



Summary of Financial Statements (Non-consolidated) for the First Quarter Ended June 30, 2015 (Japanese GAAP)

July 24, 2015

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Availability of supplementary explanatory materials prepared for quarterly financial results: Available
Briefing session on quarterly financial results to be held: None

(Figures are rounded down to the nearest million yen.)

1. Business Results for the First Quarter of Fiscal Year 2015 (April 1, 2015 to June 30, 2015)

(1) Operating results (cumulative)

(Percentage figures indicate the rate of year-on-year increase (decrease).)

	Net sales		Operating income		Ordinary income		Profit	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Q1 FY 2015	2,831	—	589	—	581	—	402	—
Q1 FY 2014	—	—	—	—	—	—	—	—

	Basic profit per share	Diluted profit per share
	Yen	Yen
Q1 FY 2015	32.84	—
Q1 FY 2014	—	—

(Note) As quarterly financial statements were not prepared for Q1 FY 2014, figures for Q1 FY 2014 and rates of year-on-year increase (decrease) are not stated.

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	Yen
Q1 FY 2015	14,829	12,859	86.7	1,076.49
FY 2014	14,562	13,556	93.1	1,093.10

(Reference) Equity capital

Q1 FY 2015: 12,859 million yen

FY 2014: 13,556 million yen

2. Dividend Payments

	Annual Dividend				
	1Q	2Q	3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2014	—	25.00	—	30.00	55.00
FY 2015	—				
FY 2015 (Projection)		5.00	—	5.00	10.00

(Note) Revision of dividend projection from recently announced figures: None

3. Forecast Results for Fiscal Year 2015 (April 1, 2015 to March 31, 2016)

(Percentage figures indicate the rate of year-on-year increase (decrease).)

	Net sales		Operating income		Ordinary income		Profit		Profit per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	Yen
1st Half	6,400	—	200	—	200	—	140	—	11.28
Full Year	11,000	(0.7)	240	(85.4)	240	(85.5)	165	(85.2)	13.30

(Note) Revision of forecast results from recently announced figures: None

As quarterly financial statements were not prepared for the 1st Half of FY 2014, rates of year-on-year increase (decrease) are not stated.

* Matters of Note

(1) Application of special accounting processes for the preparation of Financial Statements: Yes

(Note) For details, please refer to [Appendix] P. 4 “2. Matters Related to Summary Information (Matters of Note) (1) Application of special accounting processes for the preparation of Financial Statements.”

(2) Changes to accounting policies, changes to accounting estimates, and restatements:

- 1) Changes to accounting policies accompanying the revision of accounting standards, etc.: None
- 2) Changes to accounting policies other than 1) above: None
- 3) Changes to accounting estimates: None
- 4) Restatements: None

(3) Number of shares issued (common shares)

1) The number of shares issued at end of period (including treasury shares)	Q1 FY 2015	12,402,252 shares	FY 2014	12,402,252 shares
2) The number of shares of treasury shares at end of period	Q1 FY 2015	456,754 shares	FY 2014	54 shares
3) Average number of shares of common shares during period (cumulative)	Q1 FY 2015	12,261,591 shares	Q1 FY 2014	12,402,198 shares

* Presentation regarding execution status of quarterly review procedures

These quarterly financial statements are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. As at the time of disclosure of these quarterly financial statements, review procedures for the financial statements under the Financial Instruments and Exchange Act have not been completed.

* Explanation of appropriate use of results forecasts, other matters of note:

(Note on forward-looking statements, etc.)

The earnings forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as at the date of publication of this document. Actual results may differ significantly from these forecasts due to various factors. Please refer to [Appendix] P. 3 “1. Qualitative Information on Quarterly Financial Results (3) Explanation of future forecast information such as results forecasts.”

(Method of obtaining supplementary explanatory materials of briefing session on quarterly financial results)

Supplementary explanatory materials of briefing session on quarterly financial results are provided on TDnet on the same date.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of business results

The Company has transitioned to non-consolidated accounting from the full-year financial statements for fiscal 2014. Since quarterly non-consolidated financial statements had not been prepared for the first quarter of fiscal 2014, year-on-year comparisons with the first quarter of fiscal 2014 have not been made with regard to business results.

During the first quarter of fiscal 2015, a moderate recovery trend continued in the Japanese economy including improvements in corporate earnings and the employment situation, along with signs of a recovery in personal consumption due to the government's economic policies and monetary easing measures by the Bank of Japan. However, the economic outlook remained uncertain, due to the rising import prices caused by yen depreciation, and the impact of the consumption tax hike.

In the pachinko and pachislot machine market, which is the primary market for the Company, we acknowledge that while sales of the few popular models from which stable operations could be expected remained strong, the condition continued to hover at low levels overall due to the harsh profit environment for amusement facilities. Additionally, in line with changes to testing procedures for pachislot machines by the Security Communications Association in September 2014, the decline in the sales of pachislot machines are a cause for concern.

Under such circumstances, the Company channeled its energies into expanding business scale in the pachinko and pachislot machine market by concentrating its efforts on promoting the sale of various products, focusing on Graphics LSI products (Note 1) for pachinko and pachislot machines, which are the Company's mainstay products (including an integrated product that fulfills multiple functions such as sound-generating and LED (Note 2) driver functions). Furthermore, the Company has been striving to expand the adoption of Graphics LSI products for customers in the embedded system market (Note 3), and also focused on sales activities for various products intended for the digital convenience radio market.

As for Graphics LSI products, which are the Company's mainstay products for pachinko and pachislot machines, although customers steadily transitioned from the traditional AG4 products to the new AG5 products, due to trends in customer demand, sales volume amounted to approximately 380,000 units, approximately 40,000 units less year-on-year. Regarding other products targeted at the pachinko and pachislot machine market, sales of LED driver LSI products (Note 4) increased from the previous corresponding period while sales of memory-module products decreased from the previous corresponding period, reflecting trends in the demand of particular customers. As a result, net sales of LSI products for pachinko and pachislot machines amounted to 2,768 million yen. In terms of other Graphics LSI products for embedded systems, net sales were 46 million yen. As for other products, including development-support software for customers and evaluation circuit boards, net sales amounted to 16 million yen. There were no sales of digital convenience radio products during the first quarter of fiscal 2015. As a result, for the first quarter of fiscal 2015, the Company recorded net sales of 2,831 million yen.

Selling, general and administrative expenses amounted to 781 million yen due to the recording of research and development expenses of 499 million yen, primarily due to factors such as the recording of prototype development expenses for peripheral LSIs for the presentation of pachinko and pachislot machines. Consequently, for the first quarter of fiscal 2015, the Company recorded operating income of 589 million yen, ordinary income of 581 million yen and profit of 402 million yen.

(Note 1) "Graphics LSI" refers to the Company's LSI products that enable graphics to be shown on LCDs and other display devices.

(Note 2) "LED" is an acronym for "Light Emitting Diode." It refers to semiconductor elements that emit light when electricity is applied.

(Note 3) "Embedded system market" refers to the market relating to the manufacture of embedded systems, excluding pachinko and pachislot machines. Embedded systems refer to electronic devices that have a computer embedded that carries out a particular processing specific to a certain application. Embedded systems include devices of various types and in various areas, ranging from medical devices, vending machines, to home electric appliances.

(Note 4) "LED driver LSI product" refers to the Company's LSI products designed to efficiently control LED equipped in pachinko and pachislot machines.

(2) Explanation of financial position

Total assets as of the end of the first quarter of fiscal 2015 increased 267 million yen from the end of the previous fiscal year to 14,829 million yen (up 1.8% year-on-year). This was due mainly to factors such as the increase of 1,620 million yen in accounts receivable-trade, and the increase of 251 million yen in merchandise and finished goods, offset by the decrease of 463 million yen in cash and deposits and the decrease of 1,725 million yen in securities.

Total liabilities as of the end of the first quarter of fiscal 2015 increased 965 million yen from the end of the previous fiscal year to 1,970 million yen (up 96.0% year-on-year). This was due mainly to factors such as the increase of 1,172 million yen in accounts payable-trade.

Total net assets as of the end of the first quarter of fiscal 2015 decreased 697 million yen from the end of the previous fiscal year to 12,859 million yen (down 5.1% year-on-year). This was due mainly to factors such as the increase of 741 million yen in treasury shares.

(3) Explanation of future forecast information such as results forecasts

Forecast results for fiscal 2015 are as stated in the “Summary of Financial Statements for the Year Ended March 31, 2015” disclosed on April 24, 2015.

Results for the first quarter of fiscal 2015 compared to the interim forecast results indicate progress as follows: net sales 44.2%, operating income 294.9%, ordinary income 290.5%, and profit of 287.6%. Thus, all profit types from operating income onwards marked progress exceeding the interim forecast results. In addition, outstanding orders at the end of the first quarter of fiscal 2015 stood at 4,583 million yen, which combined with net sales for the same quarter amounted to 7,414 million yen, exceeding the interim net sales forecast results.

As shown above, business results for the first quarter of fiscal 2015 are progressing steadily toward interim forecast results, but due to factors such as outstanding orders as of the end of the first quarter of fiscal 2015 including products that are scheduled to be sold from the third quarter of fiscal 2015 onward, the existence of many unconfirmed product deliveries around the end of the second quarter, and a large amount of research and development expenses expected in the same second quarter, the Group has determined that the situation does not require revisions to the forecast results at this point.

2. Matters Related to Summary Information (Matters of Note)

(1) Application of special accounting processes for the preparation of Financial Statements

Tax expenses have been calculated by multiplying income before income taxes by an effective tax rate reasonably estimated after the application of tax effect accounting to income before income taxes for the fiscal year including the first quarter of fiscal 2015.

3. Quarterly Financial Statements**(1) Quarterly Balance Sheets**

	(In millions of yen)	
	FY 2014 (As of March 31, 2015)	Q1 FY 2015 (As of June 30, 2015)
Assets		
Current assets		
Cash and deposits	8,500	8,037
Accounts receivable - trade	550	2,171
Securities	2,999	1,273
Merchandise and finished goods	1,483	1,734
Raw materials and supplies	0	0
Other	153	658
Total current assets	13,689	13,877
Non-current assets		
Property, plant and equipment	297	320
Intangible assets	38	39
Investments and other assets	536	592
Total non-current assets	872	952
Total assets	14,562	14,829
Liabilities		
Current liabilities		
Accounts payable - trade	170	1,343
Income taxes payable	137	182
Other	662	409
Total current liabilities	969	1,935
Non-current liabilities		
Asset retirement obligations	33	33
Other	1	1
Total non-current liabilities	35	35
Total liabilities	1,005	1,970
Net assets		
Shareholders' equity		
Capital stock	1,018	1,018
Capital surplus	861	861
Retained earnings	11,650	11,681
Treasury shares	(0)	(742)
Total shareholders' equity	13,531	12,819
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	25	39
Total valuation and translation adjustments	25	39
Total net assets	13,556	12,859
Total liabilities and net assets	14,562	14,829

(2) Quarterly Statements of Income

(First quarter)

	(In millions of yen)
	Q1 FY 2015 (From April 1, 2015 to June 30, 2015)
Net sales	2,831
Cost of sales	1,460
Gross profit	1,371
Selling, general and administrative expenses	781
Operating income	589
Non-operating income	
Interest income	0
Dividend income	1
Other	0
Total non-operating income	2
Non-operating expenses	
Foreign exchange losses	2
Commission for purchase of treasury shares	4
Loss on retirement of non-current assets	3
Other	0
Total non-operating expenses	10
Ordinary income	581
Income before income taxes	581
Income taxes	178
Profit	402

(3) Notes to Quarterly Financial Statements

(Notes regarding going concern assumption)

N/A

(Notes in cases where there are significant changes in amount of shareholders' equity)

N/A

4. Supplementary Information**(1) Production, order and sales status**

As quarterly financial statements were not prepared for the first quarter of fiscal 2014, comparisons with the first quarter of fiscal 2014 are not stated.

1) Production

Production results for the first quarter of FY 2015 are as follows:

(In millions of yen)

Classification	Q1 FY 2015 (From April 1, 2015 to June 30, 2015)	Change (%)
LSI products for pachinko and pachislot machines	3,081	—
LSI products for embedded systems	12	—
Other	13	—
Total	3,108	—

- (Notes) 1. Amounts are according to sales price.
2. Above figures are stated net of consumption taxes.

2) Orders

Orders for the first quarter of FY 2015 are as follows:

(In millions of yen)

Classification	Q1 FY 2015 (From April 1, 2015 to June 30, 2015)			
	Orders received	Change (%)	Outstanding orders	Change (%)
LSI products for pachinko and pachislot machines	3,066	—	4,527	—
LSI products for embedded systems	65	—	54	—
Other	16	—	0	—
Total	3,148	—	4,583	—

- (Notes) 1. Amounts are according to sales price.
2. Above figures are stated net of consumption taxes.

3) Sales

Sales during the first quarter of FY 2015 are as follows:

(In millions of yen)

Classification	Q1 FY 2015 (From April 1, 2015 to June 30, 2015)	Change (%)
LSI products for pachinko and pachislot machines	2,768	—
LSI products for embedded systems	46	—
Other	16	—
Total	2,831	—

- (Notes) 1. Above figures are stated net of consumption taxes.
2. Sales to the Company's main sales agent and the proportion of such sales to total sales in the first quarter of fiscal 2015 are as follows:

(In millions of yen)

Sales agent	Q1 FY 2015 (From April 1, 2015 to June 30, 2015)	
	Amount	Percentage (%)
Midoriya Electric Co., Ltd.	1,934	68.3

(Note) Above figures are stated net of consumption taxes.

(2) Recent trends in quarterly business results**Year ending March 31, 2016**

(In millions of yen)

	Q1 FY 2015 From April 2015 to June 2015	Q2 FY 2015 From July 2015 to September 2015	Q3 FY 2015 From October 2015 to December 2015	Q4 FY 2015 From January 2016 to March 2016
Net sales	2,831	—	—	—
Gross profit	1,371	—	—	—
Operating income	589	—	—	—
Ordinary income	581	—	—	—
Income before income taxes	581	—	—	—
Profit	402	—	—	—
Profit per share	32.84 yen	—	—	—
	As of end of Q1	As of end of Q2	As of end of Q3	As of end of Q4
Total assets	14,829	—	—	—
Net assets	12,859	—	—	—
Net assets per share	1,076.49 yen	—	—	—

(Reference)

From the first quarter to the third quarter of FY 2014, consolidated quarterly financial statements had been prepared. Therefore, consolidated information is stated for recent trends in quarterly business results for the same period.

Year ended March 31, 2015 (consolidated)

(In millions of yen)

	Q1 FY 2014 From April 2014 to June 2014	Q2 FY 2014 From July 2014 to September 2014	Q3 FY 2014 From October 2014 to December 2014
Net sales	3,326	2,610	3,380
Gross profit	1,569	894	1,491
Operating income	888	208	770
Ordinary income	890	212	773
Income before income taxes and minority interests	890	212	771
Profit	634	147	552
Comprehensive income	637	132	549
Profit per share	51.13 yen	11.86 yen	44.54 yen
	As of end of Q1	As of end of Q2	As of end of Q3
Total assets	14,013	14,470	14,875
Net assets	13,242	13,374	13,614
Net assets per share	1,067.72 yen	1,078.43 yen	1,097.72 yen