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Consolidated Financial Statements

March 31, 2018

F-TECH INC.

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

Consolidated financial statements, etc.

(1) Consolidated financial statements

i) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
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	*1 18,937	*1 18,010
Machinery, equipment and vehicles, net	33,374	39,333
Dies and tools, net	2,313	2,428
Land	*1 5,978	*1 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	*2 74,676	*2 72,998
Intangible assets		
Software	468	359
Right of using facilities	40	38
Total intangible assets	508	397
Investments and other assets		
Investment securities	*3 5,677	*3 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
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,186	22,320
Short-term loans payable	*4 20,562	*4 19,391
Current portion of long-term loans payable	*1 10,953	*1 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
Total current liabilities	63,465	65,250
Non-current liabilities		
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
Total non-current liabilities	31,222	29,222
Total liabilities	94,688	94,473
Net assets		
Shareholders' equity		
Capital stock	5,615	6,790
Capital surplus	6,155	7,222
Retained earnings	21,425	25,662
Treasury shares	(18)	(18)
Total shareholders' equity	33,177	39,656
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	740	792
Foreign currency translation adjustment	270	168
Remeasurements of defined benefit plans	(533)	(445)
Total accumulated other comprehensive income	477	515
Non-controlling interests	16,077	15,879
Total net assets	49,732	56,051
Total liabilities and net assets	144,420	150,525

ii) 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	*1	173,372	*1	201,835
Gross profit		24,569		24,225
Selling, general and administrative expenses	*2, *3	16,533	*2, *3	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	*4	42	*4	45
Gain on sales of investment securities		2		–
Total extraordinary income		44		45
Extraordinary losses				
Loss on sales of non-current assets	*5	6	*5	2
Loss on retirement of non-current assets	*6	132	*6	59
Impairment loss	*7	153	*7	–
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	*8	(1,911)	*8	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

iii) 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 the parent company's ownership interest of subsidiaries due to transactions with non-controlling shareholders		(88)			(88)
Increase (decrease) due to change in fiscal year-end of consolidated subsidiaries			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 the parent company's ownership interest of subsidiaries due to transactions with non-controlling shareholders						(88)
Increase (decrease) due to change in fiscal year-end of consolidated subsidiaries						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 the parent company's ownership interest of subsidiaries due to transactions with non-controlling shareholders		(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 the parent company's ownership interest of subsidiaries due to transactions with non-controlling shareholders						(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

iv) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
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
Cash flows from investing activities		
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
Cash flows from financing activities		
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	*1 5,719	*1 5,871

Notes to consolidated financial statements

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

1. Basis of presentation of consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (“IFRS”).

As permitted by the Japanese Financial Instruments and Exchange Act, amounts less than one million yen have been omitted. As a result, the totals shown in accompanying financial statements do not necessarily agree with the sum of the individual amounts.

2. 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.

3. 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.

4. 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.

5. 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

All goodwill and the portion of negative goodwill that was 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.

New accounting standards to be applied

“Accounting Standard for Revenue Recognition,” etc.

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, issued by the Accounting Standards Board of Japan on March 30, 2018)
- “Implementation guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, issued by the Accounting Standards Board of Japan on March 30, 2018)

(1) Overview

The International Accounting Standards Board (IASB) and US Financial Accounting Standards Board (FASB) jointly developed comprehensive revenue recognition standards and issued “Revenue from Contracts with Customers” in May 2014 (IASB’s IFRS 15 and FASB’s Topic 606). Considering that IFRS 15 shall apply to fiscal years beginning on or after January 1, 2018, and Topic 606 shall apply to fiscal years beginning after December 15, 2017, the ASBJ developed a comprehensive accounting standard on revenue recognition and thus issued the accounting standard together with the implementation guidance.

The ASBJ established the accounting standard on revenue recognition by following the basic policies in developing it. The basic policies were: firstly, incorporating the core principle of IFRS 15 as the starting point from the perspective of facilitating comparability among financial statements, which is one of the benefits of ensuring consistency with IFRS 15; secondly, adding alternative treatments, but to the extent not impairing comparability, where consideration should be given to the practice having been used in Japan.

(2) Scheduled date of application

These ASBJ statement and guidance will be applied at the start of the fiscal year beginning on April 1, 2021.

(3) Effects of application of the accounting standard, etc.

The impact of the application of the Accounting Standard for Revenue Recognition on the consolidated financial statements is currently under evaluation.

Notes to consolidated balance sheets

*1. Assets pledged and liabilities secured

Assets pledged as collateral are as follows:

	(Millions of yen)	
	As of March 31, 2017	As of March 31, 2018
Buildings and structures	166	-
Land	240	-
Total	407	-

Liabilities secured are as follows:

	(Millions of yen)	
	As of March 31, 2017	As of March 31, 2018
Current portion of long-term loans payable	17	-

*2. Accumulated depreciation of property, plant and equipment is as follows:

	(Millions of yen)	
	As of March 31, 2017	As of March 31, 2018
	99,278	104,053

*3. Investment securities relating to non-consolidated subsidiaries and associates are as follows:

	(Millions of yen)	
	As of March 31, 2017	As of March 31, 2018
Investment securities (stocks)	3,972	4,379

*4. The Group has entered into overdraft agreements and loan commitment agreements with 15 banks to efficiently raise working capital. Balance of unexecuted borrowings at end of period under these agreements is shown below:

	(Millions of yen)	
	As of March 31, 2017	As of March 31, 2018
Total amount of overdraft facility limit and loan commitment	44,180	45,411
Balance of borrowings outstanding	19,529	19,196
Unexecuted balance	24,651	26,215

Notes to consolidated statements of income and comprehensive income

- *1. The ending balance of inventories represents the amount after write-down of the book value in accordance with the decline in profitability and the following loss (reversal) on valuation of inventories is included in cost of sales.

		(Millions of yen)
Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	
132	136	

- *2. The major items of selling, general and administrative expenses are as follows:

			(Millions of yen)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	
Haulage expenses	2,642	3,074	
Salaries, allowance and bonuses	4,330	4,691	
Retirement benefit costs	182	192	
Provision for directors' bonuses	126	96	
Provision for directors' retirement benefits	60	20	
Depreciation	638	561	
Research and development expenses	3,238	2,971	

- *3. Research and development expenses included in general and administrative expenses

			(Millions of yen)
Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018		
3,238	2,971		

- *4. The breakdown of gain on sales of non-current assets is as follows:

			(Millions of yen)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	
Buildings and structures	29	-	
Machinery, equipment and vehicles	12	17	
Land	-	27	
Other	0	0	
Total	42	45	

- *5. The breakdown of loss on sales of non-current assets is as follows:

			(Millions of yen)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	
Machinery, equipment and vehicles	5	2	
Other	0	0	
Total	6	2	

*6. The breakdown of loss on retirement of non-current assets is as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Buildings and structures	10	1
Machinery, equipment and vehicles	108	54
Dies and tools	2	0
Other	11	2
Total	132	59

*7. Impairment loss

For the fiscal year ended March 31, 2017, the Group recorded impairment loss on the following asset groups:

Location	Use	Type	Amount
Kuki Plant (Kuki City, Saitama)	Idle assets	Machinery and equipment	36 million yen
Kuki Plant (Kuki City, Saitama)	Idle assets	Machinery and equipment	17 million yen
Ontario, Canada	Idle assets	Machinery and equipment	71 million yen
Karawang, Indonesia	Idle assets	Buildings	28 million yen
Total			153 million yen

The Group's idle assets are grouped by each asset.

The carrying amounts of machinery and equipment, and buildings as idle assets were reduced to the recoverable amounts, and the reduced amounts are recorded as impairment loss in extraordinary losses.

The recoverable amounts were measured at the net selling prices. If the possible sale of the assets is considered to be remote, the net selling prices are assessed as zero.

For the fiscal year ended March 31, 2018, the Group did not record impairment loss.

*8. Notes regarding reclassification adjustments and tax effects relating to other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Valuation difference on available-for-sale securities		
Increase (decrease) during the period	148	122
Pre-adjustment of tax effect	148	122
Tax effect amount	(43)	(36)
Valuation difference on available-for-sale securities	104	85
Foreign currency translation adjustment		
Increase (decrease) during the period	(2,035)	(152)
Foreign currency translation adjustment	(2,035)	(152)
Remeasurements of defined benefit plans, net of tax		
Increase (decrease) during the period	(67)	13
Reclassification adjustments	99	54
Pre-adjustment of tax effect	32	68
Tax effect amount	–	14
Remeasurements of defined benefit plans, net of tax	32	83
Share of other comprehensive income of entities accounted for using equity method		
Increase (decrease) during the period	(12)	(13)
Share of other comprehensive income of entities accounted for using equity method	(12)	(13)
Total other comprehensive income	(1,911)	2

Notes to consolidated statements of changes in net assets

Fiscal year ended March 31, 2017

1. Class and total number of issued shares and class and number of treasury shares

(Thousands of shares)

	Number of shares as of beginning of current fiscal year	Number of shares increased in current fiscal year	Number of shares decreased in current fiscal year	Number of shares as of end of current fiscal year
Issued shares				
Common shares	15,390	1,370	–	16,760
Total	15,390	1,370	–	16,760
Treasury shares				
Common shares	33	–	–	33
Total	33	–	–	33

(Note) The breakdown of the increase in number of common shares is as follows:

- Increase from the exercise of share acquisition rights in convertible bond-type bonds with share acquisition rights: 1,370,425 shares

2. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total cash dividend (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 21, 2016	Common shares	153	Retained earnings	10	March 31, 2016	June 22, 2016
Board of Directors' meeting held on November 7, 2016	Common shares	153	Retained earnings	10	September 30, 2016	December 1, 2016

(2) Dividends whose record dates are in the current fiscal year but whose effective dates fall in the next fiscal year

Resolution	Class of shares	Total cash dividend (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 23, 2017	Common shares	284	Retained earnings	17	March 31, 2017	June 26, 2017

(Note) A 70th anniversary commemorative dividend of 7 yen is included in the dividend per share resolved at the Annual General Meeting of Shareholders held on June 23, 2017.

Fiscal year ended March 31, 2018

1. Class and total number of issued shares and class and number of treasury shares

(Thousands of shares)

	Number of shares as of beginning of current fiscal year	Number of shares increased in current fiscal year	Number of shares decreased in current fiscal year	Number of shares as of end of current fiscal year
Issued shares				
Common shares (Note 1)	16,760	1,951	–	18,712
Total	16,760	1,951	–	18,712
Treasury shares				
Common shares (Note 2)	33	0	–	33
Total	33	0	–	33

(Notes) The breakdown of the increase in number of common shares is as follows:

1. Increase from the exercise of share acquisition rights in convertible bond-type bonds with share acquisition rights: 1,951,819 shares
2. Increase from the purchase of treasury shares less than one unit: 35 shares

2. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total cash dividend (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 23, 2017	Common shares	284	Retained earnings	17	March 31, 2017	June 26, 2017
Board of Directors' meeting held on November 7, 2017	Common shares	187	Retained earnings	10	September 30, 2017	December 1, 2017

(Note) A 70th anniversary commemorative dividend of 7 yen is included in the dividend per share resolved at the Annual General Meeting of Shareholders held on June 23, 2017.

(2) Dividends whose record dates are in the current fiscal year but whose effective dates fall in the next fiscal year

Resolution	Class of shares	Total cash dividend (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 21, 2018	Common shares	187	Retained earnings	10	March 31, 2018	June 22, 2018

Notes to consolidated statements of cash flows

*1. Reconciliation of ending balance of cash and cash equivalents with account balances per balance sheet

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash and deposits	5,719	5,871
Cash and cash equivalents	5,719	5,871

2. Description of significant transactions not requiring use of cash or cash equivalents

(1) Assets and liabilities associated with finance lease transactions

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Assets and liabilities associated with finance lease transactions	1,141	417

(2) Exercise of share acquisition rights in convertible bond-type bonds with share acquisition rights:

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Increase in amount of capital stock from exercise of share acquisition rights	825	1,175
Increase in amount of capital surplus from exercise of share acquisition rights	825	1,175
Decrease in amount of bonds payable from exercise of share acquisition rights	1,650	2,350

Notes on leases

As lessee

1. Finance lease transactions

Finance lease transactions that do not transfer ownership

i) Leased assets

Property, plant and equipment

Production facilities: Machinery and equipment

ii) Depreciation of leased assets

Depreciation of leased assets is as stated in “5. Disclosure of accounting policies, (2) Accounting policy for depreciation of significant assets” under “Basis of presentation and significant accounting policies for preparation of consolidated financial statements.”

2. Operating lease transactions

Future lease payments under non-cancellable leases of operating lease transactions

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Due within one year	158	199
Due over one year	169	146
Total	328	346

Notes on financial instruments

1. Overview of financial instruments

(1) Policy on treatment of financial instruments

The Group raises necessary funds (mainly loans from banks and issuance of corporate bonds) according to the capital expenditure plan to conduct the auto parts related business consisting of the manufacture and sale of auto parts and dies, equipment, tools, etc. for these parts. The Group utilizes derivatives to hedge its exposure to risks described below and adheres to a policy of not conducting derivative transactions for speculative purposes.

(2) Financial instruments and related risks

Notes and accounts receivable - trade that are operating receivables are exposed to the credit risk of customers. Although operating receivables denominated in foreign currencies, which arise from intercompany transactions due to the globally developed businesses, are exposed to the risk of fluctuations in exchange rates, forward exchange contracts are used to hedge this risk. Investment securities are principally stocks related to business activities or capital alliances with business partners and exposed to the risk of fluctuations in market prices. Long-term loans receivable are intercompany loans and exposed to the credit risk of the borrowers.

Notes and accounts payable - trade that are operating payable and accounts payable - other are due within one year. Some of these payables are denominated in foreign currencies due to import of materials, etc. and exposed to the risk of fluctuations in exchange rates, however they are within the range of the balance of accounts receivable - trade denominated in the same foreign currency on a permanent basis. Loans payable and lease obligations on finance leases are principally for procuring funds needed for capital expenditure and due for repayment within up to six years after the fiscal year end.

Derivative transaction is forward exchange contracts to hedge the foreign currency risk on operating receivables arising from intercompany transactions.

(3) Risk management system for financial instruments

i) Management of credit risk (customers' default risk)

For operating receivables, the Company conducts maturity management and balance management by counterparty through periodical monitoring of major business partners' status in the operation division and the management division of each department in accordance with the internal rules on sales management, and endeavors to quickly determine and mitigate any concern on the collection of receivables due to deteriorated financial conditions. Consolidated subsidiaries also manage operating receivables in the same manner in accordance with the Company's internal rules on sales management. For long-term loans receivable, the Company periodically monitors the status of borrowers to quickly determine and mitigate any concern on the collection of loans due to their deteriorated financial condition and other factors.

ii) Management of market risk (fluctuation risk of foreign currency exchange and interest rates, etc.)

The Company and some consolidated subsidiaries utilize forward exchange contracts in principle to hedge the foreign currency exchange rate fluctuation risk by currency on a monthly basis for operating receivables arising from intercompany transactions. Depending on the status of foreign exchange rates, forward exchange contracts are entered into for a maximum of 12 months in relation to operating receivables denominated in foreign currencies that are certainly expected to arise from forecast royalty transactions.

For investment securities, the Company periodically assesses market value and financial conditions of issuers (business partners).

For derivative transactions, the Company assesses the positions to conduct hedge transactions on a monthly basis under the hedge policy of the funds and foreign exchange conference, in accordance with the internal rules on foreign exchange risks which stipulate transaction authority, limit amounts and other matters. Based on this assessment, the accounting department conducts transactions, and records information on the transaction and checks balances with counterparties.

iii) Management of liquidity risk associated with fund raising (risk of inability to pay on due date)
The Company's accounting department prepares and updates financial plans annually and monthly based on reports from each department.

(4) Supplementary explanation concerning fair values of financial instruments

Fair values of financial instruments comprise of values based on market prices and reasonably measured values where market prices are unavailable. As several variable factors are incorporated in calculating the relevant fair value, the resulting amount may vary depending on the different preconditions employed.

(5) Concentration of credit risks

As of March 31, 2018, 54.1% of operating receivables were associated with the major customers.

2. Fair values of financial instruments

Carrying amounts on the consolidated balance sheets, fair values and differences therebetween of the financial instruments are shown below. However, financial instruments whose fair values are deemed to be extremely difficult to determine are not included therein (Please refer to Note 2 below).

As of March 31, 2017

(Millions of yen)

	Carrying amount on the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	5,719	5,719	–
(2) Notes and accounts receivable - trade	33,151	33,151	–
(3) Investment securities			
Available-for-sale securities (other securities)	1,351	1,351	–
(4) Long-term loans receivable	236	237	1
(5) Notes and accounts payable - trade	21,186	21,186	–
(6) Accounts payable - other	4,579	4,579	–
(7) Short-term loans payable	20,562	20,562	–
(8) Bonds payable	2,350	2,774	424
(9) Long-term loans payable (*1)	34,225	34,154	(71)
(10) Lease obligations (*2)	1,184	1,192	7
(11) Long-term accounts payable - other (installment) (*3)	806	753	(52)
(12) Derivatives (*4)	2	2	–

(*1) Current portion of long-term loans payable in current liabilities is included.

(*2) The total amount of lease obligations in current liabilities and lease obligations in non-current liabilities is presented.

(*3) Current portion of long-term accounts payable - other (installment) included in accounts payable - other in current liabilities is included.

(*4) Claims and obligations arising from derivative transactions are presented on a net basis.

As of March 31, 2018

(Millions of yen)

	Carrying amount on the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	5,871	5,871	–
(2) Notes and accounts receivable - trade	39,209	39,209	–
(3) Investment securities			
Available-for-sale securities (other securities)	1,508	1,508	–
(4) Long-term loans receivable	220	221	1
(5) Notes and accounts payable - trade	22,320	22,320	–
(6) Accounts payable - other	3,423	3,423	–
(7) Short-term loans payable	19,391	19,391	–
(8) Long-term loans payable (*1)	38,803	38,646	(156)
(9) Lease obligations (*2)	718	732	13
(10) Long-term accounts payable - other (installment) (*3)	594	566	(28)
(11) Derivatives (*4)	(4)	(4)	–

(*1) Current portion of long-term loans payable in current liabilities is included.

- (*2) The total amount of lease obligations in current liabilities and lease obligations in non-current liabilities is presented.
- (*3) Current portion of long-term accounts payable - other (installment) included in accounts payable - other in current liabilities is included.
- (*4) Claims and obligations arising from derivative transactions are presented on a net basis.

(Notes) 1. Measurement method of fair values of financial instruments and matters concerning securities and derivatives

(1) Cash and deposits and (2) Notes and accounts receivable - trade

The fair value of these assets is based on the book value, given that the fair value is almost the same as the book value, as they are settled in a short period.

(3) Investment securities

The fair value of stocks with fair value is based on the quoted market price.

(4) Long-term loans receivable

The fair value of long-term loans receivable is calculated based on the present value of future cash flows (principal and interest) discounted using the assumed interest rate of similar new borrowings.

(5) Notes and accounts payable - trade, (6) Accounts payable - other and (7) Short-term loans payable

The fair value of these liabilities is based on the book value, given that the fair value is almost the same as the book value, as they are settled in a short period.

(8) Long-term loans payable, (9) Lease obligations and (10) Long-term accounts payable - other (installment)

The fair values of long-term loans payable with fixed interest rates, lease obligations and long-term accounts payable - other (installment) are calculated by discounting the total amount of principal and interest at the assumed interest rate of similar new borrowings, lease contracts and installment payment contracts. Since long-term loans payable with floating interest rates reflect market interest rates within a short period, the fair value is approximately the same as the book value and thus presented at the book value.

(11) Derivatives

The fair value of derivatives is based on the prices presented by the financial institution with which the contract has been made. These derivatives are forward exchange contracts to hedge the exchange rate fluctuation risk on operating receivables denominated in foreign currencies.

2. Financial instruments whose fair values are deemed to be extremely difficult to determine

(Millions of yen)

Classification	As of March 31, 2017	As of March 31, 2018
Non-listed shares		
Shares of subsidiaries and associates	3,972	4,379
Other	352	352
Total	4,325	4,732

(Note) The above are not included in "(3) Investment securities" above because their market prices are not available and the future cash flows cannot be estimated reliably, and thus their fair values are deemed extremely difficult to determine.

3. Redemption schedule for monetary receivables after the fiscal year end

As of March 31, 2017

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due over ten years
Cash and deposits	5,719	—	—	—
Notes and accounts receivable - trade	33,151	—	—	—
Long-term loans receivable	—	—	65	171
Total	38,870	—	65	171

As of March 31, 2018

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due over ten years
Cash and deposits	5,871	–	–	–
Notes and accounts receivable - trade	39,209	–	–	–
Long-term loans receivable	–	–	220	–
Total	45,081	–	220	–

4. Repayment schedule for bonds payable, long-term loans payable, lease obligations and other interest-bearing debts

As of March 31, 2017

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due over ten years
Short-term loans payable	20,562	–	–	–
Bonds payable	–	2,350	–	–
Long-term loans payable	10,953	23,220	51	–
Lease obligations	742	442	–	–
Long-term accounts payable - other (installment)	293	512	–	–
Total	32,552	26,525	51	–

As of March 31, 2018

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due over ten years
Short-term loans payable	19,391	–	–	–
Long-term loans payable	13,454	24,641	706	–
Lease obligations	495	223	–	–
Long-term accounts payable - other (installment)	270	324	–	–
Total	33,612	25,189	706	–

Notes on securities

1. Available-for-sale securities (other securities)

As of March 31, 2017

(Millions of yen)

	Type	Carrying amount on the consolidated balance sheet	Original purchase price	Difference
Items whose carrying amount on the consolidated balance sheet exceeds original purchase price	(1) Shares	1,346	637	709
	(2) Bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	1,346	637	709
Items whose carrying amount on the consolidated balance sheet does not exceed original purchase price	(1) Shares	4	4	(0)
	(2) Bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	4	4	(0)
Total		1,351	641	709

(Note) Non-listed shares (carrying amount on the consolidated balance sheet: 352 million yen) are not included in “Available-for-sale securities (other securities)” above because their market prices are not available and their fair values are deemed extremely difficult to determine.

As of March 31, 2018

(Millions of yen)

	Type	Carrying amount on the consolidated balance sheet	Original purchase price	Difference
Items whose carrying amount on the consolidated balance sheet exceeds original purchase price	(1) Shares	1,494	662	831
	(2) Bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	1,494	662	831
Items whose carrying amount on the consolidated balance sheet does not exceed original purchase price	(1) Shares	13	13	(0)
	(2) Bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	13	13	(0)
Total		1,508	676	831

(Note) Non-listed shares (carrying amount on the consolidated balance sheet: 352 million yen) are not included in “Available-for-sale securities (other securities)” above because their market prices are not available and their fair values are deemed extremely difficult to determine.

2. Available-for-sale securities (other securities) sold

Fiscal year ended March 31, 2017

(Millions of yen)

Type	Amount sold	Total gain on sales	Total loss on sales
(1) Shares	3	2	—
(2) Bonds	—	—	—
(3) Other	—	—	—
Total	3	2	—

Fiscal year ended March 31, 2018

Not applicable.

Notes on derivatives

1. Derivative transactions to which hedge accounting is not applied

(1) Foreign currency

As of March 31, 2017

(Millions of yen)

Classification	Type of transaction	As of March 31, 2017			
		Contract/notional amount	Portion of contract/notional amount over one year	Fair value	Valuation gain (loss)
Transactions other than market transactions	Forward exchange contracts				
	Sell				
	U.S. dollar	1,318	–	(14)	(14)
	Euro	45	–	0	0
	Canadian dollar	1,228	–	20	20
	Thai Baht	45	–	(3)	(3)
Total		2,636	–	2	2

(Note) Measurement method for fair values

Fair values are calculated based on price presented by counterparty financial institutions, etc.

As of March 31, 2018

(Millions of yen)

Classification	Type of transaction	As of March 31, 2018			
		Contract/notional amount	Portion of contract/notional amount over one year	Fair value	Valuation gain (loss)
Transactions other than market transactions	Forward exchange contracts				
	Sell				
	U.S. dollar	898	–	(4)	(4)
	Thai Baht	71	–	0	0
Total		970	–	(4)	(4)

(Note) Measurement method for fair values

Fair values are calculated based on price presented by counterparty financial institutions, etc.

(2) Interest rate

As of March 31, 2017

Not applicable.

As of March 31, 2018

Not applicable.

2. Derivative transactions to which hedge accounting is applied

(1) Foreign currency

As of March 31, 2017

Not applicable.

As of March 31, 2018

Not applicable.

(2) Interest rate

As of March 31, 2017

Not applicable.

As of March 31, 2018

Not applicable.

Notes on retirement benefits

1. Summary of retirement benefit plans adopted

The Company has established a constitution-based defined benefit corporate pension plan. Some domestic consolidated subsidiaries have established constitution-based defined benefit corporate pension plans and lump-sum retirement benefit plans. Some foreign consolidated subsidiaries have established defined benefit plans or the defined contribution plans.

Because the Company has participated in JMSA Welfare Pension Fund (multi-employer contributory pension plan) and cannot reasonably calculate the amount of plan assets in terms of its contributions for the plan, retirement benefit obligations for the plan are accounted for in the same manner as a defined contribution plan.

2. Defined benefit plans

(1) Reconciliation between the balance at beginning of period and the balance at end of period of retirement benefit obligations (excluding plans to which the simplified method was applied)

	(Millions of yen)	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Balance at beginning of period	6,199	6,419
Service cost	442	486
Interest cost	18	20
Actuarial loss (gain)	7	0
Benefits paid	(220)	(215)
Other	(27)	(13)
Balance at end of period	6,419	6,697

(2) Reconciliation between the balance at beginning of period and the balance at end of period of plan assets (excluding plans to which the simplified method was applied)

	(Millions of yen)	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Balance at beginning of period	5,376	5,560
Expected return on plan assets	111	115
Actuarial loss (gain)	(60)	14
Contributions paid by the employer	363	363
Benefits paid	(215)	(206)
Other	(16)	(10)
Balance at end of period	5,560	5,836

- (3) Reconciliation between the balance at beginning of period and the balance at end of period of net defined benefit liability for plans to which the simplified method was applied

(Millions of yen)		
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Balance at beginning of period	96	92
Benefit costs	26	23
Benefits paid	(20)	(13)
Contributions paid by the employer	(9)	(10)
Balance at end of period	92	92

- (4) Reconciliation between the balances at end of period of retirement benefit obligations and plan assets, and net defined benefit liability and net defined benefit asset recorded in the consolidated balance sheet

(Millions of yen)		
	As of March 31, 2017	As of March 31, 2018
Funded retirement benefit obligations	6,395	6,605
Plan assets	(5,668)	(5,954)
	726	650
Unfunded retirement benefit obligations	224	303
Total net liability (asset) for retirement benefits	951	953
Net defined benefit liability	987	990
Net defined benefit asset	(35)	(36)
Total net liability (asset) for retirement benefits	951	953

(Note) Includes plans to which simplified methods were applied.

- (5) Retirement benefit costs

(Millions of yen)		
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Service cost	442	486
Interest cost	18	20
Expected return on plan assets	(111)	(115)
Net actuarial loss amortization	99	54
Retirement benefit costs calculated using simplified methods	26	23
Total	474	469

(6) Remeasurements of defined benefit plans, net of tax

The breakdown of the items recorded in remeasurements of defined benefit plans, net of tax (before deducting tax effect) in the consolidated statement of income and comprehensive income is as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Actuarial gains and losses	32	68
Total	32	68

(7) Remeasurements of defined benefit plans

The breakdown of the items recorded in remeasurements of defined benefit plans (before deducting tax effect) in accumulated other comprehensive income in the consolidated balance sheet is as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Actuarial gains and losses that are yet to be recognized	(519)	(450)
Total	(519)	(450)

(8) Plan assets

i) Breakdown of major categories of plan assets

The ratio of major categories to total plan assets is as follows:

	As of March 31, 2017	As of March 31, 2018
Bonds	26.8%	18.2%
Equity securities	11.0	13.0
Cash and deposits	57.4	57.1
Other	4.8	11.7
Total	100.0	100.0

ii) Method to determine rate of expected long-term return

The rate of expected long-term return is determined in consideration of the present and expected asset mix and the present and expected long-term return rate on the various assets that comprise the plan assets.

(9) Actuarial assumptions

Major bases for actuarial calculations at end of period

	As of March 31, 2017	As of March 31, 2018
Discount rate	0.1%	0.1%
Long-term expected rate of return	2.0%	2.0%
Expected rate of salary increase	3.0%	3.0%

3. Defined contribution plan

The required contribution amount to defined contribution plans (including employees' pension fund plan in multi-employer contributory pension plans which is accounted for in the same manner) was 367 million yen in the previous fiscal year and 388 million yen in the current fiscal year.

4. Multi-employer contributory pension plans

The required contribution amount to the multi-employer contributory pension plan-type defined benefit plans, which is accounted for in the same manner as a defined contribution plan, was 22 million yen in the previous fiscal year and 22 million yen in the current fiscal year.

(1) Latest funding position of the multi-employer contributory pension plans

JMSA Welfare Pension Fund		(Millions of yen)	
	Previous fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)	
Amount of plan assets	540	1,014	
Amount of reserve for the purpose of pension financing calculation	622	622	
Difference	(81)	392	

(2) Ratio of the Group's members to the entire plan

JMSA Welfare Pension Fund

Previous fiscal year 16.3% (As of March 31, 2017)

Current fiscal year 16.4% (As of March 31, 2018)

(3) Supplementary explanation

The main reasons for the difference in (1) above, are 581 million yen of past service liabilities for the purpose of pension financing calculation and 188 million yen of deficiency carried-forward.

Under the JMSA Welfare Pension Fund, past service liabilities are amortized over six years and two months using the equal repayment method.

The ratio in (2) above is different from the ratio of the Group's actual contributions.

Notes on share options, etc.

Not applicable.

Notes on tax effect accounting

1. Breakdown of deferred tax assets and deferred tax liabilities by major component

	(Millions of yen)	
	As of March 31, 2017	As of March 31, 2018
Deferred tax assets		
Tax loss carry forwards	2,416	2,562
Excess depreciation	567	828
Elimination of unrealized gains on non-current assets	1,010	747
Impairment loss	538	495
Accrued bonuses	284	369
Net defined benefit liability	115	148
Loss on valuation of inventories	210	135
Other	498	491
Deferred tax assets subtotal	5,642	5,777
Valuation allowance	(4,140)	(3,377)
Total deferred tax assets	1,502	2,400
Deferred tax liabilities		
Depreciation (foreign consolidated subsidiaries)	(3,318)	(3,004)
Valuation difference on available-for-sale securities	(213)	(250)
Net defined benefit asset	(10)	(11)
Other	(142)	(167)
Total deferred tax liabilities	(3,685)	(3,433)
Net deferred tax assets (liabilities)	(2,183)	(1,032)

(Note) Net deferred tax assets (liabilities) as of March 31, 2017 and March 31, 2018 are included in the following items in the consolidated balance sheets.

	(Millions of yen)	
	As of March 31, 2017	As of March 31, 2018
Current assets – Deferred tax assets	541	610
Non-current assets – Deferred tax assets	569	514
Non-current liabilities – Deferred tax liabilities	(3,294)	(2,157)

2. Reconciliation of significant difference between statutory income tax rate and effective income tax rate after application of tax effect accounting

	As of March 31, 2017	As of March 31, 2018
Statutory income tax rate	30.3%	30.3%
(Adjustments)		
Change in valuation allowance	(10.8)	(14.3)
Effect of the U.S. tax reform	-	(13.0)
Foreign tax credit	6.0	7.2
Expenses not deductible permanently such as entertainment expenses	1.9	2.9
Share of profit (loss) of entities accounted for using equity method	(2.3)	(2.3)
Tax rate differences in foreign consolidated subsidiaries	(4.4)	(1.7)
Inhabitant per capita tax	0.2	0.3
Other	1.1	0.8
Effective income tax rate after application of tax effect accounting	22.0	10.2

3. Effect of the change in the income tax rate and others

The Tax Cuts and Jobs Act, which reduces the federal corporate income tax rate from 35% to 21% in the U.S. effective January 1, 2018, was enacted on December 22, 2017.

As a result of the change in the tax rate, the amount of deferred tax liabilities (net of the amount of deferred tax assets) decreased by 739 million yen, and the amount of income taxes - deferred (credit) increased by 769 million yen.

Notes on business combinations

Transactions under common control, etc.

Acquisition of additional shares of a subsidiary

(1) Outline of transaction

i) Name of a company involved in business combination and nature of its business

Name of a company involved in business combination:

F&P MFG.DE MEXICO S.A. DE C.V. (Consolidated subsidiary of the Company)

Nature of business:

Manufacture and sale of auto parts

ii) Date of business combination

March 31, 2018 (deemed acquisition date)

iii) Legal form of business combination

Acquisition of shares from consolidated subsidiary

iv) Name of company after business combination

No change was made.

v) Other items regarding outline of transaction

The Company acquired shares of F&P MFG. DE MEXICO S.A. DE C.V. held by F&P America Mfg., Inc., a subsidiary of the Company, for the purpose of improving financial characteristics of F&P America Mfg., Inc.

(2) Outline of accounting treatment applied

The transaction was accounted for as transactions under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013) and the Implementation guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, September 13, 2013).

(3) Matters concerning acquisition of additional shares of a subsidiary

The acquisition cost of common shares is 1,272 million yen. However, the amount was fully eliminated because this transaction is an intercompany transaction.

(4) Matters concerning change in the parent company's ownership interest of subsidiaries due to transactions with non-controlling shareholders

i) Major factor of change in capital surplus

The change in capital surplus is attributable to the difference between the acquisition cost for the additional shares by the Company and the amount of decrease in non-controlling interests due to the additional acquisition by the Company.

ii) Amount of capital surplus decreased by transactions with non-controlling shareholders

107 million yen

Notes on asset retirement obligations

Not applicable.

Notes on real estate for lease, etc.

The Company and a consolidated subsidiary own rental properties and idle properties in Saitama Prefecture and other areas.

In the current fiscal year, net rental revenue from the rental properties amounted to 23 million yen (rental revenue was recorded in non-operating income). Carrying amount on the consolidated balance sheet, increase (decrease) in the current fiscal year and fair value of these real estate properties for lease, etc. are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Carrying amount on the consolidated balance sheet		
Balance at beginning of period	1,308	1,257
Increase (decrease) during period	(51)	(38)
Balance at end of period	1,257	1,219
Fair value at end of period	1,496	1,409

- (Notes)
1. Carrying amount on the consolidated balance sheet is calculated by subtracting accumulated depreciation and impairment loss from acquisition cost.
 2. The increase (decrease) during the fiscal year ended March 31, 2018 includes a decrease due to foreign currency translation difference (14 million yen) and a decrease due to transfer of idle land (23 million yen).
 3. Fair values at end of period are based on certain appraisal value and indicators that are considered to appropriately reflect market prices.

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).

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, 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
Transactions with other segments	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
Other items				
Depreciation	2,771	4,523	3,526	10,821
Investments in entities accounted for using equity method	3,560	276	–	3,837
Increase in property, plant and equipment and intangible assets	3,839	6,623	3,861	14,323

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
Transactions with other segments	16,779	1,489	3,177	21,446
Total	45,574	131,393	70,538	247,506
Segment profit (loss)	1,744	(1,878)	6,684	6,549
Segment assets	56,058	76,040	45,240	177,339
Other items				
Depreciation	2,805	5,401	3,893	12,101
Investments in entities accounted for using equity method	3,963	279	–	4,243
Increase in property, plant and equipment and intangible assets	2,069	7,902	2,918	12,890

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

(Millions of yen)

Other items	Reportable segments total		Adjustments		Amount recorded in the consolidated balance sheet	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Depreciation	10,821	12,101	(486)	(435)	10,334	11,666
Investments in entities accounted for using equity method	3,837	4,243	-	-	3,837	4,243
Increase in property, plant and equipment and intangible assets	14,323	12,890	(230)	(454)	14,093	12,435

(Note) Adjustments of increase in property, plant and equipment and intangible assets are the effect of intersegment consolidation adjustments.

Information associated with reportable segments

Fiscal year ended March 31, 2017

1. Information by product or service

This information has been omitted as net sales to external customers in a single product or service category account for more than 90% of net sales recorded in the consolidated statements of income.

2. Information by geographical region

(1) Net sales (Millions of yen)

Japan	U.S.A.	Canada	China	Other	Total
24,116	65,584	48,269	39,464	20,507	197,941

(Note) Net sales are segmented by country or region based on customer locations.

(2) Property, plant and equipment (Millions of yen)

Japan	U.S.A.	Canada	China	Mexico	Other	Total
16,803	17,859	13,495	12,077	7,710	6,729	74,676

3. Information for major customers (Millions of yen)

Counterparty	Revenues	Relevant segment
Honda Motor Co., Ltd. and its group companies	149,738	All reportable segments
General Motors Company and its group companies	23,682	All reportable segments

Fiscal year ended March 31, 2018

1. Information by product or service

This information has been omitted as net sales to external customers in a single product or service category account for more than 90% of net sales recorded in the consolidated statements of income.

2. Information by geographical region

(1) Net sales (Millions of yen)

Japan	U.S.A.	Canada	China	Other	Total
27,766	79,276	40,988	50,707	27,322	226,060

(Note) Net sales are segmented by country or region based on customer locations.

(2) Property, plant and equipment (Millions of yen)

Japan	U.S.A.	Canada	China	Mexico	Other	Total
15,993	15,666	15,703	12,742	7,193	5,698	72,998

3. Information for major customers (Millions of yen)

Counterparty	Revenues	Relevant segment
Honda Motor Co., Ltd. and its group companies	170,089	All reportable segments
General Motors Company and its group companies	25,781	All reportable segments

Disclosure of impairment loss on non-current assets for each reportable segment

Fiscal year ended March 31, 2017

(Millions of yen)

	Japan	North America	Asia	Unallocated amounts and elimination	Total
Impairment loss	53	71	28	–	153

Fiscal year ended March 31, 2018

Not applicable.

Amortization and unamortized balance of goodwill for each reportable segment

Fiscal year ended March 31, 2017

(Millions of yen)

	Japan	North America	Asia	Unallocated amounts and elimination	Total
Amortization during period	–	0	–	–	0
Balance at end of period	–	11	–	–	11

Amortization and unamortized balance of negative goodwill in accordance with business combinations that took effect before April 1, 2010 are as follows:

(Millions of yen)

	Japan	North America	Asia	Unallocated amounts and elimination	Total
Amortization during period	1	1	3	–	6
Balance at end of period	19	20	39	–	79

Fiscal year ended March 31, 2018

(Millions of yen)

	Japan	North America	Asia	Unallocated amounts and elimination	Total
Amortization during period	–	0	–	–	0
Balance at end of period	–	10	–	–	10

Amortization and unamortized balance of negative goodwill in accordance with business combinations that took effect before April 1, 2010 are as follows:

(Millions of yen)

	Japan	North America	Asia	Unallocated amounts and elimination	Total
Amortization during period	1	1	3	–	6
Balance at end of period	17	18	36	–	72

Information about gain on bargain purchase for each reportable segment

Fiscal year ended March 31, 2017

Not applicable.

Fiscal year ended March 31, 2018

Not applicable.

Related parties

Fiscal year ended March 31, 2017

1. Related-party transactions

(1) Transactions between the company filing the consolidated financial statements and related parties

i) The parent company and major shareholders (limited to companies) of the company filing the consolidated financial statements

Type	Name	Location	Capital stock or stake (Millions of yen)	Nature of business or occupation	Voting rights holding ratio (%)	Relationship with the related party	Description of transactions	Transaction amount (Millions of yen)	Line item	Ending balance (Millions of yen)
Other associate	Honda Motor Co., Ltd.	Minato-ku, Tokyo	86,067	Manufacture and sale of motor vehicles and passengers car bodies	(Owned) Direct 15.2	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	17,156	Accounts receivable - trade	2,152

(Notes) 1. Terms and conditions of transactions and policy on determination thereof

Selling prices are determined by making an estimate based on economic rationality in view of market prices and the Company's manufacturing technologies, submitting the estimate to the customer and then negotiating on price.

2. In the above amounts, transaction amounts do not include consumption taxes while ending balances do.

(2) Transactions between consolidated subsidiaries of the company filing the consolidated financial statements and related parties

i) Companies which have the same parent company as the company filing the consolidated financial statements and subsidiaries of other associates of the company filing the consolidated financial statements

Type	Name	Location	Capital stock or stake (Millions of yen)	Nature of business or occupation	Voting rights holding ratio (%)	Relationship with the related party	Description of transactions	Transaction amount (Millions of yen)	Line item	Ending balance (Millions of yen)
Subsidiary of other associates	Honda of America Mfg., Inc.	Ohio, U.S.A.	USD 561,568 thousand	Manufacture and sale of motor vehicles and passengers car bodies	-	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	35,514	Accounts receivable - trade	3,511
							Purchase of raw materials	26,578	Accounts payable - trade	3,681
Subsidiary of other associates	Honda Manufacturing of Alabama, LLC	Alabama, U.S.A.	USD 400,000 thousand	Manufacture and sale of motor vehicles and passengers car bodies	-	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	23,207	Accounts receivable - trade	2,052
Subsidiary of other associates	Honda Canada, Inc.	Ontario, Canada	CAD 226,090 thousand	Manufacture and sale of motor vehicles and passengers car bodies	-	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	26,594	Accounts receivable - trade	2,445

(Notes) 1. Terms and conditions of transactions and policy on determination thereof

(1) Selling prices are determined by making an estimate based on economic rationality in view of market prices and the Company's manufacturing technologies, submitting the estimate to the customer and then negotiating on price.

(2) In purchases of raw materials, prices are determined through negotiations on price by reference to market prices.

2. In the above amounts, transaction amounts do not include consumption taxes while ending balances do.

2. Notes on the parent company or major associates

Not applicable.

Fiscal year ended March 31, 2018

1. Related-party transactions

(1) Transactions between the company filing the consolidated financial statements and related parties

i) The parent company and major shareholders (limited to companies) of the company filing the consolidated financial statements

Type	Name	Location	Capital stock or stake (Millions of yen)	Nature of business or occupation	Voting rights holding ratio (%)	Relationship with the related party	Description of transactions	Transaction amount (Millions of yen)	Line item	Ending balance (Millions of yen)
Major shareholder	Honda Motor Co., Ltd.	Minato-ku, Tokyo	86,067	Manufacture and sale of motor vehicles and passengers car bodies	(Owned) Direct 13.64	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	20,579	Accounts receivable - trade	2,893

(Notes) 1. Terms and conditions of transactions and policy on determination thereof

- (1) Due to the completion of conversion of all the yen-denominated convertible bond-type bonds with share acquisition rights due 2020, which was issued by the Company, into shares on September 12, 2017, the voting rights holding ratio of Honda Motor Co., Ltd. changed to 13.64%, and thus the type of the related party changed from other associate to major shareholder. The above transaction amount includes the transactions that occurred in the period when the type of the related party was other associate.
- (2) Selling prices are determined by making an estimate based on economic rationality in view of market prices and the Company's manufacturing technologies, submitting the estimate to the customer and then negotiating on price.

2. In the above amounts, transaction amounts do not include consumption taxes while ending balances do.

(2) Transactions between consolidated subsidiaries of the company filing the consolidated financial statements and related parties

i) Companies which have the same parent company as the company filing the consolidated financial statements and subsidiaries of other associates of the company filing the consolidated financial statements

Type	Name	Location	Capital stock or stake (Millions of yen)	Nature of business or occupation	Voting rights holding ratio (%)	Relationship with the related party	Description of transactions	Transaction amount (Millions of yen)	Line item	Ending balance (Millions of yen)
Subsidiary of major shareholder	Honda of America Mfg., Inc.	Ohio, U.S.A.	USD 561,568 thousand	Manufacture and sale of motor vehicles and passengers car bodies	-	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	34,184	Accounts receivable - trade	3,022
							Purchase of raw materials	31,767	Accounts payable - trade	2,936
Subsidiary of major shareholder	Honda Manufacturing of Alabama, LLC	Alabama, U.S.A.	USD 400,000 thousand	Manufacture and sale of motor vehicles and passengers car bodies	-	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	25,663	Accounts receivable - trade	2,165
Subsidiary of major shareholder	Honda Canada, Inc.	Ontario, Canada	CAD 226,090 thousand	Manufacture and sale of motor vehicles and passengers car bodies	-	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	29,981	Accounts receivable - trade	2,904
Subsidiary of major shareholder	Honda Automobile (Thailand) Co., Ltd.	Ayutthaya, Thailand	THB 5,460,000 thousand	Manufacture and sale of motor vehicles and passengers car bodies	-	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	9,679	Accounts receivable - trade	1,741

(Notes) 1. Terms and conditions of transactions and policy on determination thereof

- (1) Selling prices are determined by making an estimate based on economic rationality in view of market prices and the Company's manufacturing technologies, submitting the estimate to the customer and then negotiating on price.
 - (2) In purchases of raw materials, prices are determined through negotiations on price by reference to market prices.
2. In the above amounts, transaction amounts do not include consumption taxes while ending balances do.

2. Notes on the parent company or major associates

Not applicable.

Notes on special purpose entities subject to disclosure

Not applicable.

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 share acquisition rights (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 subsequent event

Not applicable.

v) Annexed consolidated detailed schedules

Annexed detailed schedule of corporate bonds

Company name	Type of bond	Date of issuance	Balance at beginning of current period (Millions of yen)	Balance at end of current period (Millions of yen)	Interest rate (%)	Collateral	Date of maturity
F-TECH INC.	Yen-denominated convertible bond-type bonds with share acquisition rights due 2020 (Note 1)	March 20, 2015	2,350	–	–	None	March 23, 2020
Total	–	–	2,350	–	–	–	–

(Notes) 1. The information about the bonds with share acquisition rights is as follows.

Type of bond	Due 2020
Shares to be issued	Common shares
Issue value per share acquisition right (Yen)	Without contribution
Issue price per share (Yen)	1,204
Total issue value (Millions of yen)	4,000
Total issue value of shares issued upon exercise of share acquisition rights (Millions of yen)	4,000
Granting ratio of share acquisition rights (%)	100
Exercise period of share acquisition rights	From April 2, 2015 to March 9, 2020

(Note) When there is a request from a person intending to exercise share acquisition rights, in place of the redemption of the full amount of the bonds to which the share acquisition rights are attached, it is deemed that the full amount to be paid in upon exercise of the share acquisition rights has been paid in. In addition, when share acquisition rights are exercised, it is deemed that the said request has been received.

2. There is no amount of redemption scheduled within five years after the closing date of the accounting period.

Annexed detailed schedule of borrowings

Classification	Balance at beginning of current period (Millions of yen)	Balance at end of current period (Millions of yen)	Average interest rate (%)	Payment due
Short-term loans payable	20,562	19,391	2.08	–
Current portion of long-term loans payable	10,953	13,454	1.94	–
Current portion of lease obligations	742	495	0.90	–
Current portion of long-term accounts payable - other (installment)	293	270	2.66	–
Long-term loans payable (excluding current portion)	23,271	25,348	2.15	2019–2025
Lease obligations (excluding current portion)	442	223	1.17	2019–2023
Long-term accounts payable - other (excluding current portion)	512	324	3.33	2019–2021
Total	56,779	59,508	–	–

(Notes) 1. The average interest rate is calculated using the interest rate and balance at end of period.

2. Repayment of long-term loans payable, lease obligations and long-term accounts payable - other (installment) (excluding current portion) above scheduled within five years after the closing date of the accounting period are as follows:

(Millions of yen)

	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Long-term loans payable	10,908	7,270	4,701	1,672
Lease obligations	200	16	5	0
Long-term accounts payable - other (installment)	207	114	2	–

Annexed detailed schedule of asset retirement obligations

Not applicable.

(2) Other information

Quarterly information for the fiscal year ended March 31, 2018

(Cumulative period)	Three months ended June 30, 2017	Six months ended September 30, 2017	Nine months ended December 31, 2017	Fiscal year ended March 31, 2018
Net sales (Millions of yen)	52,720	107,511	163,802	226,060
Profit before income taxes (Millions of yen)	1,483	3,217	4,519	5,908
Profit attributable to owners of parent (Millions of yen)	710	1,969	3,500	4,709
Basic earnings per share (Yen)	42.47	114.89	198.25	262.98

(Three-month period)	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (Yen)	42.47	71.73	81.96	64.73



Independent Auditor's Report

To the Board of Directors of F-TECH INC.:

We have audited the accompanying consolidated financial statements of F-TECH INC. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2018 and 2017, and the consolidated statements of income and comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of F-TECH INC. and its consolidated subsidiaries as at March 31, 2018 and 2017, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

KPMG AZSA LLC

KPMG AZSA LLC
September 11, 2018
Tokyo, Japan