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**Consolidated Financial Results  
for the Fiscal Year Ended March 31, 2018  
<under Japanese GAAP>**

**F-TECH INC.**

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

## 1. Overview of Operating Results and Others

### (1) Analysis regarding operating results

The trend in the global economy during the fiscal year ended March 31, 2018 was in general steady. In the United States, gradual expansion continued backed by a strong employment situation, and the policy interest rate was raised to normalize the financial environment. In China, while economic growth became slow, the economic activity remained solid, driven mainly by infrastructure investment. The economies of other emerging countries also remained generally firm. The Japanese economy has continued a moderate recovery supported in part by recoveries in exports and production and by improvements in consumer spending, both of which were encouraged by the firm global economy.

In the automotive industry, while new automobile sales began to level off in the United States, a stable increase continued in China, and sales remained strong in Japan and other countries in Asia.

Under these circumstances, with the basic policies of “Back to Basics” and “Challenge for New” outlined in the 13th Mid-term plan, which started in April 2017, the Group has been working to provide its customers with new value, and has made efforts to increase orders.

The operating results for the Group during the fiscal year under review are as follows. The Group benefited mainly from an increase of sales of products to our major customers in Asia, including China and Japan. Net sales rose by 14.2% year on year to 226,060 million yen. While operating profit decreased by 14.7% year on year to 6,856 million yen due to the impact of factors such as decreased production efficiency in North America, ordinary profit decreased by 17.9% year on year to 5,924 million yen, and profit attributable to owners of parent rose by 16.7% to 4,709 million yen.

Operating results by segment are as follows.

#### (Japan)

Favorable sales due to an increase in production volumes of the major customers of the Company led to net sales rising by 14.1% year on year to 28,795 million yen. The segment recorded an operating profit of 1,744 million yen, up by 82.0% year on year.

#### (North America)

Although, by the impact from a temporary lull of automobile sales in the United States, production volumes of the major customers in North America moderated, net sales rose by 7.9% year on year to 129,904 million yen due to the start-up of products for newly awarded contracts from customers, the increase in tooling sales, and the impact of yen depreciation in the exchange market compared with the previous year. The segment recorded an operating loss of 1,878 million yen (an operating profit of 2,928 million yen was recorded in the previous period) due to the end of production of high-value-added products, a reduction in production efficiency caused by the labor market shortage, a delay in a new customer's plans for producing new models, and increased costs to improve the production efficiency and the logistics for the future.

#### (Asia)

Due to favorable sales mainly to major customers in China and Asia, net sales rose by 28.8% year on year to 67,360 million yen and operating profit rose by 72.8% year on year to 6,684 million yen.

### Outlook for the next fiscal year

Automobile sales in Japan are forecast to slightly decrease in the next fiscal year, and although sales of new vehicles will remain strong in the North American market for SUVs, etc., sales are expected to weaken for sedan type vehicles. The automobile market is forecast to continue growing in China, and sales of new vehicles are expected to remain strong in Asia.

Based on the above, as the outlook for consolidated results for the fiscal year ending March 31, 2019 (April 1, 2018 to March 31, 2019), we predict net sales of 226,000 million yen (down 0.0% year on year), operating profit of 7,500 million yen (up 9.4%), ordinary profit of 6,600 million yen (up 11.4%), and profit attributable to owners of parent of 4,000 million yen (down 15.1%).

Exchange rates are assumed at 105.00 yen to the U.S. dollar.

## (2) Analysis regarding financial position

### 1) Assets, liabilities and net assets

As of March 31, 2018, total assets increased by 6,104 million yen compared with the end of the previous fiscal year to 150,525 million yen, reflecting increases in notes and accounts receivable - trade, machinery, equipment and vehicles, and other items.

Liabilities decreased by 215 million yen from the end of the previous fiscal year to 94,473 million yen reflecting decreases in short-term loans payable, accounts payable - other, bonds payable, deferred tax liabilities, and other items.

Net assets increased by 6,319 million yen to 56,051 million yen reflecting increases in capital stock, capital surplus, retained earnings, and other items.

### 2) Cash flows

As of March 31, 2018, cash and cash equivalents increased by 152 million yen compared with the end of the previous fiscal year to 5,871 million yen (up 2.7% 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 10,616 million yen. The main factors were 5,908 million yen in profit before income taxes, 11,666 million yen in depreciation, an increase in notes and accounts receivable - trade of 6,149 million yen, an increase of notes and accounts payable - trade of 1,177 million yen, and income taxes paid of 1,424 million yen.

Compared with the previous fiscal year, cash flows from operating activities changed from 13,245 million yen provided to 10,616 million yen provided. This was mainly due to a decrease in notes and accounts payable - trade and an increase of notes and accounts receivable - trade.

#### (Cash flows from investing activities)

Net cash used in investing activities was 12,683 million yen. The main factor was 12,641 million yen in purchase of property, plant and equipment.

Compared with the previous fiscal year, cash flows from investing activities changed from 13,116 million yen used to 12,683 million yen used. This was mainly due to decreases in the purchase of property, plant and equipment and the purchase of investment securities.

#### (Cash flows from financing activities)

Net cash provided by financing activities amounted to 2,409 million yen. The main factors were 16,977 million yen in proceeds from long-term loans payable, 11,683 million yen in repayments of long-term loans payable and 891 million yen in repayments of finance lease obligations.

Compared with the previous fiscal year, cash flows from financing activities changed from 870 million yen used to 2,409 million yen provided. This was mainly due to an increase in proceeds from long-term loans payable.

#### (Reference) Transition of cash flow indicators

	60th term Fiscal year ended March 31, 2015	61st term Fiscal year ended March 31, 2016	62nd term Fiscal year ended March 31, 2017	63rd term Fiscal year ended March 31, 2018
Equity ratio (%)	22.9	21.2	23.3	26.7
Market value-based equity ratio (%)	13.3	11.9	16.4	16.4
Ratio of interest-bearing debt to cash flows (year)	6.6	4.7	4.4	5.5
Interest coverage ratio (times)	11.5	13.7	15.3	9.2

(Notes) Equity ratio: equity / total assets

Market value-based 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 figures.

- \* 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 years**

The Company’s basic policy on distribution of profits is established to ensure return of profits to shareholders based on operating results. While striving to reinforce the financial strength, we review the profitability and future business opportunities from the long term perspective, and also consider commemorative dividends and share splits depending on milestones we reach. 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 for further business expansion and improving financial characteristics by focusing on increasing cost competitiveness and strengthening structures to support global development, production, and sales activities.

Year-end dividends shall be matters for resolution at a shareholders’ meeting.

For the current fiscal year, the year-end dividend will be 10 yen per share and the 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. 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.

### 3. Consolidated financial statements

#### (1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	5,719	5,871
Notes and accounts receivable - trade	33,151	39,209
Merchandise and finished goods	5,883	5,406
Work in process	4,228	4,740
Raw materials and supplies	8,533	9,321
Deferred tax assets	541	610
Other	3,841	4,139
Total current assets	61,899	69,299
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,937	18,010
Machinery, equipment and vehicles, net	33,374	39,333
Dies and tools, net	2,313	2,428
Land	5,978	5,928
Leased assets, net	937	544
Construction in progress	11,416	5,094
Other, net	1,718	1,658
Total property, plant and equipment	74,676	72,998
Intangible assets		
Software	468	359
Right of using facilities	40	38
Total intangible assets	508	397
Investments and other assets		
Investment securities	5,677	6,240
Long-term loans receivable	236	220
Net defined benefit asset	35	36
Deferred tax assets	569	514
Other	834	832
Allowance for doubtful accounts	(17)	(13)
Total investments and other assets	7,336	7,830
Total non-current assets	82,521	81,225
Total assets	144,420	150,525

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	21,186	22,320
Short-term loans payable	20,562	19,391
Current portion of long-term loans payable	10,953	13,454
Lease obligations	742	495
Income taxes payable	649	791
Accounts payable - other	4,873	3,693
Notes payable - facilities	114	105
Provision for directors' bonuses	134	98
Other	4,248	4,898
<b>Total current liabilities</b>	<b>63,465</b>	<b>65,250</b>
<b>Non-current liabilities</b>		
Bonds payable	2,350	–
Long-term loans payable	23,271	25,348
Lease obligations	442	223
Deferred tax liabilities	3,294	2,157
Provision for directors' retirement benefits	280	99
Net defined benefit liability	987	990
Long-term accounts payable - other	512	324
Negative goodwill	67	61
Other	16	17
<b>Total non-current liabilities</b>	<b>31,222</b>	<b>29,222</b>
<b>Total liabilities</b>	<b>94,688</b>	<b>94,473</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	5,615	6,790
Capital surplus	6,155	7,222
Retained earnings	21,425	25,662
Treasury shares	(18)	(18)
<b>Total shareholders' equity</b>	<b>33,177</b>	<b>39,656</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	740	792
Foreign currency translation adjustment	270	168
Remeasurements of defined benefit plans	(533)	(445)
<b>Total accumulated other comprehensive income</b>	<b>477</b>	<b>515</b>
<b>Non-controlling interests</b>	<b>16,077</b>	<b>15,879</b>
<b>Total net assets</b>	<b>49,732</b>	<b>56,051</b>
<b>Total liabilities and net assets</b>	<b>144,420</b>	<b>150,525</b>

**(2) Consolidated statements of income and comprehensive income**

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	197,941	226,060
Cost of sales	173,372	201,835
Gross profit	24,569	24,225
Selling, general and administrative expenses	16,533	17,368
Operating profit	8,035	6,856
Non-operating income		
Interest income	55	66
Dividend income	43	43
Share of profit of entities accounted for using equity method	536	456
Other	230	208
Total non-operating income	865	774
Non-operating expenses		
Interest expenses	873	1,136
Foreign exchange losses	770	417
Other	43	152
Total non-operating expenses	1,686	1,706
Ordinary profit	7,214	5,924
Extraordinary income		
Gain on sales of non-current assets	42	45
Gain on sales of investment securities	2	–
Total extraordinary income	44	45
Extraordinary losses		
Loss on sales of non-current assets	6	2
Loss on retirement of non-current assets	132	59
Impairment loss	153	–
Total extraordinary losses	292	62
Profit before income taxes	6,966	5,908
Income taxes - current	1,971	1,609
Income taxes - deferred	(438)	(1,007)
Total income taxes	1,533	601
Profit	5,432	5,307
Profit attributable to		
Profit attributable to owners of parent	4,035	4,709
Profit attributable to non-controlling interests	1,397	597
Other comprehensive income		
Valuation difference on available-for-sale securities	104	85
Foreign currency translation adjustment	(2,035)	(152)
Remeasurements of defined benefit plans, net of tax	32	83
Share of other comprehensive income of entities accounted for using equity method	(12)	(13)
Total other comprehensive income	(1,911)	2
Comprehensive income	3,521	5,309
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,910	4,747
Comprehensive income attributable to non-controlling interests	610	562



**(3) Consolidated statements of changes in net assets**  
**Fiscal year ended March 31, 2017**

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,790	5,419	17,512	(18)	27,703
Changes of items during period					
Conversion of convertible bond-type bonds with share acquisition rights	825	825			1,650
Dividends of surplus			(307)		(307)
Profit attributable to owners of parent			4,035		4,035
Purchase of treasury shares					-
Change in ownership interest of parent due to transactions with non-controlling interests		(88)			(88)
Increase/Decrease by change of subsidiary's financial closing month			184		184
Net changes of items other than shareholders' equity					-
Total changes of items during period	825	736	3,912	-	5,473
Balance at end of current period	5,615	6,155	21,425	(18)	33,177

	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	618	1,533	(549)	1,602	17,762	47,068
Changes of items during period						
Conversion of convertible bond-type bonds with share acquisition rights						1,650
Dividends of surplus						(307)
Profit attributable to owners of parent						4,035
Purchase of treasury shares						-
Change in ownership interest of parent due to transactions with non-controlling interests						(88)
Increase/Decrease by change of subsidiary's financial closing month						184
Net changes of items other than shareholders' equity	121	(1,262)	16	(1,124)	(1,685)	(2,809)
Total changes of items during period	121	(1,262)	16	(1,124)	(1,685)	2,663
Balance at end of current period	740	270	(533)	477	16,077	49,732

**Fiscal year ended March 31, 2018**

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,615	6,155	21,425	(18)	33,177
Changes of items during period					
Conversion of convertible bond-type bonds with share acquisition rights	1,175	1,175			2,350
Dividends of surplus			(471)		(471)
Profit attributable to owners of parent			4,709		4,709
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(107)			(107)
Net changes of items other than shareholders' equity					-
Total changes of items during period	1,175	1,067	4,237	(0)	6,479
Balance at end of current period	6,790	7,222	25,662	(18)	39,656

	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	740	270	(533)	477	16,077	49,732
Changes of items during period						
Conversion of convertible bond-type bonds with share acquisition rights						2,350
Dividends of surplus						(471)
Profit attributable to owners of parent						4,709
Purchase of treasury shares						(0)
Change in ownership interest of parent due to transactions with non-controlling interests						(107)
Net changes of items other than shareholders' equity	52	(102)	87	37	(197)	(160)
Total changes of items during period	52	(102)	87	37	(197)	6,319
Balance at end of current period	792	168	(445)	515	15,879	56,051

**(4) Consolidated statements of cash flows**

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
<b>Cash flows from operating activities</b>		
Profit before income taxes	6,966	5,908
Depreciation	10,334	11,666
Impairment loss	153	–
Amortization of goodwill	(5)	(5)
Loss (gain) on sales of investment securities	(2)	–
Increase (decrease) in assets and liabilities related to retirement benefits	34	79
Increase (decrease) in provision for directors' retirement benefits	47	(180)
Increase (decrease) in provision for directors' bonuses	35	(35)
Interest and dividend income	(98)	(109)
Interest expenses	873	1,136
Foreign exchange losses (gains)	157	184
Share of loss (profit) of entities accounted for using equity method	(536)	(456)
Loss (gain) on sales of property, plant and equipment	(36)	(43)
Loss on retirement of property, plant and equipment	132	59
Decrease (increase) in notes and accounts receivable - trade	(4,977)	(6,149)
Decrease (increase) in inventories	(2,351)	96
Increase (decrease) in notes and accounts payable - trade	2,998	1,177
Other, net	1,953	(293)
Subtotal	15,677	13,036
Interest and dividend income received	133	146
Interest expenses paid	(863)	(1,141)
Income taxes paid	(1,702)	(1,424)
Net cash provided by (used in) operating activities	13,245	10,616
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(12,840)	(12,641)
Proceeds from sales of property, plant and equipment	123	92
Purchase of intangible assets	(174)	(95)
Purchase of investment securities	(158)	(34)
Proceeds from sales of investment securities	3	–
Other, net	(69)	(4)
Net cash provided by (used in) investing activities	(13,116)	(12,683)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(2,624)	(622)
Proceeds from long-term loans payable	15,730	16,977
Repayments of long-term loans payable	(11,075)	(11,683)
Purchase of treasury shares	–	(0)
Repayments of installment payables	(419)	(444)
Cash dividends paid	(307)	(471)
Dividends paid to non-controlling interests	(1,253)	(868)
Repayments of finance lease obligations	(797)	(891)
Proceeds from sales and leasebacks	1,086	413
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,210)	–
Other, net	0	–
Net cash provided by (used in) financing activities	(870)	2,409
Effect of exchange rate change on cash and cash equivalents	(261)	(190)
Net increase (decrease) in cash and cash equivalents	(1,002)	152
Cash and cash equivalents at beginning of period	6,831	5,719
Increase (decrease) in balance associated with the fiscal year-end change of consolidated subsidiaries	(110)	–
Cash and cash equivalents at end of period	5,719	5,871

## **(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: Six

Progressive Tools & Components Pvt Ltd.

JOHNAN UK LTD.

PT. JFD INDONESIA

JOHNAN WUHAN INC.

Johnan Kyushu Manufacturing Inc.

Johnan Foshan 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., 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.
  - 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  
Leased assets relating to finance lease transactions that do not transfer ownership are depreciated by the straight-line method assuming the lease periods as useful lives without residual value.
- (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.
  - iii) Application of simplified method for small businesses  
In calculating net defined benefit liability, certain consolidated subsidiaries apply the simplified method in which the net defined benefit liability and retirement benefit costs are deemed to be the amount of retirement benefits to be paid in cases where all eligible employees retired on a voluntary basis at the fiscal year-end date.
- (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.



## 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 profit (before amortization of goodwill).

Intersegment sales and transfers 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, 2017

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	25,229	120,433	52,279	197,941
Intersegment sales and transfers	14,713	1,774	3,050	19,538
Total	39,943	122,207	55,329	217,480
Segment profit	958	2,928	3,868	7,754
Segment assets	56,438	72,614	41,257	170,310

Fiscal year ended March 31, 2018

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	28,795	129,904	67,360	226,060
Intersegment sales and transfers	16,779	1,489	3,177	21,446
Total	45,574	131,393	70,538	247,506
Segment profit	1,744	(1,878)	6,684	6,549
Segment assets	56,058	76,040	45,240	177,339

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, 2017	Fiscal year ended March 31, 2018
Reportable segments total	217,480	247,506
Elimination of intersegment transactions	(19,538)	(21,446)
Net sales in the consolidated financial statements	197,941	226,060

(Millions of yen)

Profit	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Reportable segments total	7,754	6,549
Elimination of intersegment transactions	281	306
Operating profit in the consolidated financial statements	8,035	6,856

(Millions of yen)

Assets	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Reportable segments total	170,310	177,339
Elimination of intersegment transactions	(25,878)	(26,804)
Other adjustments	(11)	(10)
Total assets in the consolidated financial statements	144,420	150,525

**Per share information**

(Yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net assets per share	2,012.06	2,150.74
Basic earnings per share	261.01	262.98
Diluted earnings per share	216.05	252.13

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

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	4,035	4,709
Amounts not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common shares (Millions of yen)	4,035	4,709
Average number of shares (Thousands of shares)	15,461	17,908
Diluted earnings per share		
Adjustment on profit attributable to owners of parent (Millions of yen)	–	–
Increase in number of common shares (Thousands of shares)	3,217	770
[Of the above, convertible bond-type bonds with subscription rights to shares (Thousands of shares)]	[3,217]	[770]
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.

#### 4. Other information

##### (1) Changes in Officers

###### 1) Changes in representatives

Not applicable.

###### 2) Changes in other officers

- New candidates for directors scheduled to be appointed

Director (Outside Director)	Nobuhiro Koga	(Current positions: Professor of Nippon Institute of Technology, Chairman of Industry Supported Entrepreneurial Education Center of Nippon Institute of Technology, Director of Association of Saishin Collabo Sangakukan industry-academic-government collaboration)
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- New candidate for auditor scheduled to be appointed

Standing Statutory Auditor	Yasuyuki Ikezawa	(Current position: Managing Director of F&P Mfg.,Inc.)
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- Retiring auditor

Current position: Standing Statutory Auditor	Hiromi Wakabayashi
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###### 3) Scheduled date of assuming office

June 21, 2018