Note: This is an excerpt translation of the "Kessan Tanshin" for the convenience of overseas stakeholders. In cases where any differences occur between the English version and the original Japanese version, the Japanese version shall prevail. F-TECH INC. assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 <under Japanese GAAP>

F-TECH INC.

19, Showanuma, Shobu-cho, Kuki City, Saitama, JAPAN

1. Analysis regarding operating results and financial position

(1) Analysis regarding operating results

The trend in the global economy during the fiscal year ended March 31, 2016 was unstable, against the background of the shift of interest rate policies in China and in the U.S., the decline in the price of crude oil and other reasons. In the U.S., the improved employment environment and firm consumer spending contributed to a moderate economic recovery, while in China the speed of growth abated, and the recovery of economies in other Asia regions in general was slow. In the Japanese economy, although capital investment is steadily increasing, consumer spending was stagnant and the economy saw a weak recovery.

In the automotive industry, robust new automobile sales in North America continued, and in China as well new automobile sales continued to expand, although the overall speed was slowing, while other Asia regions continued to decline, in general. In Japan, due to increases in consumption tax and tax levied on the light vehicle, the annual sales record was less than that in the previous year.

Under these conditions, the Group pushed ahead with its 12th Mid-Term Business Plan, which started in April 2014, under the whole company policy “To become a chassis system manufacturer with overwhelming competitive strength,” and while striving to expand transactions with world automakers, we are creating a truly globalized enterprise by changing the Group to the structure of chassis system manufacturer and by strengthening environmentally friendly technologies.

In R&D, together with increased collaboration among R&D bases in Japan, North America and Asia regions to improve R&D capabilities globally, we are striving for efficient development including the use of advanced simulation technologies for evaluation before proto production of strength, durability and development costs, for improved cost competitiveness and acceleration of development.

In the production aspect, we have developed production systems in emerging markets to respond for the sales expansion at a global level and continued to work to establish an optimal supply system through alliances with local companies in such places as India, Brazil, and areas in China where F.tech does not have own plants. In the domestic market, along with the highly efficient production system we built under structural reforms, we have endeavored to reinforce production capabilities even further, so as to respond to changes in production volume or decrease of added value as a result of making automobiles more compact.

As a result of the above, operating results for the Group during the fiscal year under review are as follows. Reflecting robust sales in North America, favorable sales in China and Thailand and the impact of yen depreciation and other factors, net sales rose 11.8% year on year to 196,343 million yen, operating income rose 22.6% to 6,821 million yen, ordinary income increased 6.7% to 6,182 million yen, and profit attributable to owners of parent rose 52.6% to 2,704 million yen.

Operating results by segment are as follows.

(Japan)

The volume of orders reduced, reflecting a reduction in the number of automobiles produced by the major customers of the Company. Net sales were 22,016 million yen (down 13.9% year on year) and operating income was 381 million yen (down 12.0%).

(North America)

In the North American Market, firm automobile sales continued, and boosted by the positive effect of foreign exchange, net sales were 124,953 million yen (up 13.4%) and operating income was 4,675 million yen (up 0.9%).

(Asia)

Due to a start-up of the mass production for the new customers in China and a recovery and sales expansion in the number of automobiles produced by the major customers in Thailand and other factors, net sales were 49,372 million yen (up 24.0%) and operating income was 2,069 million yen (up 172.7%).

Outlook for the next fiscal year

As the outlook for the next fiscal year, in Japan the outlook is for recovery as a result of increased domestic production volume at the major customers. Overseas, the trend is projected to continue to be solid, however, due as the primary factor of the impact of exchange conversion we predict a decrease in income.

As the outlook for consolidated results for the fiscal year ending March 31, 2017 (April 1, 2016 to March 31, 2017), we predict net sales of 192,000 million yen (down 2.2% year on year), operating income of 6,500 million yen (down 4.7%), ordinary income of 6,200 million yen (up 0.3%), and profit attributable to owners of parent of 2,800 million yen (up 3.5%).
Exchange rates are assumed at 108 yen to the U.S. dollar.

(2) Analysis regarding financial position

1) Assets, liabilities and net assets

As of March 31, 2016, total assets increased 5,283 million yen compared with the end of the previous fiscal year to 137,980 million yen, mainly reflecting increases in notes and accounts receivable - trade, machinery, equipment and vehicles and construction in progress.
Liabilities increased 4,571 million yen from the end of the previous fiscal year to 90,911 million yen reflecting increases in notes and accounts payable - trade and short-term loans payable.
Net assets increased 711 million yen to 47,068 million yen mainly reflecting increases in retained earnings and non-controlling interests.

2) Cash flows

As of March 31, 2016, cash and cash equivalents decreased 2,151 million yen compared with the end of the previous fiscal year to 6,831 million yen (down 24.0% year on year).
Cash flows in the fiscal year under review and factors in increase or decrease from the previous fiscal year are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 12,140 million yen. The main factors were 6,953 million yen in profit before income taxes, 10,081 million yen in depreciation, an increase in notes and accounts receivable - trade of 3,224 million yen and an increase of notes and accounts payable - trade of 3,213 million yen, and income taxes paid of 3,032 million yen.
Compared with the previous fiscal year, cash flows from operating activities changed from 8,518 million yen provided to 12,140 million yen provided. This was mainly due to an increase in notes and accounts payable - trade.

(Cash flows from investing activities)

Net cash used in investing activities was 17,810 million yen. The main factor was 19,318 million yen in purchase of property, plant and equipment.
Compared with the previous fiscal year, cash flows from investing activities changed from 14,712 million yen used to 17,810 million yen used. This was mainly due to an increase in the purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 3,792 million yen. The main factors were 10,010 million yen in proceeds from long-term loans payable and 11,703 million yen in repayments of long-term loans payable.
Compared with the previous fiscal year, cash flows from financing activities changed from 7,502 million yen provided to 3,792 million yen provided. This was mainly due to a decrease in proceeds from issuance of bonds.

(Reference) Transition of cash flow indicators

	58th term Fiscal year ended March 31, 2013	59th term Fiscal year ended March 31, 2014	60th term Fiscal year ended March 31, 2015	61st term Fiscal year ended March 31, 2016
Equity ratio (%)	16.5	23.3	22.9	21.2
Market value equity ratio (%)	19.8	17.3	13.3	11.9
Ratio of interest-bearing debt to cash flows (year)	6.2	4.8	6.6	4.7
Interest coverage ratio (times)	10.9	13.2	11.5	13.7

(Notes) Equity ratio: equity / total assets

Market value equity ratio: market capitalization / total assets

Interest-bearing debt to cash flow ratio (year): interest-bearing debt / cash flow

Interest coverage ratio: cash flow / paid interest

* All indicators are calculated using consolidated-based financial indicators.
* Market capitalization is calculated by multiplying the closing stock price at the end of the period by the number of issued shares as of the end of the period (excluding treasury shares).
* The figure used for cash flow is "net cash provided by (used in) operating activities" on the consolidated statements of cash flows. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheets on which we paid interest. Furthermore, regarding the paid interest, we use the interest expenses paid recorded on the consolidated statements of cash flows.

(3) Basic policy on distribution of profits and dividends for the current and the next fiscal year

The Company's basic policy on distribution of profits is return of profits based on operating results. While striving to reinforce its financial strength, it will ensure return of profits to shareholders from the long-term perspective that includes status of profits and future business expansion, also considering a commemorative dividend or share-split, etc. at some turning point. For distribution of profits by dividend, the Company is targeting a payout ratio for profit attributable to owners of parent of 10% or above for the time being, and as a rule, provides dividends twice a year, interim and year-end dividends.

As for internal reserve funds, in order to respond to future changes in the business environment, we plan to appropriate these to further business expansion and reinforcement of financial strength as well as cost competitiveness and global development systems.

Year-end dividends shall be matters for resolution at the General Meeting of Shareholders.

For the current fiscal year, year-end dividend will be 10 yen per share and interim dividend was 10 yen per share, which will lead to annual dividends of 20 yen.

For the next fiscal year, the Company plans to distribute annual dividends of 20 yen, with the interim dividend of 10 yen per share and the year-end dividend of 10 yen per share.

2. Management Policies

(1) Basic management policy

Our Basic Policy is to aim at coexistence with the environment and local community, shareholders and our employees, through the concept of “Respect for Human Beings” with respect for independent individuals, harmony and cooperation, and the “Spirit of Challenge,” to choose the difficult route without fear of failure. With this policy the Company will strive to supply excellent quality products at fair prices with its excellent technological capabilities on a global scale.

By promoting these corporate activities, we will strive to achieve the No. 1 rating in customer-satisfaction by customers worldwide as well as a company admired by society in general.

(2) Medium- to long-term management strategies

Under the policy of “To become a chassis system manufacturer with overwhelming competitive strength” in the 12th Mid-Term Business Plan, the Company has set its basic business strategy as “transformation to a chassis system structure” “evolution to global operations” and “reinforcement of environmental-response technologies.” By execution on “simple,” “selection,” “concentration,” and “speed" as action measurable, we continue efforts for further growth.

(3) Target management indicators

In the 12th Mid-Term Business Plan started in April 2014 (April 1, 2014- March 31, 2016), the Company set a long-term management goal of consolidated net sales of 200.0 billion yen and operating income of 10.0 billion yen (5% or greater operating profit margin) in extending business activities.

However, orders received by the Group were affected by vast changes in the external environment from when the Mid-Term Business Plan was formulated, including a decrease in automobile sales in Japan and stagnation of demand for automobiles in Asian countries.

Under such circumstances, in addition to measures for realization of the above mentioned business strategies, we have striven to reform our business structure to build an efficient production system that includes aggregation of manufacturing lines and introduction of ultra-precision presses; however, considering the recent exchange trends and uncertainty of global demand for automobiles, we set the outlook for this term at net sales of 192.0 billion yen and operating income of 6.5 billion yen.

(4) Issues to be addressed

In the business environment surrounding the Group, we anticipate that the severe competition, including global mega suppliers, will be ongoing in the domestic market, where much growth in automobile demand cannot be expected, and in the global market, where medium- to long-term expansion can be predicted. Therefore, the Group has aggressively moved ahead with “transformation to a chassis system structure,” “evolution to global operations,” and “reinforcement of environmental-response technologies,” under the policy of “To become a chassis system manufacturer with overwhelming competitive strength” as indicated in the 12th Mid-Term Business Plan.

In order for us to be genuinely globalized company, we aim at changing the structure where individual base is awarded business to the structure capable of global business awarded. We strive to improve the competitiveness by not only executing regional functional organization in sales, development, and engineering in order to promote self-reliance, but also facilitating cooperation between them and respective headquarters in Japan.

Additionally, in order to achieve “transformation to a chassis system structure,” the Company defines its major products as multi-function from single unit function, and is working to demonstrate the overwhelming competitive strength by conducting system development.

(Japan)

Although robust growth of sales cannot be expected in Japan, by promoting product development in response to the environment, downsizing the vehicle, and future needs, we will promote our sales expansion activities centering on orders from major customers. As for light vehicle, the sales of which are on a growth trend, the Company will execute the corresponding product development and active cost reduction, offer prompt proposals that satisfy the customers’ needs seeking for further business opportunities.

In addition, as a global mother, we will share the information of chassis system development and know-how of the production technologies with group companies to strengthen local characteristics as a chassis system manufacturer.

(North America)
In the North American market, where moderate sales expansion is expected, severe competition including mega suppliers is projected in the future. We will strived to expand our profit by strongly acquiring business opportunities from other than major customers, and we will make efforts to further reinforce our profit structure through maximum and reasonable use of resources including at new plant in Mexico.

(Asia)
In China, although the risks due to changes in the economic environment can be considered, we predict orders from major customers to continue to be robust. At F.tech R&D (Guangzhou) Inc., we will promote sales expansion to both major customers and other customers by performing local specific product development and analysis, and offering active proposals to local specific models in order to achieve business structure that allows us to respond to economical environmental changes in a flexible manner. As for countermeasures to elevated labor cost, our intention is to proceed in an automated and robotic way for improved local cost competitiveness, which should lead to strengthened profit structure.
In Thailand, although political uncertainty continues, automobile production is predicted to increase slightly. We are actively working on sales expansion to other than major customers by demonstrating advanced quality control and production capability. Since major customers in the Southeast Asia are strongly demanding the localization of production, we will achieve the production allocation with the maximum use of resources in 3 plants in Philippines, Thailand, and Indonesia, while maintaining the competitiveness, and fulfill the requirements from the customers.
As for pedal assembly in Philippines, we will aggressively promote the weight reduction and functional development through cooperation of local development (pedal development) and local production engineering (aluminum casting processing, plastic processing, and pedal production) so that the products can be shipped all over the world.

(5) Matters concerning parent company, etc.

1) Trademark of parent company (as of March 31, 2016)

Parent company, etc.	Attribute	Voting rights holding ratio of the parent company, etc. (%)	Stock exchanges where share certificates issued by parent company, etc. are listed
Honda Motor Co., Ltd.	Other associate	16.6	Tokyo Stock Exchange New York Stock Exchange

2) Position of the Company in the corporate group of the parent company, etc., and other relations between the Company and the parent company, etc.
Honda Motor Co., Ltd. ("Honda Motor") has 16.6% of the voting rights of the Company, and the Company is an affiliate accounted for under the equity method for Honda Motor.
Honda Motor and its affiliates (the "Honda Group") are the largest customers for Company's automobile suspension parts, and out of consolidated net sales for the current fiscal year of 196,343 million yen, sales to the Honda Group accounts for 152,435 million yen, making up 77.6% of the total.
As stated above, the Company and the Honda Group are in a close relationship in the aspect of capital and transactions, however, for basic management policy and daily business activities, the Company is fundamentally independent and autonomous, therefore its independence as a listed company is ensured.

3. Basic Rationale for Selecting the Accounting Standards

The Group currently prepares the consolidated financial statements according to the generally accepted accounting standards in Japan (Japanese GAAP), as it makes it possible to compare the consolidated financial statements against previous fiscal year and against other companies.
With regard to adoption of International Financial Reporting Standards (IFRS), it is the Group's policy to respond to this issue appropriately based on consideration of various domestic and international circumstances.

4. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	8,983	6,831
Notes and accounts receivable - trade	27,379	28,930
Merchandise and finished goods	5,539	4,779
Work in process	3,766	3,942
Raw materials and supplies	8,159	8,069
Deferred tax assets	420	368
Other	3,459	4,486
Total current assets	57,707	57,409
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,657	19,648
Machinery, equipment and vehicles, net	24,687	29,985
Dies and tools, net	1,844	1,969
Land	6,238	6,024
Leased assets, net	826	809
Construction in progress	12,365	13,423
Other, net	1,906	1,549
Total property, plant and equipment	67,527	73,410
Intangible assets		
Software	709	608
Right of using facilities	52	44
Other	19	18
Total intangible assets	780	671
Investments and other assets		
Investment securities	5,063	4,880
Long-term loans receivable	276	261
Net defined benefit asset	62	34
Deferred tax assets	415	449
Other	863	862
Total investments and other assets	6,681	6,489
Total non-current assets	74,989	80,570
Total assets	132,697	137,980

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,518	18,690
Short-term loans payable	19,099	22,589
Current portion of long-term loans payable	11,356	11,576
Lease obligations	635	395
Income taxes payable	825	499
Accounts payable - other	5,315	4,347
Notes payable - facilities	109	85
Provision for directors' bonuses	88	99
Other	3,843	4,207
Total current liabilities	57,792	62,492
Non-current liabilities		
Bonds payable	4,000	4,000
Long-term loans payable	21,050	18,597
Lease obligations	428	485
Deferred tax liabilities	2,518	3,369
Provision for directors' retirement benefits	212	233
Net defined benefit liability	243	954
Long-term accounts payable - other	6	693
Negative goodwill	78	72
Other	9	13
Total non-current liabilities	28,548	28,419
Total liabilities	86,340	90,911
Net assets		
Shareholders' equity		
Capital stock	4,790	4,790
Capital surplus	5,228	5,419
Retained earnings	15,115	17,512
Treasury shares	(18)	(18)
Total shareholders' equity	25,115	27,703
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	858	618
Foreign currency translation adjustment	4,085	1,533
Remeasurements of defined benefit plans	338	(549)
Total accumulated other comprehensive income	5,283	1,602
Non-controlling interests	15,958	17,762
Total net assets	46,356	47,068
Total liabilities and net assets	132,697	137,980

(2) Consolidated statements of income and comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	175,579	196,343
Cost of sales	155,028	173,714
Gross profit	20,551	22,629
Selling, general and administrative expenses	14,986	15,808
Operating income	5,564	6,821
Non-operating income		
Interest income	38	55
Dividend income	49	46
Share of profit of entities accounted for using equity method	400	437
Foreign exchange gains	362	–
Other	181	192
Total non-operating income	1,031	732
Non-operating expenses		
Interest expenses	741	883
Foreign exchange losses	–	449
Other	62	38
Total non-operating expenses	804	1,371
Ordinary income	5,791	6,182
Extraordinary income		
Gain on sales of non-current assets	31	963
Gain on liquidation of subsidiaries and associates	43	–
Insurance income	61	–
Total extraordinary income	136	963
Extraordinary losses		
Loss on sales of non-current assets	1	4
Loss on retirement of non-current assets	145	76
Loss on valuation of shares of subsidiaries and associates	48	–
Impairment loss	183	110
Total extraordinary losses	378	191
Profit before income taxes	5,550	6,953
Income taxes - current	2,696	1,171
Income taxes - deferred	(295)	1,188
Total income taxes	2,400	2,360
Profit	3,150	4,593
Profit attributable to		
Profit attributable to owners of parent	1,772	2,704
Profit attributable to non-controlling interests	1,377	1,888
Other comprehensive income		
Valuation difference on available-for-sale securities	111	(215)
Foreign currency translation adjustment	3,988	(3,298)
Remeasurements of defined benefit plans, net of tax	58	(878)
Share of other comprehensive income of entities accounted for using equity method	382	(212)
Total other comprehensive income	4,541	(4,605)
Comprehensive income	7,691	(11)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,137	(707)
Comprehensive income attributable to non-controlling interests	2,553	695

(3) Consolidated statements of changes in net assets

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,790	5,228	13,958	(18)	23,958
Cumulative effects of changes in accounting policies			(306)		(306)
Restated balance	4,790	5,228	13,651	(18)	23,651
Changes of items during period					
Issuance of new shares					–
Dividends of surplus			(307)		(307)
Profit attributable to owners of parent			1,772		1,772
Purchase of treasury shares					–
Change in ownership interest of parent due to transactions with non-controlling interests					–
Net changes of items other than shareholders' equity				(0)	(0)
Total changes of items during period	–	–	1,464	(0)	1,464
Balance at end of current period	4,790	5,228	15,115	(18)	25,115

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	619	1,012	284	1,916	13,967	39,842
Cumulative effects of changes in accounting policies						(306)
Restated balance	619	1,012	284	1,916	13,967	39,535
Changes of items during period						
Issuance of new shares						–
Dividends of surplus						(307)
Profit attributable to owners of parent						1,772
Purchase of treasury shares						–
Change in ownership interest of parent due to transactions with non-controlling interests						–
Net changes of items other than shareholders' equity	239	3,073	53	3,366	1,990	5,357
Total changes of items during period	239	3,073	53	3,366	1,990	6,821
Balance at end of current period	858	4,085	338	5,283	15,958	46,356

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,790	5,228	15,115	(18)	25,115
Cumulative effects of changes in accounting policies					–
Restated balance	4,790	5,228	15,115	(18)	25,115
Changes of items during period					
Issuance of new shares					–
Dividends of surplus			(307)		(307)
Profit attributable to owners of parent			2,704		2,704
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		190			190
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	190	2,397	(0)	2,587
Balance at end of current period	4,790	5,419	17,512	(18)	27,703

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	858	4,085	338	5,283	15,958	46,356
Cumulative effects of changes in accounting policies						–
Restated balance	858	4,085	338	5,283	15,958	46,356
Changes of items during period						
Issuance of new shares						–
Dividends of surplus						(307)
Profit attributable to owners of parent						2,704
Purchase of treasury shares						(0)
Change in ownership interest of parent due to transactions with non-controlling interests						190
Net changes of items other than shareholders' equity	(240)	(2,552)	(888)	(3,680)	1,804	(1,876)
Total changes of items during period	(240)	(2,552)	(888)	(3,680)	1,804	711
Balance at end of current period	618	1,533	(549)	1,602	17,762	47,068

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	5,550	6,953
Depreciation	8,920	10,081
Impairment loss	183	110
Amortization of goodwill	(5)	(5)
Loss on valuation of shares of subsidiaries and associates	48	–
Loss (gain) on liquidation of subsidiaries and associates	(43)	–
Increase (decrease) in assets and liabilities related to retirement benefits	(152)	(145)
Increase (decrease) in provision for directors' retirement benefits	8	20
Increase (decrease) in provision for directors' bonuses	(0)	10
Interest and dividend income	(87)	(102)
Interest expenses	741	883
Foreign exchange losses (gains)	(129)	356
Share of (profit) loss of entities accounted for using equity method	(400)	(437)
Loss (gain) on sales of property, plant and equipment	(29)	(959)
Loss on retirement of property, plant and equipment	145	76
Decrease (increase) in notes and accounts receivable - trade	(1,045)	(3,224)
Decrease (increase) in inventories	(2,268)	(364)
Increase (decrease) in notes and accounts payable - trade	(965)	3,213
Other, net	993	(543)
Subtotal	11,460	15,924
Interest and dividend income received	120	137
Interest expenses paid	(739)	(887)
Income taxes paid	(2,322)	(3,032)
Net cash provided by (used in) operating activities	8,518	12,140
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,487)	(19,318)
Proceeds from sales of property, plant and equipment	55	1,757
Purchase of intangible assets	(183)	(211)
Purchase of investment securities	(30)	(30)
Proceeds from sales of investment securities	–	55
Other, net	(66)	(61)
Net cash provided by (used in) investing activities	(14,712)	(17,810)

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,843	4,438
Proceeds from long-term loans payable	9,915	10,010
Repayments of long-term loans payable	(10,906)	(11,703)
Proceeds from issuance of bonds	4,000	–
Purchase of treasury shares	–	(0)
Proceeds from share issuance to non-controlling shareholders	–	1,651
Proceeds from sales and installment back	–	833
Repayments of installment payables	(190)	(256)
Cash dividends paid	(306)	(307)
Dividends paid to non-controlling interests	(554)	(597)
Repayments of finance lease obligations	(619)	(676)
Proceeds from sales and leasebacks	869	400
Net cash provided by (used in) financing activities	7,052	3,792
Effect of exchange rate change on cash and cash equivalents	301	(274)
Net increase (decrease) in cash and cash equivalents	1,159	(2,151)
Cash and cash equivalents at beginning of period	7,823	8,983
Cash and cash equivalents at end of period	8,983	6,831

(5) Notes to consolidated financial statements

Uncertainties of entity's ability to continue as going concern

Not applicable.

Basis of presentation and significant accounting policies for preparation of consolidated financial statements

1. Disclosure of scope of consolidation

(1) Number of consolidated subsidiaries: Sixteen

F&P Mfg., Inc.
F&P America Mfg., Inc.
F.tech Philippines Mfg., Inc.
F.E.G. DE QUERETARO, S.A. DE C.V.
F.tech Zhongshan Inc.
F.tech R&D North America Inc.
F.tech Wuhan Inc.
Fukuda Engineering Co., Ltd.
Kyushu F.tech Inc.
F.tech Mfg. (Thailand) Ltd.
Reterra Co., Ltd.
F.tech R&D Philippines Inc.
F.tech R&D (Guangzhou) Inc.
F&P MFG.DE MEXICO S.A. DE C.V.
Yantai Fuyan Mould Co., Ltd.
PT. F.tech INDONESIA

(2) Number of non-consolidated subsidiaries: One

Laguna Greenland Corp.

Reason for exclusion from scope of consolidation

The non-consolidated subsidiaries are small in scale and the amounts of their total assets, net sales, profit (loss) (for the Company's equity interest), retained earnings (for the Company's equity interest) and other financial statement items do not have a significant impact on the Company's consolidated financial statements.

2. Disclosure about application of equity method

(1) Non-consolidated subsidiaries accounted for using the equity method

Not applicable.

(2) Number of associates accounted for using the equity method: Four

Johnan Manufacturing Inc.
JOHNAN AMERICA, Inc.
JOHNAN F.TECH (THAILAND) LTD.
JOHNAN DE MEXICO, S.A. DE C.V.

(3) Number of non-consolidated subsidiaries not accounted for using the equity method: One

Laguna Greenland Corp.

Number of associates not accounted for using the equity method: Five

Progressive Tools & Components Pvt Ltd.

JOHNAN UK LTD.

PT. JFD INDONESIA

JOHNAN WUHAN INC.

Johnan Kyushu Manufacturing Inc.

Reason for exclusion from scope of equity method

The non-consolidated subsidiaries and associates that are not accounted for using the equity method are excluded from the application of the equity method since such exclusion has no significant impact on the Company's consolidated financial statements in terms of profit (loss) (for the Company's equity interest), retained earnings (for the Company's equity interest) and other financial statement items, and overall they are of minor significance.

(4) The fiscal year ends of certain companies accounted for using the equity method are different from the consolidated fiscal year end. In preparing the consolidated financial statements, the Company uses the financial statements of these companies as of their fiscal year end.

3. Disclosure about fiscal years, etc. of consolidated subsidiaries

Among the consolidated subsidiaries, the fiscal year end of F.tech Philippines Mfg., Inc. and F.tech R&D Philippines Inc. is January 31 and the fiscal year end of F.E.G. DE QUERETARO, S.A. DE C.V., F.tech Zhongshan Inc., F.tech Wuhan Inc., F.tech Mfg. (Thailand) Ltd., Yantai Fuyan Mould Co., Ltd., F.tech R&D (Guangzhou) Inc., F&P MFG.DE MEXICO S.A. DE C.V. and PT. F.tech INDONESIA is December 31.

In the preparation of the consolidated financial statements, the financial statements as of these dates are used. However, for major transactions that occurred between these fiscal year ends and the consolidated fiscal year end, necessary adjustments are made in the consolidated financial statements.

4. Disclosure of accounting policies

(1) Accounting policy for measuring significant assets

i) Securities

Available-for-sale securities (other securities)

Securities with a fair value

Stated at fair value based on market prices on the closing date of the accounting period.

(Valuation difference is stated as a component of net assets in the consolidated balance sheets, the cost of securities sold is calculated applying the moving-average method.)

Securities without a fair value

Stated at cost determined by the moving-average method.

ii) Derivatives

Stated at fair value.

iii) Inventories

Inventories of the Company and its domestic consolidated subsidiaries are stated at cost determined by the average cost method (balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability). Inventories of foreign consolidated subsidiaries are stated at the lower of cost or market, determined by the first-in, first-out method.

(2) Accounting policy for depreciation of significant assets

i) Property, plant and equipment (excluding leased assets)

Depreciated by the straight-line method.

However, some domestic consolidated subsidiaries adopt the declining balance method for buildings acquired on or before March 31, 1998.

ii) Intangible assets (excluding leased assets)

Amortized by the straight-line method.

Software (for internal use) is amortized by the straight-line method over the usable period in the Company (5 years).

iii) Leased assets

Depreciated by the straight-line method assuming the lease periods as useful lives without residual value.

For finance lease transactions of the Company and its domestic consolidated subsidiaries that do not transfer ownership and commenced on or before March 31, 2008, the accounting treatment follows the method applicable to ordinary rental transactions.

(3) Accounting policy for significant provisions

i) Allowance for doubtful accounts

To prepare for losses from bad debts, an estimated uncollectible amount is provided either by making an estimation using the historical rate of credit loss in the case of general receivables, or based on individual consideration of collectibility in the case of specific receivables such as highly doubtful receivables.

ii) Provision for directors' retirement benefits

At the Company and some subsidiaries, to prepare for the payment of directors' retirement benefits, the amount to be paid at the fiscal year end, based on the internal rules for directors' retirement benefits, is provided.

iii) Provision for directors' bonuses

To prepare for the payment of directors' bonuses, the amount expected to be paid at the current fiscal year end is provided.

(4) Accounting method of retirement benefits

i) Methods of attributing estimated retirement benefits to accounting periods

When calculating retirement benefit obligations, the benefit formula method is used to attribute estimated benefit amounts to periods of service until the fiscal year end.

ii) Amortization of actuarial gains and losses

Actuarial gains and losses are amortized beginning in the following fiscal years by the straight-line method over a period which is equal to or less than the average remaining service period of employees (mainly 5 years) at the time of occurrence.

(5) Translation basis of significant assets and liabilities denominated in foreign currencies

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing at the consolidated fiscal year end, and the translation adjustment is recognized in the consolidated statements of income. Assets and liabilities of foreign consolidated subsidiaries are translated into Japanese yen at the spot exchange rates as of the fiscal year end, and revenues and expenses of foreign consolidated subsidiaries are translated into Japanese yen at the average exchange rates. Translation adjustments are included in foreign currency translation adjustment and non-controlling interests in net assets in the consolidated balance sheets.

(6) Accounting policy for goodwill

Goodwill and negative goodwill that were recognized on or before March 31, 2010 have been amortized by the straight-line method over periods not exceeding 20 years based on the estimated period during which their effect will be recognized for each investment.

(7) Scope of cash and cash equivalents in consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value and due within three months from the date of acquisition.

(8) Other significant matters for preparing consolidated financial statements

Accounting policy for consumption taxes

Tax exclusive method is adopted.

Changes in accounting policies

(Application of the Accounting Standard for Business Combinations, etc.)

Effective from the current fiscal year, the Company has applied the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013 (hereinafter, the "Statement No. 21")), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013 (hereinafter, the "Statement No. 22")) and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013 (hereinafter, the "Statement No. 7")), etc. As a result, the method of recording the amount of difference caused by changes in the Company's ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the current fiscal year, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the tentative accounting treatment is reflected in the consolidated financial statements for the fiscal year to which the date of business combination belongs. In addition, the presentation method for "net income" and other related items has been changed, and "minority interests" are now presented as "non-controlling interests." To reflect these changes, the Company has reclassified its consolidated financial statements for the previous fiscal year.

In the consolidated cash flow statements for the current fiscal year, cash flows related to the acquisition or sale of stock of a subsidiary that do not result in changes in the scope of consolidation are stated in "cash flows from financing activities." Cash flows for acquisition-related costs for stock of a subsidiary that do result in changes in the scope of consolidation and cash flows for expenses associated with the acquisition or sale of stock of a subsidiary that do not result in changes in the scope of consolidation are stated in "cash flows from operating activities."

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided in paragraph 58-2 (4) of the Statement No. 21, paragraph 44-5 (4) of the Statement No. 22 and paragraph 57- 4 (4) of the Statement No. 7. Application of the standards commenced at the beginning of the current fiscal year and will continue going forward.

As a result of the application, ordinary income and profit before income taxes for the current fiscal year each decreased by 389 million yen. Moreover, capital surplus as of the end of the current fiscal year increased by 190 million yen.

Segment information, etc.

Segment information

1. Description of reportable segments

   The reportable segments of the Company are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and assess their performance.

   The Company is engaged in the manufacture and sale of auto parts. As of the end of the current fiscal year, four companies including the Company in Japan as well as five local corporations in North America and eight local corporations in Asia each conduct the business operations. These local corporations, which are independent management units, formulate comprehensive strategies and develop business activities in each area.

   For this reason, the Company consists of regional segments based on the manufacturing and sales systems and has three reportable segments, namely Japan, North America and Asia.

2. Explanation of measurements of net sales, profit (loss), assets, liabilities, and other items for each reportable segment

   The accounting procedures for reportable segments are consistent with those stated in "Basis of presentation and significant accounting policies for preparation of consolidated financial statements."

   Profit of reportable segments is based on operating income (before amortization of goodwill).

   Transactions with other segments are based on prevailing market prices.

3. Disclosure of net sales, profit (loss), assets, liabilities, and other items for each reportable segment

Fiscal year ended March 31, 2015

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	25,579	110,189	39,811	175,579
Transactions with other segments	15,868	1,541	2,099	19,510
Total	41,447	111,731	41,910	195,090
Segment profit	434	4,635	758	5,828
Segment assets	53,433	63,542	38,280	155,257

Fiscal year ended March 31, 2016

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	22,016	124,953	49,372	196,343
Transactions with other segments	16,535	1,718	2,037	20,291
Total	38,552	126,671	51,410	216,635
Segment profit	381	4,675	2,069	7,126
Segment assets	57,393	67,865	40,306	165,564

4. Differences between total amounts for reportable segments and amounts in the consolidated financial statements and main details of these differences (matters relating to difference adjustments)

(Millions of yen)

Net sales	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Reportable segments total	195,090	216,635
Elimination of intersegment transactions	(19,510)	(20,291)
Net sales in the consolidated financial statements	175,579	196,343

(Millions of yen)

Profit	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Reportable segments total	5,828	7,126
Elimination of intersegment transactions	(264)	(305)
Operating income in the consolidated financial statements	5,564	6,821

(Millions of yen)

Assets	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Reportable segments total	155,257	165,564
Elimination of intersegment transactions	(22,546)	(27,571)
Other adjustments	(13)	(12)
Total assets in the consolidated financial statements	132,697	137,980

Per share information

(Yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net assets per share	1,979.55	1,908.40
Basic earnings per share	115.42	176.14
Diluted earnings per share	114.60	144.81

(Note) Basis for calculating basic earnings per share and diluted earnings per share is as follows:

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	1,772	2,704
Amounts not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common shares (Millions of yen)	1,772	2,704
Average number of shares (Thousands of shares)	15,356	15,356
Diluted earnings per share		
Adjustment on profit attributable to owners of parent (Millions of yen)	–	–
Increase in number of common shares (Thousands of shares)	109	3,322
[Of the above, convertible bond-type bonds with subscription rights to shares (Thousands of shares)]	[109]	[3,322]
Outline of potential shares that were not used in calculating diluted earnings per share because they have no dilutive effects	–	–

Significant events after reporting period

Not applicable.

5. Other information

(1) Changes in Officers

1) Changes in representatives

- New representative director scheduled to be appointed

Representative Director & Vice President Operating Officer	Kenichi Ando	(Current position: Vice President Operating Officer)

2) Changes in other officers

- New candidates for directors scheduled to be appointed

Director and Vice President Operating Officer	Kenichi Ando	(Current position: Vice President Operating Officer)
Director & Senior Operating Officer	Mitsuru Takeuchi	(Current position: Senior Operating Officer and Division Manager of Production Planning Division)
Director & Senior Operating Officer	Hiroyuki Aoki	Senior Operating Officer, Division Manager of Management Planning Division
Director & Senior Operating Officer	Kazuhiko Ogawa	(Current position: Senior Operating Officer, Division Manager of Engineering Division)

- Retiring director

Current position: Director & Managing Operating Officer	Makoto Hasegawa

3) Scheduled date of assuming office

June 21, 2016