



## Financial Results Summary for the Third Quarter of the Fiscal Year Ending March 31, 2016 [Japan GAAP] (Consolidated)

January 29, 2016

Company Name Tabuchi Electric Co., Ltd. Exchange listed on: Tokyo Stock Exchange  
 Securities code 6624 URL <http://www.zbr.co.jp>  
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 Scheduled date for submission of quarterly report: February 10, 2016 Scheduled commencement date of dividends payment: —  
 Preparation of supplementary materials for quarterly reports : Yes  
 Convening quarterly results briefing : None  
 (Amounts rounded down to the nearest millions of yen)

### 1. Consolidated Financial Results for the third quarter of the fiscal year ending March 31, 2016 (From April 1, 2015 to December 31, 2015)

(1) Consolidated Quarterly Operating Results (Cumulative) (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to parent company shareholders	
	million yen	%	million yen	%	million yen	%	million yen	%
Third quarter of the fiscal year ending March 31, 2016	29,910	(21.1)	4,250	(46.5)	4,255	(47.9)	2,999	(43.4)
Third quarter of the fiscal year ended March 31, 2015	37,918	29.7	7,940	152.8	8,173	153.1	5,295	105.7

(Note) Comprehensive income: Third quarter of the fiscal year ending March 31, 2016 ¥2,561 million (-59.3%)  
 Third quarter of the fiscal year ended March 31, 2015 ¥6,293 million (+104.4%)

	Net income per share	Net income per share - fully diluted
	yen	yen
Third quarter of the fiscal year ending March 31, 2016	74.21	-
Third quarter of the fiscal year ended March 31, 2015	131.02	-

### (2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Third quarter of the fiscal year ending March 31, 2016	37,230	16,577	44.5
Fiscal year ended March 31, 2015	37,802	14,661	38.8

(Reference) Shareholders' equity: Third quarter of the fiscal year ending March 31, 2016 ¥16,577 million  
 Fiscal year ended March 31, 2015 ¥14,661 million

### 2. Dividends

	Annual dividends				
	End of 1Q	End of 2Q	End of 3Q	End of the year	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2015	-	5.00	-	8.00	13.00
Fiscal year ending March 31, 2016	-	8.00	-	-	-
Fiscal year ending March 31, 2016 (forecast)	-	-	-	8.00	16.00

(Note) Modification of the dividends forecast released most recently : None

3. Consolidated Operating Results Forecast for the fiscal year ending March 31, 2016  
(From April 1, 2015 to March 31, 2016)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to parent company shareholders		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	42,000	(21.2)	5,500	(50.3)	5,500	(52.2)	3,700	(51.9)	91.54

(Note) Modification of the consolidated results forecast released most recently : Yes

\* Notes

- (1) Major changes in subsidiaries during the first six months of the fiscal year ending March 31, 2016 : None  
(Changes in specified subsidiaries resulting in a change in the scope of consolidation)
- (2) Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements : None
- (3) Changes in accounting policies or estimates and retrospective restatements
- 1) Changes in accounting policies in line with revisions in accounting standards : Yes
  - 2) Changes in accounting policies other than item 1) above : None
  - 3) Changes in accounting estimates : None
  - 4) Retrospective restatements : None

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury stock)	Third quarter of the fiscal year ending March 31, 2016	40,502,649shares	Fiscal year ended March 31, 2015	40,502,649shares
2) Number of shares of treasury stock at the end of the period	Third quarter of the fiscal year ending March 31, 2016	84,867shares	Fiscal year ended March 31, 2015	84,811shares
3) Average number of shares issued during the first nine months	Third quarter of the fiscal year ending March 31, 2016	40,417,823shares	Third quarter of the fiscal year ended March 31, 2015	40,419,851shares

\* Indication of quarterly review procedure implementation status

The quarterly review procedure based on the Financial Instruments and Exchange Act has not been completed as of the time of disclosure of this Quarterly Financial Results Summary.

\* Explanation for appropriate use of operating results forecasts, other special notes

The operating results forecasts are prepared based on the information available as of the date of the announcement of the material and the actual results may differ from forecasts due to various factors.

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1. Qualitative Information Concerning Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2016

(1) Business Results

During the first nine months of the fiscal year ending March 31, 2016, the global economy showed signs of uncertainty as seen in the slowdown of the China's economy, a decline in prices of crude oil and other natural resources, and geopolitical risks in Europe and the Middle East. The U.S. economy followed a course of moderate expansion with the interest rate hike, although exports in manufacturing lost strong momentum. In Japan, the economy has been on a moderate recovery trend backed by the government's economic stimulus measures. However, consumer spending is becoming weak and a sense of uncertainty about future economic growth is emerging.

Under such circumstances, the Tabuchi Electric Group promoted diversification of PV solar inverters to expand business into peripheral segments and responded to changes in the market environment. Specifically, we enhanced selling hybrid inverters designed for PV arrays and storage batteries by using storage cells to respond better to the balance of demand and supply of power. We also sold products with the output control function installed in all models from those used for residential housing to those for mega solar systems. We have been bolstering distributing these products not only in Japan but also globally in North America, ASEAN, etc. where markets are expected to grow going forward. Meanwhile, we have also been working to further enhance our research and development structures in Japan and abroad and build a multi-layer marketing system. We have also been exerting ceaseless efforts to improve our plants through promoting automation throughout the company, pursuing cost reduction activities and enhancing our quality assurance system. In addition, we pursued M&A activities to strengthen our technological skills in priority business segments and to promote entry into the European market.

In the first nine months of the fiscal year ending March 31, 2016, sales of PV solar inverters decreased as the domestic market retreated due to an impact caused by the revision of the feed-in-tariff system for renewable energy. As a result, net sales were 29,910 million yen (down 21.1% year on year), operating income was 4,250 million yen (down 46.5% year on year), ordinary income was 4,255 million yen (down 47.9% year on year) and net income attributable to parent company shareholders was 2,999 million yen (down 43.4% year on year).

Operating results by segment for the first nine months of the fiscal year ending March 31, 2016 are as follows:

(i) Transformer Business

In the transformers business, sales of reactors for air-conditioners decreased. Consequently, net sales were 6,765 million yen (down 1.9% year on year) and operating income was 574 million yen (down 33.9% year on year).

(ii) Power Supply Business

In the power supplies business, sales of PV solar inverters decreased although the sales of power sources for amusement applications increased. As a result, net sales were 23,145 million yen (down 25.4% year on year) and operating income was 4,301 million yen (down 40.4% year on year).

(2) Financial Position

At the end of the third quarter of the fiscal year ending March 31, 2016, total assets came to 37,230 million yen, a decrease of 572 million yen from the end of the previous fiscal year. This was primarily due to a decrease in notes and accounts receivable - trade of 8,940 million yen, an increase in inventories of 4,769 million yen and an increase in non-current assets of 3,134 million yen.

Liabilities amounted to 20,653 million yen, down 2,488 million yen from the end of the previous fiscal year. This was mainly due to a decrease in income taxes payable of 3,055 million yen.

Net assets were 16,577 million yen, up 1,916 million yen from the end of the previous fiscal year. This was mainly due to the recording of net income attributable to parent company shareholders of 2,999 million yen.

(3) Consolidated Operating Results Forecasts and Future Prospects

The consolidated operating results forecasts for the fiscal year ending March 31, 2016 announced on October 30, 2015 have been amended as indicated in this material.

- Full-Year Consolidated Operating Results Forecasts

Net sales	42,000 million yen (down 21.2% year on year)
Operating income	5,500 million yen (down 50.3% year on year)
Ordinary income	5,500 million yen (down 52.2% year on year)
Net income attributable to parent company shareholders	3,700 million yen (down 51.9% year on year)

The revised forecasts assume a foreign exchange rate of 120 yen to the U.S. dollar in the second half of the fiscal year.

2. Matters Concerning Summary Information (Notes)

- (1) Major changes in subsidiaries during the first nine months of the fiscal year ending March 31, 2016  
Not applicable.
- (2) Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements  
Not applicable.
- (3) Changes in accounting policies or estimates and retrospective restatements  
(Changes in accounting policies)

Effective the first quarter of the fiscal year ending March 31, 2016, the Company has adopted the Accounting Standard for Business Combinations (ASBJ Statement No. 21; September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22; September 13, 2013) and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7; September 13, 2013), etc. Accordingly, the Company has changed the relevant accounting method to record the difference arising from any change in equity of the Company in subsidiaries over which the Company continues to retain control to capital surplus and the acquisition-related costs to expenses in the fiscal year which they arise. In regard to business combinations to be implemented at the beginning of the first quarter of the fiscal year ending March 31, 2016 and thereafter, the Company has changed to the method of reflecting the revision of acquisition cost distribution amount determined based on temporary accounting on the quarterly consolidated financial statements of the quarter in which the respective business combination falls in. In addition, the Company changed the presentation of net income, etc. In order to reflect this change, account reclassifications were made in the quarterly consolidated financial statements and the consolidated financial statements for the first nine months of the previous fiscal year and for the previous fiscal year.

The application of the Accounting Standard for Business Combinations, etc. is in accordance with the transitional treatment provided for in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures and is applied from the beginning of the first quarter of the fiscal year ending March 31, 2016 and thereon.

The impact of this change on the quarterly consolidated financial statements is minimal.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Previous fiscal year (March 31, 2015)	Third quarter of the current fiscal year (December 31, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	6,868	6,479
Notes and accounts receivable - trade	11,185	6,380
Electronically recorded monetary claims - operating	4,223	87
Merchandise and finished goods	2,440	6,397
Work in process	520	595
Raw materials and supplies	2,268	3,006
Other	1,530	2,385
Allowance for doubtful accounts	(3)	(4)
Total current assets	29,034	25,328
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	3,380	3,983
Other, net	2,818	3,712
Total property, plant and equipment	6,198	7,695
Intangible assets	374	1,489
Investments and other assets		
Investment securities	1,651	1,607
Other	542	1,108
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	2,192	2,714
Total non-current assets	8,765	11,900
Deferred assets	2	1
Total assets	37,802	37,230

(Millions of yen)

	Previous fiscal year (March 31, 2015)	Third quarter of the current fiscal year (December 31, 2015)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	5,545	5,098
Electronically recorded obligations - operating	2,540	3,100
Short-term loans payable	924	1,424
Current portion of bonds	60	60
Current portion of long-term loans payable	907	1,009
Lease obligations	198	153
Income taxes payable	3,471	416
Provision for bonuses	372	152
Provision for directors' bonuses	79	-
Provision for product warranties	791	506
Other	2,880	2,633
<b>Total current liabilities</b>	<b>17,770</b>	<b>14,554</b>
<b>Non-current liabilities</b>		
Bonds payable	150	120
Long-term loans payable	1,604	1,562
Lease obligations	251	148
Net defined benefit liability	844	794
Long-term unearned revenue	2,289	2,979
Other	231	493
<b>Total non-current liabilities</b>	<b>5,371</b>	<b>6,098</b>
<b>Total liabilities</b>	<b>23,141</b>	<b>20,653</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	3,611	3,611
Retained earnings	10,777	13,129
Treasury shares	(21)	(21)
<b>Total shareholders' equity</b>	<b>14,367</b>	<b>16,719</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(11)	2
Deferred gains or losses on hedges	40	1
Foreign currency translation adjustment	360	(61)
Remeasurements of defined benefit plans	(95)	(85)
<b>Total accumulated other comprehensive income</b>	<b>293</b>	<b>(142)</b>
<b>Total net assets</b>	<b>14,661</b>	<b>16,577</b>
<b>Total liabilities and net assets</b>	<b>37,802</b>	<b>37,230</b>

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Statement of Income  
First nine months of the current fiscal year

(Millions of yen)

	First nine months of the previous fiscal year (From April 1, 2014 to December 31, 2014)	First nine months of the current fiscal year (From April 1, 2015 to December 31, 2015)
Net sales	37,918	29,910
Cost of sales	25,596	20,755
Gross profit	12,321	9,155
Selling, general and administrative expenses	4,381	4,904
Operating income	7,940	4,250
Non-operating income		
Interest income	3	5
Dividend income	4	6
Foreign exchange gains	202	94
Share of profit of entities accounted for using equity method	60	32
Gain on derivatives	20	-
Other	53	20
Total non-operating income	345	159
Non-operating expenses		
Interest expenses	70	57
Commission fee	-	62
Loss on derivatives	-	12
Other	41	22
Total non-operating expenses	112	154
Ordinary income	8,173	4,255
Extraordinary income		
Subsidy income	165	155
Gain on sales of non-current assets	1	7
Total extraordinary income	166	163
Extraordinary losses		
Impairment loss	51	-
Loss on sales and retirement of non-current assets	7	3
Loss on valuation of investment securities	-	78
Total extraordinary losses	58	81
Income (loss) before income taxes	8,282	4,337
Income taxes - current	3,255	1,073
Income taxes - deferred	(357)	266
Total income taxes	2,897	1,340
Net income	5,384	2,997
Net income attributable to non-controlling shareholders	88	(1)
Net income attributable to parent company shareholders	5,295	2,999

Quarterly Consolidated Statement of Comprehensive Income  
 First nine months of the current fiscal year

(Millions of yen)

	First nine months of the previous fiscal year (From April 1, 2014 to December 31, 2014)	First nine months of the current fiscal year (From April 1, 2015 to December 31, 2015)
Net income	5,384	2,997
Other comprehensive income		
Valuation difference on available-for-sale securities	(10)	13
Deferred gains or losses on hedges	126	(38)
Foreign currency translation adjustment	619	(360)
Remeasurements of defined benefit plans, net of tax	8	10
Share of other comprehensive income of entities accounted for using equity method	164	(61)
Total other comprehensive income	908	(436)
Comprehensive income	6,293	2,561
(Breakdown)		
Comprehensive income attributable to parent company shareholders	6,184	2,562
Comprehensive income attributable to non-controlling shareholders	108	(1)

- (3) Notes to Quarterly Consolidated Financial Statements  
(Notes Relating to Going Concern Assumption)  
Not applicable.

(Notes on Any Significant Change in Shareholders' Equity)  
Not applicable.

(Segment Information)

I First nine months of the previous fiscal year (From April 1, 2014 to December 31, 2014)

1. Information on net sales and income or loss by reportable segment

(Millions of yen)

	Reportable segment			Adjustments (Note 1)	Amount on Quarterly Consolidated Statement of Income (Note 2)
	Transformer Business	Power Supply Business	Total		
Net sales					
Net sales to outside customers	6,895	31,022	37,918	-	37,918
Intersegment net sales or transfers	3,124	-	3,124	(3,124)	-
Total	10,020	31,022	41,043	(3,124)	37,918
Segment income	868	7,219	8,087	(147)	7,940

(Notes) 1. Adjustment of -147 million yen to segment income is all-company expenses that are not distributed to each reportable segment.

All-company expenses are primarily research and development expenses that do not belong to reportable segments.

2. Segment income is adjusted with operating income on the Quarterly Consolidated Statement of Income.

II First nine months of the current fiscal year (From April 1, 2015 to December 31, 2015)

1. Information on net sales and income or loss by reportable segment

(Millions of yen)

	Reportable segment			Adjustments (Note 1)	Amount on Quarterly Consolidated Statement of Income (Note 2)
	Transformer Business	Power Supply Business	Total		
Net sales					
Net sales to outside customers	6,765	23,145	29,910	-	29,910
Intersegment net sales or transfers	2,487	-	2,487	(2,487)	-
Total	9,253	23,145	32,398	(2,487)	29,910
Segment income	574	4,301	4,875	(624)	4,250

(Notes) 1. Adjustment of -624 million yen to segment income is all-company expenses that are not distributed to each reportable segment.

All-company expenses are primarily research and development expenses that do not belong to reportable segments.

2. Segment income is adjusted with operating income on the Quarterly Consolidated Statement of Income.