	6,381,725	6,348,915
Notes and accounts receivable—trade	5,418,057	5,692,961
Electronically recorded monetary claims—operating	441,944	779,053
Merchandise and finished goods	1,117,442	1,168,638
Work in process	2,597,051	2,687,540
Raw materials and supplies	1,085,137	1,235,210
Deferred tax assets	249,788	307,086
Accounts receivable—other	527,239	563,318
Other	113,257	119,696
Allowance for doubtful accounts	(888)	(817)
Total current assets	17,930,756	18,901,604
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	7,624,318	7,635,794
Accumulated depreciation	(4,023,717)	(4,319,996)
Buildings and structures, net	3,600,601	3,315,797
Machinery, equipment and vehicles	11,716,310	12,324,994
Accumulated depreciation	(9,106,556)	(9,608,619)
Machinery, equipment and vehicles, net	2,609,754	2,716,374
Land	725,780	854,371
Leased assets	6,692	6,692
Accumulated depreciation	(6,357)	(6,692)
Leased assets, net	334	—
Construction in progress	77,152	204,708
Other	1,498,117	1,550,189
Accumulated depreciation	(1,293,813)	(1,341,204)
Other, net	204,303	208,984
Total property, plant and equipment	7,217,926	7,300,237
Intangible assets	143,564	138,513
Investments and other assets		
Investment securities	345,996	309,053
Net defined benefit asset	80,179	182,816
Deferred tax assets	53,414	41,916
Other	216,127	239,594
Total investments and other assets	695,717	773,381
Total noncurrent assets	8,057,207	8,212,133
<b>Total assets</b>	<b>25,987,964</b>	<b>27,113,737</b>



(Thousand yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	3,134,109	3,266,911
Short-term loans payable	923,309	709,476
Income taxes payable	224,494	438,157
Accrued consumption taxes	144,292	90,057
Provision for bonuses	358,676	376,541
Provision for directors' bonuses	50,000	60,000
Other	1,062,315	1,640,023
Total current liabilities	5,897,196	6,581,167
Noncurrent liabilities		
Long-term loans payable	1,241,185	772,147
Deferred tax liabilities	83,031	101,574
Provision for directors' retirement benefits	113,250	—
Provision for BIP Trust	—	16,405
Net defined benefit liability	197,938	167,565
Asset retirement obligations	11,259	11,517
Other	2,885	119,957
Total noncurrent liabilities	1,649,550	1,189,166
Total liabilities	7,546,747	7,770,334
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,144,612	2,144,612
Capital surplus	2,069,698	2,070,421
Retained earnings	12,866,359	14,254,242
Treasury shares	(7,065)	(129,911)
Total shareholders' equity	17,073,604	18,339,364
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	168,285	160,885
Foreign currency translation adjustment	1,096,437	734,805
Remeasurements of defined benefit plans	—	78
Total accumulated other comprehensive income	1,264,722	895,770
Non-controlling interests	102,889	108,267
Total net assets	18,441,217	19,343,402
Total liabilities and net assets	25,987,964	27,113,737

(2) Consolidated Statements of Income and Comprehensive Income  
Consolidated Statements of Income

	(Thousand yen)	
	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Net sales	21,261,083	22,071,843
Cost of sales	16,773,804	16,722,639
Gross profit	4,487,278	5,349,204
Selling, general and administrative expenses		
Freightage and packing expenses	223,431	229,573
Advertising expenses	18,878	13,626
Salaries, allowances and bonuses	1,070,974	1,147,105
Provision for bonuses	109,555	115,932
Provision for directors' bonuses	50,000	60,000
Retirement benefit expenses	126,694	66,815
Provision for directors' retirement benefits	11,950	3,822
Provision for BIP Trust	—	16,405
Legal welfare expenses	153,280	184,561
Traveling and transportation expenses	160,358	146,535
Communication expenses	29,648	29,370
Commission fee	226,566	253,740
Rent expenses	2,514	2,754
Depreciation	98,040	86,209
Provision of allowance for doubtful accounts	59	22
Other	541,878	598,662
Total selling, general and administrative expenses	2,823,831	2,955,137
Operating income	1,663,447	2,394,066
Non-operating income		
Interest income	5,125	3,254
Dividend income	5,347	5,423
Foreign exchange gains	2,639	8,022
Commission fee	10,656	12,487
Land and house rent received	9,846	11,192
Insurance income	3,580	—
Subsidy income	6,659	14,985
Insurance premiums refunded cancellation	4,835	10,443
Other	20,651	18,905
Total non-operating income	69,341	84,714
Non-operating expenses		
Interest expenses	14,972	10,051
Compensation expenses	954	331
Other	6,816	5,198
Total non-operating expenses	22,742	15,581
Ordinary income	1,710,046	2,463,199

	(Thousand yen)	
	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Extraordinary income		
Gain on sales of noncurrent assets	743	31
Subsidy income	112,700	—
Total extraordinary income	113,443	31
Extraordinary losses		
Loss on disposal of noncurrent assets	7,182	17,243
Loss on reduction of noncurrent assets	112,700	—
Total extraordinary losses	119,882	17,243
Income before income taxes	1,703,607	2,445,988
Income taxes—current	495,704	639,209
Income taxes—deferred	(16,155)	(22,118)
Total income taxes	479,549	617,091
Net income	1,224,058	1,828,896
Net income attributable to non-controlling interests	10,505	10,419
Net income attributable to owners of parent	1,213,552	1,818,476

Consolidated Statements of Comprehensive Income

	(Thousand yen)	
	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Net income	1,224,058	1,828,896
Other comprehensive income		
Valuation difference on available-for-sale securities	(36,984)	(7,399)
Foreign currency translation adjustment	(482,393)	(361,631)
Remeasurements of defined benefit plans	—	78
Total other comprehensive income	(519,377)	(368,952)
Comprehensive income	704,680	1,459,944
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	694,175	1,449,524
Comprehensive income attributable to non-controlling interests	10,505	10,419

## (3) Consolidated Statements of Changes in Equity

Previous fiscal year (From April 1, 2015 to March 31, 2016)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	2,144,612	2,069,698	12,041,527	(6,807)	16,249,030
Changes of items during the period					
Dividends of surplus			(388,720)		(388,720)
Net income attributable to owners of parent			1,213,552		1,213,552
Purchase of treasury shares				(257)	(257)
Change in the scope of consolidation					—
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	824,832	(257)	824,574
Balance at the end of current period	2,144,612	2,069,698	12,866,359	(7,065)	17,073,604

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	205,270	1,578,830	—	1,784,100	92,869	18,126,000
Changes of items during the period						
Dividends of surplus						(388,720)
Net income attributable to owners of parent						1,213,552
Purchase of treasury shares						(257)
Change in the scope of consolidation						—
Change in ownership interest of parent due to transactions with non-controlling interests						—
Net changes of items other than shareholders' equity	(36,984)	(482,393)	—	(519,377)	10,020	(509,357)
Total changes of items during the period	(36,984)	(482,393)	—	(519,377)	10,020	315,217
Balance at the end of current period	168,285	1,096,437	—	1,264,722	102,889	18,441,217

Current fiscal year (From April 1, 2016 to March 31, 2017)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	2,144,612	2,069,698	12,866,359	(7,065)	17,073,604
Changes of items during the period					
Dividends of surplus			(427,584)		(427,584)
Net income attributable to owners of parent			1,818,476		1,818,476
Purchase of treasury shares				(122,846)	(122,846)
Change in the scope of consolidation			(3,009)		(3,009)
Change in ownership interest of parent due to transactions with non-controlling interests		723			723
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	723	1,387,882	(122,846)	1,265,759
Balance at the end of current period	2,144,612	2,070,421	14,254,242	(129,911)	18,339,364

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	168,285	1,096,437	—	1,264,722	102,889	18,441,217
Changes of items during the period						
Dividends of surplus						(427,584)
Net income attributable to owners of parent						1,818,476
Purchase of treasury shares						(122,846)
Change in the scope of consolidation						(3,009)
Change in ownership interest of parent due to transactions with non-controlling interests						723
Net changes of items other than shareholders' equity	(7,399)	(361,631)	78	(368,952)	5,377	(363,574)
Total changes of items during the period	(7,399)	(361,631)	78	(368,952)	5,377	902,184
Balance at the end of current period	160,885	734,805	78	895,770	108,267	19,343,402

## (4) Consolidated Statements of Cash Flows

(Thousand yen)

	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
<b>Cash flows from operating activities</b>		
Income before income taxes	1,703,607	2,445,988
Depreciation	1,392,323	1,282,062
Increase (decrease) in allowance for doubtful accounts	59	(42)
Increase (decrease) in provision for directors' bonuses	10,000	10,000
Increase (decrease) in net defined benefit liability	167,331	(132,084)
Increase (decrease) in provision for directors' retirement benefits	(2,050)	(113,250)
Increase (decrease) in provision for BIP Trust	—	16,405
Interest and dividend income	(10,473)	(8,677)
Interest expenses	14,972	10,051
Foreign exchange losses (gains)	971	3,895
Loss (gain) on disposal of noncurrent assets	6,438	17,211
Loss on reduction of noncurrent assets	112,700	-
Subsidy income	(112,700)	-
Decrease (increase) in notes and accounts receivable—trade	(385,855)	(724,481)
Decrease (increase) in inventories	(575,526)	(352,961)
Decrease (increase) in accounts receivable—other	(2,535)	6,915
Decrease (increase) in consumption taxes refund receivable	(29,627)	(43,708)
Decrease (increase) in other current assets	(31,161)	(6,189)
Increase (decrease) in notes and accounts payable—trade	266,901	232,868
Increase (decrease) in accrued consumption taxes	15,332	(54,234)
Increase (decrease) in other current liabilities	8,778	274,878
Other, net	10,592	100,720
Subtotal	2,560,079	2,965,366
Interest and dividend income received	10,607	8,729
Interest expenses paid	(14,437)	(9,596)
Proceeds from subsidy income	112,700	—
Income taxes paid	(560,039)	(451,014)
Income taxes refund	51	746
Net cash provided by (used in) operating activities	2,108,962	2,514,230

(Thousand yen)

	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
<b>Cash flows from investing activities</b>		
Payments into time deposits	(306,952)	(312,710)
Proceeds from withdrawal of time deposits	318,248	312,661
Purchase of property, plant and equipment	(1,507,935)	(1,173,685)
Proceeds from sales of property, plant and equipment	792	41
Purchase of intangible assets	(54,195)	(40,560)
Other, net	5,933	(9,893)
Net cash provided by (used in) investing activities	(1,544,109)	(1,224,147)
<b>Cash flows from financing activities</b>		
Increase in short-term loans payable	240,000	230,278
Decrease in short-term loans payable	(276,914)	(230,278)
Proceeds from long-term loans payable	200,000	—
Repayments of long-term loans payable	(816,750)	(680,135)
Purchase of treasury shares	(257)	(122,846)
Cash dividends paid	(388,348)	(427,536)
Dividends paid to non-controlling interests	(484)	(484)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(23,998)	(3,834)
Other, net	(1,512)	(334)
Net cash provided by (used in) financing activities	(1,068,266)	(1,235,171)
Effect of exchange rate change on cash and cash equivalents	(56,177)	(106,720)
Net increase (decrease) in cash and cash equivalents	(559,591)	(51,808)
Cash and cash equivalents at beginning of period	6,617,955	6,058,363
Increase in cash and cash equivalents from newly consolidated subsidiary	—	20,825
Cash and cash equivalents at end of period	6,058,363	6,027,381



(5) Notes to Consolidated Financial Statements  
(Notes regarding Going Concern Assumptions)  
Not applicable

(Changes in Accounting Policies)

The “Practical Solution on a change in depreciation method due to Tax Reform 2016” (Practical Issues Task Force (PITF) No. 32, June 17, 2016) has been applied effective from the fiscal year under review in accordance with the revision of the Corporation Tax Act. Consequently, the depreciation method for facilities attached to buildings and structures acquired on and after April 1, 2016 has been revised from the declining-balance method to the straight-line method.

The effect of this change on the consolidated financial statements for the fiscal year under review was immaterial.

(Additional Information)

The Company applied the Revised Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016) from the fiscal year under review.

(Segment Information, etc.)

(Segment Information)

1. Summary of reportable segments

(i) The reportable segments of the Company are components for which discrete financial information is available and which are subject to regular review by the President in order to make decisions on allocation of management resources to and assess the performance of the respective segments.

The Company mainly engages in production and sales of thermistors. Production and sales in Japan are conducted by the Company, while the same activities overseas are handled by local subsidiaries in Asia (primarily China and Thailand) and in Europe. The overseas local subsidiaries are independent business entities, and therefore they plan their own comprehensive strategies on product lines for each region and deploy their own business activities.

Accordingly, the Company consists of geographical segments based on production and sales systems, and the four reportable segments are “Japan,” “Asia,” “Europe” and “America.” Each reportable segment produces and sells thermistors, as well as temperature/humidity sensors and other products.

(ii) As the Company has included Shibaura Electronics of America Corporation, a former non-consolidated subsidiary, in its scope of consolidation starting from the fiscal year under review, the reportable segments have been reorganized from the former 3-segment system consisting of “Japan,” “Asia,” and “Europe” to the 4-segment system consisting of “Japan,” “Asia,” “Europe” and “America.”

2. Calculation method of net sales, income or loss, assets, liabilities and other items by reportable segment

The accounting method for the reportable segments is predominantly identical to the description in “Significant Basis for Preparing Consolidated Financial Statements.”

The segment income or loss is based on operating income or loss. The amounts of inter-segment sales and transfers are calculated based on prevailing market prices.

In addition, as the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 was changed from the declining-balance method to the straight-line method in line with the revisions to the Corporation Tax Act of Japan, as described in the changes in accounting policies, the depreciation method applied to reportable segments was also changed accordingly.

The effect of this change on the segment income or loss for the fiscal year under review was immaterial.

### 3. Net sales, income or loss, assets and other items by reportable segment

Previous fiscal year (From April 1, 2015 to March 31, 2016)

(Thousand yen)

	Reportable segment			Total
	Japan	Asia	Europe	
Net sales				
Net sales to external customers	14,246,373	6,288,833	725,876	21,261,083
Inter-segment sales or transfers	2,886,731	4,460,179	53,167	7,400,078
Total	17,133,104	10,749,012	779,044	28,661,161
Segment income	1,798,395	534,625	31,048	2,364,069
Segment assets	16,381,114	8,416,573	162,391	24,960,079
Other items				
Depreciation	904,701	475,625	60	1,380,387
Increase in amounts of property, plant and equipment and intangible assets	890,991	657,993	331	1,549,316

Current fiscal year (From April 1, 2016 to March 31, 2017)

(Thousand yen)

	Reportable segment				Total
	Japan	Asia	Europe	America	
Net sales					
Net sales to external customers	14,822,167	6,291,420	713,291	244,963	22,071,843
Inter-segment sales or transfers	3,875,120	4,785,706	61,514	15,434	8,737,775
Total	18,697,287	11,077,127	774,805	260,398	30,809,619
Segment income or loss	2,573,675	597,999	44,669	(1,106)	3,215,238
Segment assets	17,437,294	8,771,236	228,175	67,413	26,504,119
Other items					
Depreciation	845,189	425,345	221	759	1,271,515
Increase in amounts of property, plant and equipment and intangible assets	777,242	424,938	2,179	910	1,205,270

4. Differences between the total of the reportable segments and the carrying amounts on the consolidated financial statements, as well as the major content of said differences (adjustment of differences)

(Thousand yen)

Net sales	Previous fiscal year	Current fiscal year
Total of the reportable segments	28,661,161	30,809,619
Elimination of inter-segment transactions	(7,400,078)	(8,737,775)
Net sales on the consolidated financial statements	21,261,083	22,071,843

(Thousand yen)

Income	Previous fiscal year	Current fiscal year
Total of the reportable segments	2,364,069	3,215,238
Elimination of inter-segment transactions	(16,580)	(82,920)
Corporate expenses (Note)	(684,041)	(738,250)
Operating income on the consolidated financial statements	1,663,447	2,394,066

Note: Corporate expenses mainly refer to general and administrative expenses that are not distributed to each reportable segment.

(Thousand yen)

Assets	Previous fiscal year	Current fiscal year
Total of the reportable segments	24,960,079	26,504,119
Elimination of inter-segment transactions	(3,999,056)	(4,527,148)
Corporate expenses (Note)	5,026,942	5,136,766
Total assets on the consolidated financial statements	25,987,964	27,113,737

Note: Corporate assets consist mainly of surplus funds (cash), long-term investments (investment securities) and certain assets related to corporate administrative departments that are not distributed to each reportable segment.

(Thousand yen)

Other items	Total of reportable segments		Adjustment		Carrying amount on the consolidated financial statements	
	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year
Depreciation	1,380,387	1,271,515	11,936	10,546	1,392,323	1,282,062
Increase in amounts of property, plant and equipment and intangible assets	1,549,316	1,205,270	12,814	8,975	1,562,131	1,214,246

Note: The adjustment for increase in amounts of property, plant and equipment and intangible assets refers to the increase of software, etc., resulting from the improvement of the Company's computer system.

## (Per-Share Information)

	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Net assets per share	¥2,358.85 yen	¥2,496.22 yen
Basic earnings per share	¥156.10 yen	¥235.05 yen

## Notes:

- Diluted earnings per share is not provided because the Company had no securities with dilutive effects.
- Shares of the Company remaining in the "BIP Trust Account," which are accounted for as treasury shares in the net assets, are included in the treasury shares to be deducted for the calculation of the average number of shares during the fiscal year under review which is then used to calculate basic earnings per share. These shares are also included in the treasury shares to be deducted for the calculation of the total number of treasury shares at the end of the fiscal year under review which is then used to calculate net assets per share. The average number of such treasury shares during the fiscal year under review deducted for the calculation of basic earnings per share and the total number of treasury shares at the end of the fiscal year under review deducted for the calculation of net assets per share were 43,377 shares and 74,168 shares, respectively.
- The basis for calculation of basic earnings per share is as follows:

	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Basic earnings per share		
Net income attributable to owners of parent (Thousand yen)	1,213,552	1,818,476
Amounts not attributable to common shareholders (Thousand yen)	—	—
Net income attributable to owners of parent regarding common shares (Thousand yen)	1,213,552	1,818,476
Average number of common shares during the fiscal year (Shares)	7,774,331	7,736,488

- The basis for calculation of net assets per share is as follows:

	Previous fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Total net assets (Thousand yen)	18,441,217	19,343,402
Amounts deducted from total net assets (Thousand yen)	102,889	108,267
(Non-controlling interests included therein) (Thousand yen)	(102,889)	(108,267)
Net assets regarding common shares at the end of fiscal year (Thousand yen)	18,338,327	19,235,134
Number of common shares at the end of fiscal year used for calculation of net assets per share (Shares)	7,774,268	7,705,697

## (Significant Subsequent Events)

Not applicable

#### 4. Other

##### (1) Changes in Corporate Officers

- 1) Transfer of representative  
Not applicable
- 2) Transfers of other corporate officers (scheduled for June 29, 2017)
  - i) New candidates for Director  
Mr. Kazuhito Koshimizu (currently Director and Factory Manager, FUKUSHIMA SHIBAURA ELECTRONICS CO., LTD.)  
Mr. Akira Kasai (currently Deputy Chief of Sales Headquarters, Office Manager of Urawa Sales Office, the Company)
  - ii) Retiring Director  
Mr. Kenichi Nishinuma, Managing Director