



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) |
|---|--|--|
| Assets | | |
| 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) |
|---|--|--|
| Liabilities | | |
| Current liabilities | | |
| 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 |
| Total current liabilities | 17,770 | 14,554 |
| Non-current liabilities | | |
| 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 |
| Total non-current liabilities | 5,371 | 6,098 |
| Total liabilities | 23,141 | 20,653 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 3,611 | 3,611 |
| Retained earnings | 10,777 | 13,129 |
| Treasury shares | (21) | (21) |
| Total shareholders' equity | 14,367 | 16,719 |
| Accumulated other comprehensive income | | |
| 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) |
| Total accumulated other comprehensive income | 293 | (142) |
| Total net assets | 14,661 | 16,577 |
| Total liabilities and net assets | 37,802 | 37,230 |

(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.