

(Excerpt translation)

August 2, 2016

**BRIEF ANNOUNCEMENT OF SETTLEMENT OF ACCOUNTS FOR
THE FIRST QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2017**

(Based on Japanese GAAP) (Consolidated)

Name of listed company:	MITSUMI ELECTRIC CO., LTD.
Listing exchange:	Tokyo Stock Exchange
Code number:	6767
URL:	http://www.mitsumi.co.jp/
Representative:	Shigeru Moribe President and Representative Director
Person to contact:	Kunihiro Noguchi General Manager of General Affairs Dept.
Scheduled date of submission of quarterly report:	August 5, 2016
Scheduled date of payment of dividends:	-
Quarterly supplemental explanatory material prepared:	None
Quarterly results briefing held:	None

(Figures are indicated by discarding fractions of a million yen.)

1. Consolidated business results for the first quarter of the fiscal year ending March 31, 2017 (April 1, 2016 through June 30, 2016):

(1) Consolidated operating results:

(The percentages indicate the rates of increase (decrease) from the first quarter of the previous fiscal year.)

	Net sales		Operating income		Recurring income		Net income attributable to owners of the parent	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
First quarter of the year ending March 31, 2017	32,633	(4.5)	(3,491)	-	(6,112)	-	(5,807)	-
First quarter of the year ended March 31, 2016	34,157	29.0	(1,696)	-	(1,040)	-	(1,193)	-

(Note) Comprehensive income:

First quarter of the year ending March 31, 2017:	¥(9,431) million	(-%)
First quarter of the year ended March 31, 2016:	¥(310) million	(-%)

	Net income per share (basic)	Fully diluted earnings per share
	(yen)	(yen)
First quarter of the year ending March 31, 2017	(71.52)	-
First quarter of the year ended March 31, 2016	(13.64)	-

(2) Consolidated financial condition:

	Total assets	Net assets	Net worth ratio
	(million yen)	(million yen)	(%)
First quarter of the year ending March 31, 2017	154,770	84,848	54.8
Year ended March 31, 2016	162,724	94,279	57.9

(For reference) Net worth: First quarter of the year ending March 31, 2017: ¥84,848 million
 Year ended March 31, 2016: ¥94,279 million

2. State of dividends:

	Annual dividend (yen)				
	Annual dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Year ended March 31, 2016	—	—	—	—	—
Year ending March 31, 2017	—				
Year ending March 31, 2017 (forecast)		—	—	—	—

(Note) Adjustment to the most recently publicized forecast of dividends: None

It is stipulated by the Company in its Articles of Incorporation that the record date for year-end dividends of the Company shall be March 31 of each year. However, as the business integration is planned during the fiscal year under review, the amount of dividend forecasted for the relevant record date remains undecided.

3. Forecast of consolidated business results for the fiscal year ending March 31, 2017 (April 1, 2016 through March 31, 2017):

(The percentages indicate the rates of increase (decrease) from the previous fiscal year in respect of the whole-year period, and from the second-quarter cumulative period of the previous fiscal year in respect of the second-quarter cumulative period, respectively.)

	Net sales		Operating income		Recurring income		Net income attributable to owners of the parent		Net income per share
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(yen)
Second-quarter (cumulative) period	75,000	(10.4)	(3,200)	-	(5,700)	-	(6,000)	-	(73.88)
Whole-year period	165,000	0.9	0	-	(1,200)	-	(2,500)	-	(30.78)

(Note) Adjustment to the most recently publicized forecast of consolidated business results: Yes

Notes:

- (1) Changes in important subsidiaries (changes in specific subsidiaries associated with a change in the scope of consolidation) during the period under review: None
- (2) Application of accounting treatments special to the preparation of the quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and modifications and restatements:
1. Changes in accounting policies associated with changes in accounting standards: Yes
 2. Other changes in accounting policies: None
 3. Changes in accounting estimates: None
 4. Modifications and restatements: None
- (4) Number of issued shares (shares of common stock):
1. Number of issued shares (including shares of treasury stock) as of the end of the period:

First quarter of the year ending March 31, 2017:	87,498,119 shares
Year ended March 31, 2016:	87,498,119 shares
 2. Number of shares of treasury stock as of the end of the period:

First quarter of the year ending March 31, 2017:	6,288,948 shares
Year ended March 31, 2016:	6,288,753 shares
 3. Average number of shares during the period:

First quarter of the year ending March 31, 2017:	81,209,239 shares
First quarter of the year ended March 31, 2016:	87,450,359 shares

* Statement on the state of performance of quarterly review procedures:
 This brief announcement of settlement of accounts for the period under review is not subject to quarterly review procedures under the Financial Instruments and Exchange Act of Japan. The review procedures of quarterly financial statements have been completed at the time of disclosure hereof.

* Explanation for the appropriate use of the forecast of business results and other special instructions:
 The description of the future in this material, including the forecast of business results, is based on the information currently available to the Company and certain assumptions currently considered reasonable by the Company. The actual results may change depending on various factors. As for the conditions precedent to the forecasts of business results and the instructions on the use of the forecasts of business results, please refer to "1. Qualitative Information on the Settlement of Accounts for the Quarter of the Fiscal Year under Review: (3) Explanations on the forecasts of consolidated business results and other future forecast information" on page 6 hereof.

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1. Qualitative Information on the Settlement of Accounts for the Quarter of the Fiscal Year under Review

(1) Explanations on the operating results

To overview the global economic situations during the consolidated first-quarter period of the fiscal year under review, the U.S. economy continued to show a tone of expansion due to strong consumer spending and improvements in corporate performance. In Europe, the economy was recovering slowly as the manufacturing industry showed a sign of recovery. In the emerging countries, there was a slowdown in economic growth. Overall, the global economy has enjoyed a mild recovery. However, due to the issue of the looming departure of the U.K. from the European Union, the risk of a further downturn of the emerging economies and other factors, the global economy in the future has become more uncertain.

In Japan, in spite of the abrupt appreciation of the yen, the economy has remained in the phase of modest recovery.

In our electronic parts industry, in the market for smart phones, its major market, sales in terms of both amount and volume almost remained flat compared to the corresponding period of the previous fiscal year. However, the market of parts for car-mounted devices, healthcare and home electric appliances, among others is continuing to expand rapidly and the electronic parts market as a whole is expected to maintain a solid expansion.

Under these circumstances, the Mitsumi Group experienced an increase in orders received for products related to car-mounted devices, among others as initially planned. However, due to the abrupt appreciation of the yen, for the first-quarter period of the fiscal year under review, on a consolidated basis, net sales amounted to ¥32,633 million (95.5% in comparison with the corresponding period of the previous fiscal year).

With regard to profits and losses, similarly due to the abrupt appreciation of the yen, the Company registered an operating loss of ¥3,491 million (an operating loss of ¥1,696 million for the corresponding period of the previous fiscal year) and a recurring loss of ¥6,112 million (a recurring loss of ¥1,040 million for the corresponding period of the previous fiscal year). Net loss attributable to owners of the parent amounted to ¥5,807 million (a net loss of ¥1,193 million attributable to owners of the parent for the corresponding period of the previous fiscal year).

(2) Explanations on the financial condition

As of the end of the first quarter of the fiscal year under review, on a consolidated basis, total assets accounted for ¥154,770 million, down ¥7,954 million from the end of the previous fiscal year, due principally to a decrease of ¥8,687 million in cash and deposits and a decrease of ¥7,018 million in trade notes and trade accounts receivable in spite of an increase of ¥5,229 million in inventories and an increase of ¥2,302 million in tangible fixed assets.

Total liabilities accounted for ¥69,922 million, up ¥1,476 million from the end of the previous fiscal year, due principally to an increase of ¥2,108 million in trade notes and trade accounts payable.

Total net assets accounted for ¥84,848 million, down ¥9,431 million from the end of the previous fiscal year, due principally to a decrease of ¥5,807 million in retained earnings and a decrease of ¥3,969 million in foreign exchange translation adjustment.

As a result, the net worth ratio as of the end of the first quarter of the fiscal year under review decreased by 3.1 percentage points from the end of the previous fiscal year to 54.8%.

(3) Explanations on the forecasts of consolidated business results and other future forecast information

With regard to the forecast of consolidated business results for the fiscal year ending March 31, 2017, please refer to the "Notice on the Adjustment to the Forecast of Business Results and the Recording of Non-Operating Expense (Foreign Exchange Loss)" publicized on August 2, 2016.

2. Matters Concerning Summary Information (Notes)

(Translation omitted)

3. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(million yen)

	Year ended March 31, 2016 (as of March 31, 2016)	First-quarter period of the year ending March 31, 2017 (as of June 30, 2016)
<u>ASSETS:</u>		
Current assets:		
Cash and deposits	40,585	31,898
Trade notes and trade accounts receivable	42,030	35,011
Finished products	4,625	5,196
Work in process	14,326	16,389
Raw materials and storage	19,346	21,942
Other assets	2,253	2,532
Allowance for doubtful receivables	(16)	(14)
Total current assets	123,150	112,956
Fixed assets:		
Tangible fixed assets		
Buildings and structures (net)	10,114	10,928
Machinery and equipment and motor vehicles (net)	15,927	18,132
Tools, furniture and fixtures (net)	3,655	3,822
Lands	5,439	5,406
Construction in progress	2,021	1,170
Total tangible fixed assets	37,158	39,460
Intangible fixed assets	1,052	973
Investments and other assets:		
Others investments and other assets	1,485	1,503
Allowance for doubtful receivables	(122)	(123)
Total investments and other assets	1,363	1,380
Total fixed assets	39,573	41,814
TOTAL ASSETS	162,724	154,770

(million yen)		
	Year ended March 31, 2016 (as of March 31, 2016)	First-quarter period of the year ending March 31, 2017 (as of June 30, 2016)
LIABILITIES:		
Current liabilities:		
Trade notes and trade accounts payable	20,351	22,459
Short-term borrowings	7,109	6,840
Accrued corporate taxes, etc.	480	361
Allowance for bonuses	1,393	692
Other current liabilities	13,474	14,454
Total current liabilities	42,809	44,809
Long-term liabilities:		
Bonds with stock acquisition rights	20,090	20,086
Net defined benefit liability	3,283	2,765
Other long-term liabilities	2,262	2,260
Total long-term liabilities	25,635	25,112
TOTAL LIABILITIES	68,445	69,922
NET ASSETS:		
Shareholders' equity:		
Capital	39,890	39,890
Additional paid-in capital	43,252	43,252
Retained earnings	28,665	22,857
Treasury stock	(5,093)	(5,093)
Total shareholders' equity	106,714	100,906
Accumulated other comprehensive income:		
Valuation difference of other securities	11	6
Foreign exchange translation adjustment	(7,653)	(11,622)
Remeasurements of defined benefit plans	(4,794)	(4,441)
Total accumulated other comprehensive income	(12,435)	(16,058)
TOTAL NET ASSETS	94,279	84,848
TOTAL LIABILITIES AND NET ASSETS	162,724	154,770

(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income

Consolidated quarterly statements of income
 (For the consolidated first-quarter period)

	(million yen)	
	First-quarter period of the year ended March 31, 2016 (April 1, 2015 through June 30, 2015)	First-quarter period of the year ending March 31, 2017 (April 1, 2016 through June 30, 2016)
Net sales	34,157	32,633
Cost of sales	32,812	32,629
Gross profit on sales	1,344	4
Selling, general and administrative expenses	3,041	3,495
Operating loss	(1,696)	(3,491)
Non-operating income		
Interest income	88	42
Royalties earned	39	2
Rents received	-	39
Foreign exchange gain	642	-
Other income	29	68
Total non-operating income	799	152
Non-operating expenses		
Interest expense	17	13
Loss on disposition of fixed assets	32	18
Payment compensation	68	252
Provision of allowance for doubtful receivables	5	0
Foreign exchange loss	-	2,464
Other expenses	19	24
Total non-operating expenses	144	2,773
Recurring loss	(1,040)	(6,112)
Special income	-	-
Special loss		
Impairment loss on fixed assets	10	-
Special retirement allowances	22	-
Total special loss	33	-
Loss before income taxes and others	(1,074)	(6,112)
Corporate, inhabitant and enterprise taxes	118	(304)
Net loss	(1,193)	(5,807)
Net loss attributable to noncontrolling interests	-	-
Net loss attributable to owners of the parent	(1,193)	(5,807)

Consolidated quarterly statements of comprehensive income
 (For the consolidated first-quarter period)

(million yen)

	First-quarter period of the year ended March 31, 2016 (April 1, 2015 through June 30, 2015)	First-quarter period of the year ending March 31, 2017 (April 1, 2016 through June 30, 2016)
Net loss	(1,193)	(5,807)
Other comprehensive income		
Valuation difference of other securities	0	(5)
Foreign exchange translation adjustment	778	(3,969)
Remeasurements of defined benefit plans	104	352
Total other comprehensive income	883	(3,623)
Quarterly comprehensive income	(310)	(9,431)
(Items)		
Quarterly comprehensive income attributable to owners of the parent	(310)	(9,431)
Quarterly comprehensive income attributable to noncontrolling interests	-	-

(3) Notes on consolidated quarterly statements

(Note on assumptions for going concern)

Not applicable.

(Note on material change (if any) in the amount of shareholders' equity)

Not applicable.

(Segment information, etc.)

The business of the Group is comprised of a single segment of production and sale of parts of electronic and communications devices and equipment. Hence, the descriptions of segment information are omitted.

4. Supplementary Information

(1) Production, orders received and sales

1. Production

Production by product division for the consolidated first-quarter period of the fiscal year ending March 31, 2017:

Division	Production	Comparison with the corresponding period of the previous fiscal year
	(million yen)	(%)
Semiconductor Devices	5,905	77.9
Optical Devices	1,142	139.4
System Parts	13,951	90.9
High-Frequency Parts	7,980	115.3
Power-Unit Parts	3,824	83.4
Total	32,804	93.1

2. Orders received

Orders received by product division for the consolidated first-quarter period of the fiscal year ending March 31, 2017:

Division	Orders received	Comparison with the corresponding period of the previous fiscal year	Balance of orders received	Comparison with the corresponding period of the previous fiscal year
	(million yen)	(%)	(million yen)	(%)
Semiconductor Devices	7,377	95.4	3,648	99.2
Optical Devices	1,777	996.1	731	185.1
System Parts	18,187	108.2	9,306	137.2
High-Frequency Parts	7,999	97.9	5,181	103.7
Power-Unit Parts	3,790	80.0	1,981	72.3
Total	39,132	104.0	20,849	112.1

3. Sales

Sales by product division for the consolidated first-quarter period of the fiscal year ending March 31, 2017:

Division	Sales	Comparison with the corresponding period of the previous fiscal year
	(million yen)	(%)
Semiconductor Devices	5,991	80.1
Optical Devices	1,147	140.5
System Parts	13,722	91.7
High-Frequency Parts	7,965	125.3
Power-Unit Parts	3,807	83.9
Total	32,633	95.5

(2) Overseas net sales

For the consolidated first-quarter period of the fiscal year ended March 31, 2016
 (April 1, 2015 through June 30, 2015):

(million yen)

	Asia	Europe	North America	Total
I Overseas net sales	19,843	679	1,875	22,398
II Consolidated net sales				34,157
III Ratio of overseas net sales to consolidated net sales (%)	58.1	2.0	5.5	65.6

For the consolidated first-quarter period of the fiscal year ending March 31, 2017
 (April 1, 2016 through June 30, 2016):

(million yen)

	Asia	Europe	North America	Total
I Overseas net sales	18,859	654	1,752	21,266
II Consolidated net sales				32,633
III Ratio of overseas net sales to consolidated net sales (%)	57.8	2.0	5.4	65.2

- END -