

FY 2017 CONSOLIDATED FINANCIAL RESULTS

(April 1, 2017 to March 31, 2018)

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1. FINANCIAL RESULTS FOR THE FISCAL YEAR 2017 (April 1, 2017 to March 31, 2018)

(1) Consolidated Results of Operations

(Millions of yen)

	Net sales (percentage change from the previous year)	Operating profit (percentage change from the previous year)	Ordinary profit (percentage change from the previous year)	Profit attributable to owners of parent (percentage change from the previous year)
Fiscal Year 2017	175,209 (10.4%)	12,026 (102.8%)	11,808 (134.9%)	-11,421 (-)
Fiscal Year 2016	158,772 (1.8%)	5,930 (-12.8%)	5,026 (32.6%)	1,739 (914.0%)

Note: Comprehensive income: FY 2017: -13,935 million yen (- %) / FY 2016: 788 million yen (- %)

	Net income per share	Diluted net income per share	Net income to shareholders' equity	Ordinary income to total assets	Operating income to net sales
Fiscal Year 2017	-94.24yen	-	-20.8%	6.4%	6.9%
Fiscal Year 2016	14.35yen	-	3.2%	2.7%	3.7%

Reference: Equity in net income/loss non-consolidated subsidiaries and/or affiliates: FY 2017: -yen / FY 2016: -yen

Note: Diluted net income per share for the fiscal year ended March 31, 2018 is not presented due to the net loss per share, although dilutive shares exist.

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal Year 2017	185,675	72,283	29.8%	456.66 yen
Fiscal Year 2016	182,700	54,736	29.8%	448.87 yen

Reference: Shareholders' equity: Mar./2018: 55,335 million yen / Mar./2017: 54,401 million yen

(3) Consolidated Results of Cash Flows

(Millions of yen)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Balance of cash and cash equivalents at the end of year
Fiscal Year 2017	14,521	-16,644	13,233	32,593
Fiscal Year 2016	19,237	-10,931	-3,360	22,237

2. DIVIDEND INFORMATION

	Dividend per share					Total amount of annual dividend (millions of yen)	Dividend payout ratio (consolidated)	Dividend to total net assets (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal-year- end	Annual			
Fiscal year 2016	-	0.00yen	-	3.50yen	3.50yen	424	24.4%	0.8%
Fiscal year 2017	-	3.00yen	-	3.00yen	6.00yen	727	-	1.3%
Fiscal year 2018(forecast)	-	3.00yen	-	15.00yen	-		15.1%	

Note1: The breakdown of the year end dividend for FY 2016 (Ordinary dividend of 3yen Commemorative dividend of 0.5yen)

Note2: The Company is scheduled to consolidate shares of its common stock (one-for-five share consolidation) with an effective date of October 1, 2018. Accordingly, the amount of the year-end dividend per share for the fiscal year ending March 31, 2019 (Forecast) above is stated in consideration of the said share consolidation, and the total amount of the annual dividend is stated as "-." The year-end dividend per share and annual dividend per share for the fiscal year ending March 31, 2019 (Forecast) determined without considering the share consolidation are \3.00 and \6.00, respectively. For details, please see the "Explanations on the proper use of the financial forecast and other notes."

3. FISCAL YEAR 2018 CONSOLIDATED FINANCIAL FORECAST (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Net sales (percentage change from the previous year)	Operating profit (percentage change from the previous year)	Ordinary profit (percentage change from the previous year)	Profit attributable to owners of parent (percentage change from the previous year)	Net income per share
Second quarter (cumulative)	87,200 (1.4%)	5,200 (-4.7%)	4,400 (-22.3%)	1,500 -	12.38yen
Full Year	178,000 (1.6%)	12,500 (3.9%)	11,000 (-6.8%)	4,800 -	198.04yen

Note: Net income per share in the consolidated financial forecast for the full year ending March 31, 2019 is determined in consideration of the effect of the share consolidation. Net income per share in the consolidated financial forecast for the full year ending March 31, 2019 determined without considering the share consolidation is \39.61. For details, please see the "Explanations on the proper use of the financial forecast and other notes."

4. OTHER

- (1) Changes in significant subsidiaries during the fiscal year (changes in particular subsidiaries accompanying the change in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates, restatement of revisions
- Changes in accounting policies according to revision of accounting standards, etc. : No
 - Changes in accounting policies due to reasons other than above : No
 - Changes in accounting estimates : No
 - Restatement of revisions : No

(3) Number of shares outstanding (common share)

- Number of shares outstanding at the end of the period (including treasury stock)
- Number of treasury stocks at the end of the period
- Average number of shares outstanding during the fiscal year

Mar./2018:	125,490,302	Mar./2017:	125,490,302
Mar./2018:	4,315,618	Mar./2017:	4,293,460
Mar./2018:	121,187,537	Mar./2017:	121,209,587

(Reference) SUMMARY OF NON-CONSOLIDATED FINANCIAL RESULTS

1. NON-CONSOLIDATED FINANCIAL RESULTS FOR THE FISCAL YEAR 2017 (April 1, 2017 to March 31, 2018)

(1) Non-consolidated Results of Operations

(Millions of yen)

	Net sales (percentage change from the previous year)	Operating profit (percentage change from the previous year)	Ordinary profit (percentage change from the previous year)	Net income (percentage change from the previous year)
Fiscal Year 2017	110,905 (7.9%)	484 -	32,656 -	11,621 (360.4%)
Fiscal Year 2016	102,824 (3.6%)	-2,448 -	2,606 -	2,524 -

	Net income per share	Diluted net income per share
Fiscal Year 2017	95.90yen	-
Fiscal Year 2016	20.82yen	-

(2) Non-consolidated Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal Year 2017	130,596	40,920	31.3%	337.70yen
Fiscal Year 2016	139,616	30,136	21.6%	248.66yen

Reference: Shareholders' equity: Mar./2018: 40,920 million yen / Mar./2017: 30,136 million yen

* This financial report is not subject to the audit procedure to be conducted by certified public accountants or an audit corporation.

* The above description about future matters including financial forecast is based upon information available as of the present time and assumptions we considered valid. Due to various factors, our actual performance could greatly differ from the forecast. For assumptions and notes regarding the forecasts, refer to "Qualitative Information concerning the Forecast of Consolidated Business Results".

* (Dividend and Financial Forecast after the Share Consolidation)

The Board of Directors of the Company resolved at the Board of Directors meeting held on May 8, 2018 to submit a proposal for a share consolidation to the 101st Ordinary General Meeting of Shareholders to be held on June 22, 2018. Under this proposal, the Company is scheduled to consolidate shares of its common stock (one-for-five share consolidation) with an effective date of October 1, 2018, subject to the approval at the said general meeting of shareholders. In addition, the Company is scheduled to revise the number of shares constituting one unit from 1,000 to 100, effective on the same date.

Dividend forecast and consolidated financial forecast for the fiscal year ending March 31, 2019 determined without considering the share consolidation are as follows.

1. Dividend forecast for the fiscal year ending March 31, 2019

Dividend per share
 Second quarter ¥3.00
 Fiscal-year-end ¥3.00

2. Consolidated financial forecast for the fiscal year ending March 31, 2019

Net income per share
 Second quarter ¥12.38
 Fiscal-year-end ¥39.61

1. OPERATING RESULTS

(1) ANALYSIS OF OPERATING RESULTS

GENERAL REVIEW

Economic conditions remained on a moderate recovery trend as a whole during the current consolidated fiscal year. The US economy and the European economy continued to recover, and the Chinese government kept policy controls in place to bring China's economy to a soft landing. The Japanese economy continued on a moderate recovery track as well, amid consistently improved corporate earnings. In the electronics industry in which the Company operates, the industrial machinery market remained strong buoyed by a rise in capital investment, and the white goods market also progressed steadily thanks to the development of the energy-saving trend, in spite of sluggish sales in the AV and OA markets. Steady performance was also maintained in the automotive market, mainly due to the progress of electrification and the prevalence of environmentally friendly vehicles. These factors increased demand for power semiconductors globally.

Under these circumstances, the Company maintained a basic policy for the current consolidated fiscal year for realizing growth by stressing activities to "Focus on growing markets" and "Enhance financial performance." Under the policy, we strove to expand sales of new products in the globally growing key strategic markets related to the environment and energy saving. At the same time, the Group has focused on measures to improve our earnings structure drastically by implementing restructuring initiatives such as its withdrawal from the power module business, removal of unprofitable products in the semiconductor devices business, and reduction in fixed expenses at the headquarters.

For the business results of the consolidated fiscal year, consolidated net sales were ¥175,209 million, an increase of ¥16,437 million (10.4%) compared to the previous fiscal year. These results were a consequence of favorable sales of products for white goods and automotive products mainly in overseas markets in the semiconductor devices segment. For income, we recorded consolidated operating profit of ¥12,026 million, an increase of ¥6,096 million (102.8%) compared to the previous fiscal year, mainly due to increased net sales, improved profitability attributable to sales controls of unprofitable products in the power module business, and the exchange rate influence of the weaker yen compared to the previous fiscal year. Consolidated ordinary profit increased by ¥6,781 million (134.9%) to ¥11,808 million. However, we were forced to record a loss attributable to owners of parent of ¥11,421 million (profit attributable to owners of parent of ¥1,739 million in the previous year) due to the recording of extraordinary losses of ¥18,315 million resulting from the restructuring initiatives.

OVERVIEW OF THE BUSINESS BY SEGMENTS

Overview of business by segment is as follows. From the first quarter consolidated fiscal period, the former power module business and power systems business are integrated into the power systems business, and reportable segments are changed into two segments, namely, the semiconductor devices segment and power systems segment. The following descriptions of financial performance for each reportable segment in comparison to the previous year are stated according to the segment after the change.

Semiconductor Devices

In this segment, sales of products for white goods such as air conditioners and washing machines and sales of automotive products continued to increase, and sales of products for industrial machinery also remained favorable. As a result, consolidated net sales for this segment were ¥143,836 million, an increase of ¥14,513 million (11.2%) as compared to the previous fiscal year. For income, consolidated operating profit was ¥14,236 million, an increase of ¥4,985 million (53.9%) as compared to the previous year, resulting from increased net sales.

Power Systems

In this segment, sales of products for the AV and OA markets, including unprofitable adapters for TVs and small printers, decreased due to sales controls. Regarding products for social system, meanwhile, sales of products for mobile phone base stations in the telecommunication market recovered. As a result, consolidated net sales were ¥31,373 million, an increase of ¥1,923 million (6.5%) as compared to the previous fiscal year. For income, we recorded consolidated operating profit of ¥474 million (consolidated operating loss of ¥565 million in the previous fiscal year) due to increased net sales and an improved product mix, resulting in a turnaround to post profit.

(2) ANALYSIS OF FINANCIAL CONDITIONS

Assets as of the end of the current consolidated fiscal year were ¥185,675 million, an increase of ¥2,975 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in cash and deposits of ¥10,203 million, property, plant and equipment of ¥3,764 million, and a decrease in inventories of ¥13,534 million.

Total liabilities were ¥113,392 million, a decrease of ¥14,570 million from the end of the previous consolidated fiscal year. This was mainly due to a decrease in short-term loans payable including current portion of long-term loans payable of ¥16,811 million, commercial papers of ¥8,000 million, and an increase long-term loans payable of ¥6,475 million, notes and accounts payable – trade of ¥2,243 million.

Net assets were ¥72,283 million, an increase of ¥17,546 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in non-controlling interests of ¥16,611 million, capital surplus ¥15,702 million, and a decrease in treasury shares of ¥12,212 million.

(3) STATUS OF CASH FLOW

Balance of cash and cash equivalents as of the end of the current consolidated fiscal year was ¥32,593 million, an increase of ¥10,355 million as compared with the end of the previous consolidated fiscal year.

Net cash provided by operating activities was ¥14,521 million, a decrease of ¥4,716 million as compared with the previous year. This was mainly due to a decrease in profit before income taxes, and an increase in cash outflow by business structure reform cost.

Net cash used in investing activities was ¥16,644 million, an increase of ¥5,713 million as compared with the previous year. This was mainly due to an increase in purchase of property, plant and equipment.

Net cash provided by financing activities was ¥13,233 million, an increase of ¥16,594 million as compared with the previous year. This was mainly due to an increase in proceeds from share issuance to non-controlling shareholders.

Our index trend concerning the financial conditions of the Company Group is as follows.

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Equity ratio	29.6%	32.4%	29.0%	29.8%	29.8%
Equity ratio on the basis of market price	53.7%	52.2%	22.2%	32.4%	50.8%
Redemption years for liabilities	7.6 years	8.9 years	12.1 years	4.7 years	5.0 years
Interest coverage ratio	14.9 times	12.7 times	9.5 times	23.8 times	24.1 times

Equity ratio:	Equity / Total assets
Equity ratio on the basis of market price:	Total amount of market price of stocks / Total assets
Redemption years for liabilities:	Interest-bearing debts / Cash flow from operating activities
Interest coverage ratio:	Cash flow from operating activities / Interest paid

(4) FORECAST FOR THE FUTURE

We expect to see continued sales growth for the Company's products due to factors specific to the markets such as white goods and automotive products, though there remains concern about the ripple effect of global trade issues. Within this promising business environment, the Company has started the "2018 Mid-term Business Plan," a new three-year plan. The Company will make concerted efforts to realize sustainable growth by improving performance through increased sales and improved profitability and enhancing financial performance, with the objective of becoming "a highly profitable company that maintains growth through unique technologies, human resources, and organizations." For the consolidated business results of fiscal 2018, the first fiscal year of the mid-term business plan, we expect net sales of ¥178,000 million, operating profit of ¥12,500 million, ordinary profit of ¥11,000 million, and profit attributable to owners of parent of ¥4,800 million. These figures are based on an exchange rate of 1US\$=¥105 for the fiscal year ending March 31, 2019.

(Note)

The forecast described above is based upon information available as of the present time and assumptions we considered valid. Please be advised that there is a host of uncertain factors that could greatly impact actual performance, including global economic trends, the introduction of new products and their acceptance or lack thereof, and the impact of fair-market-value accounting.

(5) PROFIT DISTRIBUTION POLICY, AND DIVIDENDS OF THIS FISCAL YEAR AND NEXT FISCAL YEAR

The management of the Company has been placing distribution of profits to our shareholders as one of the most important corporate policies, and is committed to ensure a steady and stable stream of dividends by enhancing profitability through aggressive business development and improving financial performance, while securing the minimum internal reserves necessary to strengthen an overall management foundation.

We will set the year-end dividend for the current fiscal year of ¥3.00 per share in due consideration of financial results for the current fiscal year and the securement of funds to execute a growth strategy for realizing objectives of the new mid-term business plan such as development investment and capital investment for the future. As a result, the annual dividend for the current fiscal year will be ¥6.00 per share, including the interim dividend.

In the next fiscal year, we expect the interim dividend to be ¥3.00 per share and the year-end dividend to be paid after the scheduled share consolidation (one-for-five share consolidation) to be ¥15.00, considering the forecast of business results for the fiscal year ending March 31, 2019 and other factors. The year-end dividend per share and annual dividend per share for the fiscal year ending March 31, 2019 determined without considering the share consolidation are ¥3.00 and ¥6.00, respectively.

2. BASIC CONCEPT OF SELECTING ACCOUNTING STANDARD

The Company adopts Japanese accounting standard in consideration of the comparability of consolidated financial statements over different accounting periods and the comparability among the consolidated financial statements of different companies. The Company will appropriately respond to the adoption of the IFRS in consideration of various conditions in Japan and overseas.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) CONSOLIDATED BLANCE SHEETS

Millions of yen

	March 31 2017	March 31 2018
ASSETS		
Current assets		
Cash and deposits	22,548	32,752
Notes and accounts receivable - trade	33,867	34,656
Merchandise and finished goods	18,227	12,061
Work in process	24,019	20,600
Raw materials and supplies	8,918	4,969
Deferred tax assets	2,080	1,207
Other	3,051	5,644
Allowance for doubtful accounts	(299)	(58)
Total current assets	<u>112,415</u>	<u>111,833</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,643	20,833
Machinery, equipment and vehicles, net	27,341	30,690
Tools, furniture and fixtures, net	1,024	1,427
Land	5,004	5,712
Leased assets, net	447	503
Construction in progress	4,743	4,800
Total property, plant and equipment	<u>60,204</u>	<u>63,968</u>
Intangible assets		
Software	3,298	2,936
Other	2,057	2,177
Total intangible assets	<u>5,355</u>	<u>5,114</u>
Investments and other assets		
Investment securities	1,457	1,407
Deferred tax assets	204	411
Net defined benefit asset	—	399
Other	3,304	2,782
Allowance for doubtful accounts	(242)	(242)
Total investments and other assets	<u>4,725</u>	<u>4,759</u>
Total non-current assets	<u>70,284</u>	<u>73,842</u>
Total assets	<u><u>182,700</u></u>	<u><u>185,675</u></u>

	March 31 2017	March 31 2018
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,391	20,634
Short-term loans payable	23,151	13,339
Current portion of long-term loans payable	7,500	500
Current portion of bonds	—	15,000
Commercial papers	15,000	7,000
Lease obligations	220	87
Income taxes payable	492	412
Deferred tax liabilities	—	294
Accrued expenses	9,441	11,337
Other	1,770	1,370
Total current liabilities	<u>75,967</u>	<u>69,978</u>
Non-current liabilities		
Bonds payable	40,000	25,000
Long-term loans payable	5,000	11,475
Lease obligations	156	67
Deferred tax liabilities	2,178	1,818
Provision for directors' retirement benefits	25	25
Net defined benefit liability	2,627	2,632
Other	2,009	2,395
Total non-current liabilities	<u>51,995</u>	<u>43,414</u>
Total liabilities	<u>127,963</u>	<u>113,392</u>
Net assets		
Shareholders' equity		
Capital stock	20,896	20,896
Capital surplus	10,301	26,003
Retained earnings	29,176	16,964
Treasury shares	(4,003)	(4,017)
Total shareholders' equity	<u>56,371</u>	<u>59,846</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	425	390
Foreign currency translation adjustment	754	(909)
Remeasurements of defined benefit plans	(3,150)	(3,991)
Total accumulated other comprehensive income	<u>(1,970)</u>	<u>(4,510)</u>
Non-controlling interests	<u>335</u>	<u>16,947</u>
Total net assets	<u>54,736</u>	<u>72,283</u>
Total liabilities and net assets	<u><u>182,700</u></u>	<u><u>185,675</u></u>

**(2) CONSOLIDATED STATEMENTS OF INCOME AND
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

Millions of yen

	Fiscal Year 2016	Fiscal Year 2017
CONSOLIDATED STATEMENTS OF INCOME		
Net sales	158,772	175,209
Cost of sales	117,869	126,840
Gross profit	40,902	48,369
Selling, general and administrative expenses	34,972	36,342
Operating profit	5,930	12,026
Non-operating income		
Interest income	26	80
Dividend income	36	39
Foreign exchange gains	—	719
Subsidy income	162	207
Gain on sales of scraps	84	91
Miscellaneous income	387	324
Total non-operating income	698	1,463
Non-operating expenses		
Interest expenses	716	612
Foreign exchange losses	14	—
Compensation expense	83	102
Miscellaneous loss	787	967
Total non-operating expenses	1,601	1,681
Ordinary profit	5,026	11,808
Extraordinary income		
Gain on sales of non-current assets	0	—
Gain on abolishment of retirement benefit plan	—	69
Compensation income	—	585
Total extraordinary income	0	655
Extraordinary losses		
Loss on sales of non-current assets	4	0
Loss on disposal of non-current assets	440	97
Special retirement expenses	—	190
Loss on liquidation of subsidiaries and associates	—	364
Business structure reform cost	—	18,315
Total extraordinary losses	444	18,968
Profit (loss) before income taxes	4,582	(6,505)
Income taxes - current	4,062	3,496
Income taxes - deferred	(1,196)	470
Total income taxes	2,866	3,967
Profit (loss)	1,716	(10,472)
Profit (loss) attributable to non-controlling interests	(22)	948
Profit (loss) attributable to owners of parent	1,739	(11,421)

Millions of yen

	Fiscal Year 2016	Fiscal Year 2017
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME		
Profit	1,716	(10,472)
Other comprehensive income		
Valuation difference on available-for-sale securities	175	(35)
Foreign currency translation adjustment	(960)	(2,557)
Remeasurements of defined benefit plans, net of tax	(142)	(870)
Total other comprehensive income	<u>(927)</u>	<u>(3,463)</u>
Comprehensive income	<u>788</u>	<u>(13,935)</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	837	(13,961)
Comprehensive income attributable to non-controlling interests	(48)	26

(3) CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

FISCAL YEAR 2016 (April 1, 2016 to March 31, 2017)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	20,896	10,301	27,437	(3,994)	54,641
Changes of items during period					
Dividends of surplus					—
Profit (loss) attributable to owners of parent			1,739		1,739
Purchase of treasury shares				(9)	(9)
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	—	1,739	(9)	1,730
Balance at end of current period	20,896	10,301	29,176	(4,003)	56,371

	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 beginning of current period	249	1,689	(3,007)	(1,068)	387	53,959
Changes of items during period						
Dividends of surplus				—		—
Profit (loss) attributable to owners of parent				—		1,739
Purchase of treasury shares				—		(9)
Net changes of items other than shareholders' equity	175	(934)	(142)	(901)	(51)	(953)
Total changes of items during period	175	(934)	(142)	(901)	(51)	776
Balance at end of current period	425	754	(3,150)	(1,970)	335	54,736

FISCAL YEAR 2017 (April 1, 2017 to March 31, 2018)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	20,896	10,301	29,176	(4,003)	56,371
Changes of items during period					
Dividends of surplus			(790)		(790)
Profit (loss) attributable to owners of parent			(11,421)		(11,421)
Purchase of treasury shares				(14)	(14)
Capital increase of consolidated subsidiaries		15,619			15,619
Share-based payments		82			82
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	15,702	(12,212)	(14)	3,475
Balance at end of current period	20,896	26,003	16,964	(4,017)	59,846

	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 beginning of current period	425	754	(3,150)	(1,970)	335	54,736
Changes of items during period						
Dividends of surplus				—		(790)
Profit (loss) attributable to owners of parent				—		(11,421)
Purchase of treasury shares				—		(14)
Capital increase of consolidated subsidiaries				—	16,143	31,763
Share-based payments				—		82
Net changes of items other than shareholders' equity	(35)	(1,663)	(841)	(2,540)	467	(2,072)
Total changes of items during period	(35)	(1,663)	(841)	(2,540)	16,611	17,546
Balance at end of current period	390	(909)	(3,991)	(4,510)	16,947	72,283

(4) CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions of yen

	Fiscal Year 2016	Fiscal Year 2017
Cash flows from operating activities		
Profit before income taxes	4,582	(6,505)
Depreciation	11,045	11,068
Business structure reform cost	—	18,315
Increase (decrease) in allowance for doubtful accounts	285	(238)
Decrease (increase) in net defined benefit asset	981	(666)
Increase (decrease) in net defined benefit liability	(2,303)	(453)
Interest and dividend income	(63)	(120)
Interest expenses	716	612
Loss (gain) on sales of property, plant and equipment	3	0
Decrease (increase) in notes and accounts receivable - trade	(43)	(1,412)
Decrease (increase) in inventories	1,243	(3,552)
Increase (decrease) in notes and accounts payable - trade	2,436	2,677
Other, net	3,777	808
Subtotal	<u>22,662</u>	<u>20,534</u>
Interest and dividend income received	68	115
Interest expenses paid	(809)	(603)
Payments for business structure reform cost	—	(1,928)
Income taxes paid	(2,682)	(3,596)
Net cash provided by (used in) operating activities	<u>19,237</u>	<u>14,521</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,896)	(15,695)
Proceeds from sales of property, plant and equipment	27	128
Purchase of intangible assets	(1,030)	(1,142)
Payments of loans receivable	(1)	—
Collection of loans receivable	8	2
Other, net	(38)	63
Net cash provided by (used in) investing activities	<u>(10,931)</u>	<u>(16,644)</u>
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	2,572	(9,445)
Increase (decrease) in commercial papers	11,000	(8,000)
Repayments of finance lease obligations	(973)	(218)
Proceeds from long-term loans payable	—	7,000
Repayments of long-term loans payable	—	(7,525)
Proceeds from issuance of bonds	9,950	—
Redemption of bonds	(25,900)	—
Proceeds from share issuance to non-controlling shareholders	—	32,228
Purchase of treasury shares	(9)	(14)
Cash dividends paid	(1)	(787)
Dividends paid to non-controlling interests	—	(4)
Net cash provided by (used in) financing activities	<u>(3,360)</u>	<u>13,233</u>
Effect of exchange rate change on cash and cash equivalents	(354)	(755)
Net increase (decrease) in cash and cash equivalents	<u>4,591</u>	<u>10,355</u>
Cash and cash equivalents at beginning of period	<u>17,646</u>	<u>22,237</u>
Cash and cash equivalents at end of period	<u>22,237</u>	<u>32,593</u>

4. SEGMENT INFORMATION

FISCAL YEAR 2016 (April 1, 2016 to March 31, 2017)

Millions of yen

	Reporting Segment		Total	Adjustment	Amount stated in CONSOLIDATED STATEMENTS OF INCOME
	Semiconductor Devices	Power Systems			
Sales					
(1) Sales to Customer	129,322	29,449	158,772	—	158,772
(2) Intersegment Sales or Transfer	750	227	977	(977)	—
Total	130,073	29,676	159,750	(977)	158,772
Operating income (loss) by segment	9,251	(565)	8,686	(2,755)	5,930
Assets	139,878	27,602	167,480	15,219	182,700
Other					
Depreciation	10,153	219	10,373	672	11,045
Impairment loss	—	135	135	—	135
Increase in property, plant, equipment and intangible assets	8,635	345	8,980	131	9,112

FISCAL YEAR 2017 (April 1, 2017 to March 31, 2018)

Millions of yen

	Reporting Segment		Total	Adjustment	Amount stated in CONSOLIDATED STATEMENTS OF INCOME
	Semiconductor Devices	Power Systems			
Sales					
(1) Sales to Customer	143,836	31,373	175,209	—	175,209
(2) Intersegment Sales or Transfer	805	58	864	(864)	—
Total	144,642	31,431	176,074	(864)	175,209
Operating income (loss) by segment	14,236	474	14,710	(2,684)	12,026
Assets	139,643	17,815	157,458	28,216	185,675
Other					
Depreciation	10,193	199	10,393	675	11,068
Impairment loss	—	50	50	—	50
Increase in property, plant, equipment and intangible assets	16,583	231	16,815	482	17,297

[Significant Subsequent Events]

[Revision of the Number of Shares Constituting One Unit and the Share Consolidation, etc.]

The Company resolved at the Board of Directors meeting held on May 8, 2018 to make partial amendments to the Articles of Incorporation relating to a revision of the number of shares constituting one unit from 1,000 to 100, pursuant to the provisions of Article 195, Paragraph 1 of the Companies Act, and also resolved to submit a proposal on a share consolidation (one-for-five share consolidation) to the 101st Ordinary General Meeting of Shareholders to be held on June 22, 2018.

These matters will come into effect on October 1, 2018, subject to the approval of the proposal on the share consolidation at the Ordinary General Meeting of Shareholders.

For details, please see the “Notice on Revision of the Number of Shares Constituting One Unit, Share Consolidation, and Partial Amendments to the Articles of Incorporation” disclosed today.