

Financial Review

Analyses of the Financial Position and Operating Results

1. Financial Position

(Current Assets)

Current assets as of the end of this consolidated fiscal year totaled ¥41,016 million, an increase of ¥2,801 million from a year earlier. This was principally attributable to increases of ¥1,711 million in cash and time deposits and ¥791 million in inventories.

(Noncurrent Assets)

Noncurrent assets as of the end of this consolidated fiscal year stood at ¥21,604 million, a decrease of ¥1,363 million compared to the previous fiscal year-end. This was mainly due to a decrease of ¥847 million in plant, property and equipment, a decrease of ¥153 million in intangible assets and a decrease of ¥153 million in investment securities.

(Current Liabilities)

Current liabilities as of the end of this consolidated fiscal year were ¥19,904 million, an increase of ¥1,755 million compared to the previous fiscal year-end. This was mainly attributable to increases of ¥1,935 million in current portion of long-term loans payable, ¥326 million in income taxes payable and a decrease of ¥759 million in short-term bank loans.

(Noncurrent Liabilities)

Noncurrent liabilities as of the end of this consolidated fiscal year were ¥22,413 million, a decrease of ¥1,653 million compared to the previous fiscal year-end. This was mainly attributable to a decrease of ¥1,935 million in long-term bank loans and an increase of ¥353 million in provision for retirement benefits.

(Net Assets)

Net assets as of the end of this consolidated fiscal year totaled ¥20,302 million, an increase of ¥1,335 million compared to the previous fiscal year-end. This was mainly due to an increase of ¥1,731 million in retained earnings which resulted from increased net income.

2. Analysis of Operating Results

(Gross Profit)

Gross profit for this consolidated fiscal year increased by ¥2,350 million from the previous term to ¥16,129 million. In the Lighting Sector, profit from public works for tunnels and parks increased, while profit from road-related public works decreased. In addition, profit from the private sector including orders for factories, commercial facilities, etc. as well as lamp maintenance orders increased from a year earlier reflecting a recovery in demand. Furthermore, there was a significant increase in profit from LED illumination products in and after the third quarter of the fiscal year, boosted by the introduction of new products. Meanwhile, orders for optics devices including liquid crystal, semiconductor and solar cell-related products, etc., picked up with an increase in sales. As a result, the profitability of the sector rebounded significantly also due to the effect of the cost reduction measures.

(Operating Income)

Operating income for this consolidated fiscal year totaled ¥2,981 million, an improvement of ¥3,394 million compared to an operating loss of ¥412 million in the previous term. The main reasons behind the increase in operating income over the previous year include, in addition to the factors explained in “Gross Profit” above, the cost reduction efforts which took effect and resulted in a decrease of ¥1,043 million in selling, general and administrative expenses.

(Ordinary Income)

This consolidated fiscal year resulted in ordinary income of ¥2,585 million, an improvement of ¥3,235 million compared to an ordinary loss of ¥649 million in the previous term. The main factors are the same as those described above about gross profit and operating income.

(Net Income)

This consolidated fiscal year resulted in net income of ¥1,731 million, an improvement of ¥9,763 million compared to a net loss of ¥8,031 million in the previous term. This is mainly attributable to, besides the reasons described above, the fact that there was no reversal of deferred tax assets which had been recognized in the previous consolidated fiscal year.