

Consolidated Financial Results for the Nine Months Ended December 31, 2017 [Japanese GAAP]



February 2, 2018

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 Stock exchange listing: Tokyo Stock Exchange
 Code number: 6809
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 Scheduled date of filing quarterly securities report: February 14, 2018
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: No
 Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2017 (April 1, 2017 to December 31, 2017)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2017	29,986	2.2	1,734	29.0	1,823	23.5	1,001	29.1
December 31, 2016	29,327	(8.7)	1,344	(35.4)	1,477	(30.5)	775	(38.6)

(Note) Comprehensive income: Nine months ended December 31, 2017: ¥2,624 million [-%]
 Nine months ended December 31, 2016: ¥(682) million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2017	29.58	-
December 31, 2016	22.90	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2017	55,676	44,037	75.2
As of March 31, 2017	54,294	42,307	74.1

(Reference) Equity: As of December 31, 2017: ¥41,882 million
 As of March 31, 2017: ¥40,242 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2017	yen	yen	yen	yen	yen
Fiscal year ending March 31, 2017	-	10.00	-	12.00	22.00
Fiscal year ending March 31, 2018 (Forecast)	-	10.00	-	10.00	20.00

(Note) Revision to the forecast for dividends announced most recently: No

Breakdown of the dividends for the fiscal year ended March 31, 2017: Stable dividend ¥20, Commemorative dividend ¥2

Dividends for the fiscal year ending March 31, 2018 (Forecast) will be determined by taking into account the performances on stable dividend of ¥20, aiming at a consolidated dividend payout ratio of 35%, as announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2017” on May 2, 2017.

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 profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	47,000	10.6	3,600	22.6	3,700	21.7	2,250	28.5	66.45

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

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

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

December 31, 2017: 34,536,635 shares

March 31, 2017: 34,536,635 shares

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

December 31, 2017: 674,242 shares

March 31, 2017: 674,135 shares

3) Average number of shares during the period:

Nine months ended December 31, 2017: 33,862,467 shares

Nine months ended December 31, 2016: 33,862,620 shares

* These quarterly financial results are outside the scope of quarterly review.

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

Forecasts presented herein are the current prospects based on information currently available and contain elements of uncertainty. Actual results may therefore differ from the above forecasts due to subsequent changes in the circumstances.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

During the nine months ended December 31, 2017, while corporate earnings and the employment situation improved in Japan, and the U.S. and Europe's economies also continued a moderate recovery overseas, the economic outlook remains uncertain due to concerns over political situations.

In such an environment, we have focused on creating products and services that contribute to security and safety in the society in order to realize our corporate value "Smiles for the Public." In the domestic market, we have continued to strengthen sales in the disaster reduction and prevention market with "audio notification capabilities" at the core of our competitiveness, and have continued efforts to develop products and provide services that meet the requirements of our customers' environments or use. In addition, we are continuously promoting development, production and sales locally in each overseas region to expand our business.

Net sales during the nine months ended December 31, 2017 amounted to ¥29,986 million (up ¥658 million, or 2.2%, year on year). As for profits, operating profit amounted to ¥1,734 million (up ¥389 million, or 29.0%, year on year), ordinary profit to ¥1,823 million (up ¥346 million, or 23.5%, year on year), and profit attributable to owners of parent to ¥1,001 million (up ¥226 million, or 29.1%, year on year).

Performance by segment is as follows.

(Japan)

Net sales amounted to ¥17,826 million (down ¥324million, or 1.8%, year on year), and segment profit (operating profit) to ¥3,246 million (up ¥340 million, or 11.7%, year on year).

Net sales decreased due mainly to a decrease in sales for railway cars, despite robust sales for Slim Line Array Speaker for Disaster Prevention to the municipalities and an increase in sales for broadcasting systems to commercial facilities and medical welfare facilities. However, segment profit increased due to an improvement in cost ratio.

(The Americas)

Net sales amounted to ¥2,746 million (up ¥318 million, or 13.1%, year on year), and segment profit (operating profit) to ¥71 million (up ¥27 million, or 62.7% year on year).

Net sales and segment profit increased due mainly to an increase in sales from large-scale transactions for broadcasting systems to commercial facilities and for railway cars in the U.S. as well as robust sales in Canada.

(Europe, Middle East & Africa)

Net sales amounted to ¥3,467 million (up ¥178 million, or 5.4%, year on year), and segment profit (operating profit) to ¥317 million (up ¥63 million, or 25.0%, year on year).

Net sales and segment profit increased, thanks to robust sales of emergency broadcasting systems in Europe and robust sales for airports and power plants in South Africa.

(Asia & Pacific)

Net sales amounted to ¥4,919 million (up ¥546 million, or 12.5%, year on year), and segment profit (operating profit) to ¥557 million (up ¥86 million, or 18.4%, year on year).

Net sales and segment profit increased due to robust sales of local products in Indonesia, Thailand and Vietnam and also robust sales for government sectors in Vietnam.

(China & East Asia)

Net sales amounted to ¥1,026 million (down ¥60 million, or 5.6%, year on year), and segment profit (operating profit) to ¥169 million (down ¥19 million, or 10.4%, year on year).

Although sales for commercial facilities were robust in China and Taiwan, a decrease in large-scale transactions resulted in lower net sales. Segment profit decreased due to a decrease in net sales.

(2) Explanation of Financial Position

Total assets at the end of the nine months ended December 31, 2017 increased ¥1,381 million from the end of the previous fiscal year to ¥55,676 million. Assets increased due mainly to an increase resulting from revaluation of investment securities. Increases in liabilities and net assets are mainly attributable to an increase in foreign currency translation adjustments from yen depreciation as well as an increase in retained earnings owing to the recording of profit attributable to owners of parent.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information

The financial results forecast for the fiscal year ending March 31, 2018 have not been revised from the initial forecast announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2017.”

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	16,500	16,031
Notes and accounts receivable - trade	9,941	8,290
Securities	3,500	3,500
Merchandise and finished goods	5,547	6,677
Work in process	842	838
Raw materials and supplies	2,438	2,571
Other	1,237	1,669
Allowance for doubtful accounts	(76)	(53)
Total current assets	39,932	39,525
Non-current assets		
Property, plant and equipment	6,276	6,222
Intangible assets	1,510	1,591
Investments and other assets		
Investment securities	5,631	7,292
Investments and other assets, gross	962	1,047
Allowance for doubtful accounts	(18)	(3)
Total investments and other assets	6,575	8,336
Total non-current assets	14,362	16,150
Total assets	54,294	55,676
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,926	3,884
Short-term loans payable	1,292	735
Income taxes payable	514	185
Provision	167	230
Other	1,984	1,743
Total current liabilities	7,885	6,779
Non-current liabilities		
Net defined benefit liability	2,739	2,916
Other	1,362	1,942
Total non-current liabilities	4,102	4,859
Total liabilities	11,987	11,639
Net assets		
Shareholders' equity		
Capital stock	5,279	5,279
Capital surplus	6,866	6,866
Retained earnings	25,930	26,187
Treasury shares	(393)	(393)
Total shareholders' equity	37,683	37,940
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,308	4,465
Deferred gains or losses on hedges	0	—
Foreign currency translation adjustment	(683)	(406)
Remeasurements of defined benefit plans	(66)	(116)
Total accumulated other comprehensive income	2,558	3,942
Non-controlling interests	2,065	2,154
Total net assets	42,307	44,037
Total liabilities and net assets	54,294	55,676

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
 Quarterly Consolidated Statements of Income
 Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
Net sales	29,327	29,986
Cost of sales	16,560	16,901
Gross profit	12,767	13,084
Selling, general and administrative expenses	11,422	11,350
Operating profit	1,344	1,734
Non-operating income		
Interest income	23	25
Dividend income	79	74
Other	77	71
Total non-operating income	180	171
Non-operating expenses		
Interest expenses	18	21
Foreign exchange losses	15	40
Other	12	20
Total non-operating expenses	47	81
Ordinary profit	1,477	1,823
Profit before income taxes	1,477	1,823
Income taxes	481	593
Profit	995	1,229
Profit attributable to non-controlling interests	219	228
Profit attributable to owners of parent	775	1,001

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
Profit	995	1,229
Other comprehensive income		
Valuation difference on available-for-sale securities	75	1,157
Deferred gains or losses on hedges	(2)	(0)
Foreign currency translation adjustment	(1,808)	292
Remeasurements of defined benefit plans, net of tax	58	(55)
Total other comprehensive income	(1,677)	1,394
Comprehensive income	(682)	2,624
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(607)	2,384
Comprehensive income attributable to non-controlling interests	(74)	239

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumption)
There is no relevant information.

(Notes in the case of significant changes in shareholders' equity)
There is no relevant information.

(Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)
- Calculation of tax expense

The Company calculates tax expense by multiplying profit before income taxes by an effective tax rate that was reasonably estimated by applying tax effect accounting to profit before income taxes for the fiscal year under review.

(Segment information)
[Segment information]

I. For the nine months ended December 31, 2016

Information on net sales and profit (loss) by reportable segment

	Reportable segment						Adjustment (Note) 1	Amount recorded in Quarterly Consolidated Financial Statements (Note) 2
	Japan	The Americas	Europe, Middle East & Africa	Asia & Pacific	China & East Asia	Total		
Net sales								
Net sales to outside customers	18,150	2,428	3,289	4,372	1,086	29,327	-	29,327
Inter-segment net sales or transfers	4,299	20	4	2,837	2,607	9,770	(9,770)	-
Total	22,450	2,448	3,294	7,210	3,694	39,097	(9,770)	29,327
Segment profit	2,906	44	253	471	189	3,864	(2,520)	1,344

(Notes) 1. The adjustment for segment profit of negative ¥2,520 million includes elimination of inter-segment transactions of ¥41 million and corporate expenses in the amount of negative ¥2,562 million not previously allocated to the reportable segments. The relevant corporate expenses are mainly costs relating to the Company's Administration Division which is not attributable to the reportable segment.

2. Segment profit has been adjusted with operating profit in quarterly consolidated financial statements.

II. For the nine months ended December 31, 2017

Information on net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segment						Adjustment (Note) 1	Amount recorded in Quarterly Consolidated Financial Statements (Note) 2
	Japan	The Americas	Europe, Middle East & Africa	Asia & Pacific	China & East Asia	Total		
Net sales								
Net sales to outside customers	17,826	2,746	3,467	4,919	1,026	29,986	-	29,986
Inter-segment net sales or transfers	4,482	37	2	2,818	2,695	10,035	(10,035)	-
Total	22,309	2,783	3,469	7,737	3,721	40,022	(10,035)	29,986
Segment profit	3,246	71	317	557	169	4,362	(2,628)	1,734

(Notes) 1. The adjustment for segment profit of negative ¥2,628 million includes elimination of inter-segment transactions of negative ¥94 million and corporate expenses in the amount of negative ¥2,534 million not previously allocated to the reportable segments. The relevant corporate expenses are mainly costs relating to the Company's Administration Division which is not attributable to the reportable segment.

2. Segment profit has been adjusted with operating profit in quarterly consolidated financial statements.