



## Financial Results Summary for the First Quarter of the Fiscal Year Ended March 31, 2017 [Japan GAAP] (Consolidated)

July 29, 2016

Company Name      Tabuchi Electric Co., Ltd.      Exchange listed on:      Tokyo Stock Exchange  
 Securities code      6624      URL      http://www.zbr.co.jp  
 Representative (Title)      President and Chief Executive Officer      (Name) Toshihiro Kaihoshi  
    Corporate Director, Executive  
 Contact      (Title) Corporate Officer and Manager, Business Control Division      (Name) Masao Sasano      (TEL) +81-6-4807-3500

Scheduled date for submission of quarterly report: August 10, 2016      Scheduled commencement date-  
 of dividends payment:

Preparation of supplementary materials for report : Yes  
 Convening results briefing : None

(Amounts rounded down to the nearest million yen)

### 1. Consolidated Operating Results for the First Quarter of the Fiscal Year Ended March 31, 2017 (From April 1, 2016 to June 30, 2016)

#### (1) Consolidated Operating Results (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	%
First quarter of the fiscal year ending March 31, 2017	6,329	(40.2)	(553)	-	(819)	-	(424)	-
First quarter of the fiscal year ending March 31, 2016	10,586	(21.4)	1,974	(40.0)	2,044	(38.4)	1,360	(37.3)

(Note) Comprehensive income: First quarter of the Fiscal year ended March 31, 2017      -¥1,061 million yen (-)  
 First quarter of the Fiscal year ended March 31, 2016      ¥1,365 million yen (36.3%)

	Net income per share	Net income per share - fully diluted
First quarter of the fiscal year ending March 31, 2017	yen (10.50)	yen -
First quarter of the fiscal year ending March 31, 2016	33.67	-

#### (2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
First quarter of the fiscal year ending March 31, 2017	32,508	14,978	46.1
Fiscal year ending March 31, 2016	36,823	16,363	44.4

(Reference) Shareholders' equity: First quarter of the Fiscal year ended March 31, 2017      ¥14,978 million yen  
 Fiscal year ended March 31, 2016      ¥16,363 million yen

## 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, 2016	-	8.00	-	8.00	16.00
Fiscal year ending March 31, 2017	-				
Fiscal year ending March 31, 2016 (forecast)		8.00	-	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, 2017

(From April 1, 2016 to March 31, 2017)

(Percentage represents changes from the previous year for Full year, and on YoY basis for Quarterly results)

	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	%	
Second Quarter (cumulative)	16,000	(25.0)	0	(100.0)	(300)	-	0	(100.0)	0.00
Full year	40,000	2.3	2,000	(59.3)	1,600	(66.0)	1,200	(62.3)	29.69

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

### \* Notes

(1) Major changes in subsidiaries during the first three months of the fiscal year ending March 31, 2017 : 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)	First quarter of the fiscal year ending March 31, 2017	40,502,649shares	Fiscal year ended March 31, 2016	40,502,649shares
2) Number of shares of treasury stock at the end of the period	First quarter of the fiscal year ending March 31, 2017	84,867shares	Fiscal year ended March 31, 2016	84,867shares
3) Average number of shares issued during the first three months	First quarter of the fiscal year ending March 31, 2017	40,417,782shares	First quarter of the fiscal year ended March 31, 2016	40,417,838shares

\* 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 First Quarter of the Fiscal Year Ending March 31, 2017

### (1) Business Results

In the global economy during the consolidated cumulative first quarter under review, the U.S. continued to see a moderate economic recovery. Meanwhile, there was heightened uncertainty in Europe due to the issue of the UK's exit from the EU, which caused a surge in the yen in the foreign exchange market. The Asian economy was also weak overall with the economic slowdown in China continuing. In Japan, the economy faced uncertainty about the future due to the yen's appreciation and concerns about a deceleration of the global economy, although employment conditions improved.

Under such operating environment, Tabuchi Electric Group will continue striving to become a Global Power-Solution Company focusing on the field of new energy sources. We are expanding sales of dispersed PV solar inverter systems for mega arrays in the domestic photovoltaic power generation market. In the global market, where growth is expected going forward, we are pushing forward with marketing activities for PV solar inverter systems for mega arrays, hybrid solar inverters with a battery, and other products mainly in North America and ASEAN countries. In the Transformers Business, we facilitated business integration with companies newly turned into consolidated subsidiaries through M&As last year, expanding into new fields such as transport equipment and medical equipment. We are also implementing further factory reforms, including thorough cost cutting and enhancement of quality assurance systems.

In the first quarter of the fiscal year ending March 31, 2017, sales of solar inverters for PV power generation decreased as the domestic market continued to retreat. As a result, net sales were 6,329 million yen (down 40.2% year on year), operating loss was 553 million yen (compared to operating income of 1,974 million yen for the same period in the previous fiscal year). Ordinary loss, which was also impacted by foreign exchange losses resulting from reassessment of foreign exchange rates due to the yen's appreciation, was 819 million yen (compared to ordinary income of 2,044 million yen for the same period in the previous fiscal year). And loss attributable to owners of parent was 424 million yen (compared to profit attributable to owners of parent of 1,360 million yen for the same period in the previous fiscal year).

Operating results by segment for the first quarter of the fiscal year ending March 31, 2017 are as follows:

#### (i) Transformers Business

In the Transformers Business, sales of newly consolidated subsidiaries through M&As in the second half of the previous fiscal year increased. However, expenses such as depreciation of goodwill increased. As a result, net sales were 2,627 million yen (up 12.1% year on year), and operating income was 160 million yen (down 26.8% year on year).

#### (ii) Power Supplies Business

In the Power Supplies Business, sales of solar Inverters for PV power generation decreased as the domestic market continued to retreat. As a result, net sales were 3,702 million yen (down 55.1% year on year) and operating loss was 658 million yen (compared to operating income of 1,883 million yen for the same period in the previous year).

## (2) Financial Position

At the end of the first quarter of the fiscal year ending March 31, 2017, total assets came to 32,508 million yen, a decrease of 4,314 million yen from the end of the previous fiscal year. This was primarily due to decreases in cash and deposits of 1,085 million yen and notes and accounts receivable - trade of 2,016 million yen.

Liabilities amounted to 17,530 million yen, down 2,929 million yen from the end of the previous fiscal year. This was mainly due to a decrease in notes and accounts payable - trade of 1,591 million yen. Net assets were 14,978 million yen, a decrease of 1,385 million yen from the end of the previous fiscal year. This was mainly due to the recording of loss attributable to owners of parent of 424 million yen and a decrease in foreign currency translation adjustment of 643 million yen.

## (3) Consolidated Operating Results Forecasts and Future Prospects

The consolidated operating results forecasts for the fiscal year ending March 31, 2017 announced on May 11, 2016 have been amended as indicated in this material and in the Notice on Amendments to Operating Results Forecasts publicized today. For details, please refer to the Notice on Amendments to Operating Results Forecasts.

Tabuchi Electric Co., Ltd. (6624) Financial Results Summary for the First Quarter of the Fiscal Year Ending March 31, 2017

### • Consolidated Operating Results Forecasts

First two quarters

Net sales 16,000 million yen (down 25.0% year on year)

Operating income 0 million yen (down 100.0% year on year)

Ordinary loss 300 million yen

(ordinary income of 3,622 million yen for the same period in the previous year)

Profit attributable to owners of parent 0 million yen (down 100.0% year on year)

Full year

Net sales 40,000 million yen (up 2.3% year on year)

Operating income 2,000 million yen (down 59.3% year on year)

Ordinary income 1,600 million yen (down 66.0% year on year)

Profit attributable to owners of parent 1,200 million yen (down 62.3% year on year)

The above forecasts assume a foreign exchange rate of 105 yen to the U.S. dollar.

In association with the above revision to the operating results forecasts, we will revise the earnings targets (net sales of 75 billion yen, operating income of 12 billion yen) for the fiscal year ending March 31, 2018 (FY2017), the last fiscal year of the first three-year period (first stage) of the medium-term management plan "MBP20." We expect to publish the details of the revision at the time of releasing the

full-year financial results for the fiscal year ending March 31, 2017.

We have the goal of achieving net sales of 100 billion yen for the fiscal year ending March 31, 2021 (FY2020), the last fiscal year of the second stage of the medium-term management plan. To achieve it, we will continue to make unified efforts by continuing and enhancing the basic strategy and direction of the current plan, driving forward with efforts to expand our market share in the PV power generation market, which is growing mainly overseas, and providing new added value in the focus areas of the Company—Healthcare and medical equipment, Transport equipment and Industrial equipment fields.

## 2. Matters Concerning Summary Information (Notes)

(1) Major changes in subsidiaries during the first three months of the fiscal year ending March 31, 2017  
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)

(Changes in Accounting Policies)

(Application of Practical Solution on a change in depreciation method due to Tax Reform 2016)

In association with the revision to the Corporation Tax Act, the Company and its domestic consolidated subsidiaries have applied the “Practical Solution on a change in depreciation method due to Tax Reform 2016” (Accounting Standards Board of Japan (ASBJ) Practical Issue Task Force (PITF) No. 32, issued on June 17, 2016) from the first quarter of the current consolidated fiscal year. As a result, the depreciation method for facilities attached to buildings and for structures acquired on or after April 1, 2016 was changed from the declining-balance method to the straight-line method. The impact of this change on the quarterly consolidated financial statements is minimal.

(4) Additional Information

(Application of Revised Implementation Guidance on Recoverability of Deferred Tax Assets)

The “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, issued on March 28, 2016) was applied from the first quarter of the current consolidated fiscal year.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Previous fiscal year (March 31, 2016)	First quarter of the current fiscal year (June 30, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	5,737	4,651
Notes and accounts receivable - trade	6,815	4,806
Electronically recorded monetary claims - operating	67	60
Merchandise and finished goods	5,527	5,928
Work in process	375	571
Raw materials and supplies	3,755	2,945
Other	2,408	1,848
Allowance for doubtful accounts	(0)	(0)
Total current asset	24,688	20,811
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	3,930	3,545
Other, net	3,937	4,013
Total property, plant and equipment	7,868	7,559
Intangible assets		
Goodwill	733	618
Other	1,069	1,009
Total intangible assets	1,802	1,628
Investments and other assets		
Investment securities	1,529	1,372
Other	934	1,136
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	2,463	2,508
Total non-current assets	12,133	11,695
Deferred assets	1	1
Total assets	36,823	32,508

(Millions of yen)

	Previous fiscal year (March 31, 2017)	First quarter of the current fiscal year (June 30, 2016)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,824	2,967
Electronically recorded obligations - operating	3,600	2,866
Short-term loans payable	1,828	1,756
Current portion of long-term loans payable	60	60
Current portion of bonds	919	803
Lease obligations	130	103
Income taxes payable	140	153
Provision for bonuses	357	207
Provision for directors' bonuses	25	-
Provision for product warranties	454	393
Other	3,031	2,490
Total current liabilities	14,374	11,801
Non-current liabilities		
Bonds payable	90	90
Long-term loans payable	1,270	1,103
Lease obligations	114	86
Net defined benefit liability	772	724
Long-term unearned revenue	3,253	3,091
Other	584	633
Total non-current liabilities	6,085	5,728
Total liabilities	20,459	17,530
Net assets		
Shareholders' equity		
Capital stock	3,611	3,611
Retained earnings	13,312	12,564
Treasury shares	(21)	(21)
Total shareholders' equity	16,902	16,154
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(8)	(15)
Deferred gains or losses on hedges	(9)	(0)
Foreign currency translation adjustment	(428)	(1,071)
Remeasurements of defined benefit plans	(92)	(88)
Total accumulated other comprehensive income	(538)	(1,176)
Total net assets	16,363	14,978
Total liabilities and net assets	36,823	32,508

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

Quarterly Consolidated Statement of Income

First three months of the current fiscal year

	(Millions of yen)	
	First three months of the previous fiscal year (From April 1, 2014 to June 30, 2015)	First three months of the current fiscal year (From April 1, 2015 to June 30, 2016)
Net sales	10,586	6,329
Cost of sales	7,067	5,445
Gross profit	3,518	883
Selling, general and administrative expenses	1,544	1,437
Operating income	1,974	(553)
Non-operating income		
Interest income	1	0
Dividend income	4	3
Foreign exchange gains	55	—
Share of profit of entities accounted for using equity method	13	29
Other	17	19
Total non-operating income	91	53
Non-operating expenses		
Interest expenses	17	17
Foreign exchange loss	—	290
Other	4	11
Total non-operating expenses	21	318
Ordinary income (loss)	2,044	(819)
Income (loss) before income taxes and minority interests	2,044	(819)
Income taxes - current	430	108
Income taxes - deferred	252	(503)
Total income taxes	683	(394)
Net income(loss)	1,360	(424)
Net income attributable to parent company shareholders	1,360	(424)

Quarterly Consolidated Statement of Comprehensive Income

First three months of the current fiscal year

(Millions of yen)

	First three months of the previous fiscal year (From April 1, 2014 to June 30, 2015)	First three months of the current fiscal year (From April 1, 2015 to June 30, 2016)
Net income(Loss)	1,360	(424)
Other comprehensive income		
Valuation difference on available-for-sale securities	(45)	(7)
Deferred gains or losses on hedges	24	8
Foreign currency translation adjustment	(1)	(472)
Remeasurements of defined benefit plans, net of tax	3	4
Share of other comprehensive income of entities accounted for using equity method	23	(170)
Total other comprehensive income	4	(637)
Comprehensive income	1,365	(1,061)
(Breakdown)		
Comprehensive income attributable to parent company shareholders	1,365	(1,061)

### (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 three months of the previous fiscal year (From April 1, 2015 to June 30, 2015)

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

(Millions of yen)

	Reportable segment			Adjustments	Amount on Consolidated Statement of Income
	Transformer Business	Power Supply Business	Total		
Net sales					
Net sales to outside customers	2,344	8,242	10,586	—	10,586
Intersegment net sales or transfers	950	—	950	(950)	—
Total	3,295	8,242	11,537	(950)	10,586
Segment income	218	1,883	2,102	(127)	1,974

(Notes) 1. Adjustment of -127 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 three months of the current fiscal year (From April 1, 2016 to June 30, 2016)

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

(Millions of yen)

	Reportable segment			Adjustments	Amount on Consolidated Statement of Income
	Transformer Business	Power Supply Business	Total		
Net sales					
Net sales to outside customers	2,627	3,702	6,329	—	6,329
Intersegment net sales or transfers	303	—	303	(303)	—
Total	2,931	3,702	6,633	(303)	6,329
Segment income	160	(658)	(497)	(56)	(553)

(Notes) 1. Adjustment of -56 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.