

FY2018 Consolidated Financial and Operating Results <IFRS>

(Overview – English translation of the Japanese original)

April 26, 2018

Company Name: SANYO DENKI CO., LTD.

Code Number: 6516 (Listed on the First Section of the Tokyo Stock Exchange)

(URL: <http://www.sanyodenki.co.jp/>)

Representative: Shigeo Yamamoto, President & CEO

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Scheduled date for the Ordinary General Meeting of Shareholders: June 15, 2018

Scheduled date for commencement of dividend payments: June 18, 2018

Scheduled date for submitting the Securities Report: June 15, 2018

Availability of supplementary briefing material on annual results: Yes

Schedule of annual results briefing session: Yes (For analysts)

(Amounts below one million yen are truncated.)

1. Overview of the Consolidated Financial and Operating Results for FY2018 (from April 1, 2017 to March 31, 2018)

(1) Consolidated operating results

(% indicates changes from the previous term)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
FY2018	89,188	19.2	8,784	62.2	8,540	60.2	6,416	59.1	6,415	59.1	7,212	37.1
FY2017	74,798	(6.8)	5,414	(0.3)	5,332	1.2	4,032	7.8	4,031	7.8	5,259	968.4

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent (ROE)	Ratio of profit before tax to total assets (ROA)	Ratio of operating profit to revenue
	Yen	Yen	%	%	%
FY2018	526.89	—	10.8	8.5	9.8
FY2017	329.25	—	7.3	5.9	7.2

(Reference) Equity in earnings of affiliates: FY2018: ¥— million FY2017: ¥— million

The Company consolidated 5 shares of its common stock into 1 share effective as of October 1, 2017. Accordingly, basic earnings per share are calculated based on the assumption that the consolidation of shares was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent	Equity attributable to owners of parent per share
	¥ Million	¥ Million	¥ Million	%	Yen
FY2018	107,631	62,135	62,127	57.7	5,132.20
FY2017	93,156	57,054	57,048	61.2	4,665.35

The Company consolidated 5 shares of its common stock into 1 share effective as of October 1, 2017. Accordingly, equity attributable to owners of parent per share is calculated based on the assumption that the consolidation of shares was conducted at the beginning of the previous fiscal year.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	¥ Million	¥ Million	¥ Million	¥ Million
FY2018	5,797	(6,770)	422	13,182
FY2017	6,571	(2,825)	(2,626)	13,766

2. Dividends

	Annual cash dividend per share					Total amount of cash dividends (Annual)
	1Q	2Q	3Q	4Q	Annual	
	Yen	Yen	Yen	Yen	Yen	¥ Million
FY2017	–	9.00	–	9.00	18.00	1,100
FY2018	–	10.00	–	55.00	–	1,277
FY2019 (Forecast)	–	55.00	–	55.00	110.00	

	Payout ratio (Consolidated)	Dividend on equity attributable to owners of parent (Consolidated)
	%	%
FY2017	27.3	2.0
FY2018	19.9	2.1
FY2019 (Forecast)	17.1	

Whereas an underlying share for the dividend at the end of the second quarter is not affected by the consolidation of shares, an underlying share for the dividend at the end of the fiscal year takes into account the consolidation of shares. Therefore, these cannot be simply summed up to calculate the total amount of the annual dividend in the current fiscal year and is indicated as “–”.

3. Forecast for FY2019 (from April 1, 2018 to March 31, 2019)

(% indicates changes from the previous corresponding term)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	Yen
Interim period	48,900	15.8	5,400	39.4	5,500	37.7	3,900	34.5	322.17
Full year	99,600	11.7	11,000	25.2	11,100	30.0	7,800	21.6	644.33

4. Others

(1) Significant changes in subsidiaries during FY2018: None
(Change of certain subsidiaries that involves the scope of consolidation)

(2) Changes in accounting policies and changes in accounting estimates

- 1) Changes in accounting policies required by IFRS: None
- 2) Changes in accounting policies other than 1): None
- 3) Changes in accounting estimates: None

(3) Number of issued shares (common shares)

1) Number of issued shares at the end of the period (including treasury shares)

	FY2018		FY2017	
		12,972,187 shares		12,972,187 shares

2) Number of treasury shares at the end of the period

	FY2018		FY2017	
		866,678 shares		744,166 shares

3) Average number of shares during the period

	FY2018		FY2017	
		12,176,519 shares		12,244,768 shares

The Company consolidated 5 shares of its common stock into 1 share effective as of October 1, 2017. Accordingly, number of issued shares at the end of the period, number of treasury shares at the end of the period and average number of shares during the period are calculated based on the assumption that the consolidation of shares was conducted at the beginning of the previous fiscal year.

(Reference) Summary of the Non-consolidated Financial and Operating Results

1. Overview of the Non-consolidated Financial and Operating Results for FY2018

(from April 1, 2017 to March 31, 2018)

(1) Non-consolidated operating results

(% indicates changes from the previous term)

	Net sales		Operating income		Ordinary income		Profit	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
FY2018	75,257	24.0	5,996	95.9	6,401	65.2	4,964	68.0
FY2017	60,702	0.7	3,061	7.4	3,874	10.2	2,955	30.0

	Net income per share	Diluted net income per share
	Yen	Yen
FY2018	407.75	—
FY2017	241.35	—

The Company consolidated 5 shares of its common stock into 1 share effective as of October 1, 2017. Accordingly, net income per share is calculated based on the assumption that the consolidation of shares was conducted at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ Million	¥ Million	%	Yen
FY2018	80,265	45,186	56.3	3,732.74
FY2017	67,058	41,904	62.5	3,426.89

(Reference) Equity: FY2018: ¥45,186 million FY2017: ¥41,904 million

The Company consolidated 5 shares of its common stock into 1 share effective as of October 1, 2017. Accordingly, net assets per share are calculated based on the assumption that the consolidation of shares was conducted at the beginning of the previous fiscal year.

* These consolidated financial results are outside the scope of audit by a certified public accountant or an auditing firm.

*Explanation for the appropriate use of performance forecasts and other special notes

(Explanation for the appropriate use of forward-looking Information)

Statements in these reports regarding the next fiscal year and other future events are evaluations made based upon the information available at the time these reports were prepared and believed to be reasonable. Accordingly, actual results may vary significantly from the forecast results stated here for a number of factors. Please refer to "Overview of Operating Results, etc." on page 2 of the attached material for the assumptions underlying the forecasts and precautions when using the forecasts.

(Dividends after the consolidation of shares)

The consolidation of shares and the change in the number of shares constituting one unit were approved and resolved at the 115th Ordinary General Meeting of Shareholders held on June 14, 2017, and thus the Company consolidated its common shares at a rate of 5 shares to 1 share and changed the number of shares constituting one unit of its common shares from 1,000 shares to 100 shares effective as of October 1, 2017. Accordingly, the dividend per share at the end of FY2018 includes the effect of the consolidation of shares.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for FY2018

During the fiscal year under review, the Japanese economy recovered steadily, aided by the stronger exports, improved domestic demand, as well as robust capital investment.

Under such circumstances, demand was strong for machine tools, robots, and semiconductor manufacturing equipment in the equipment industries, which are the Group's main target markets.

As a result, consolidated revenue totaled ¥89,188 million in the fiscal year under review, up 19.2% from the previous year. Consolidated operating profit increased by 62.2% to ¥8,784 million, consolidated profit before tax increased by 60.2% to ¥8,540 million, and profit attributable to owners of parent amounted to ¥6,415 million, up 59.1%.

Orders received increased by 25.2% to ¥97,095 million, and order backlog increased by 54.0% to ¥22,543 million.

Segment operating results by geographical area are as follows:

1) Japan

Companies operating in Japan are the Company and its consolidated subsidiaries: SANYO KOGYO CO., LTD. and SANYO DENKI Techno Service CO., LTD. Segment revenue amounted to ¥91,027 million, up 20.0% from the previous year. Segment profit increased by 66.6% to ¥6,325 million.

2) North America

The Company has a consolidated subsidiary in North America: SANYO DENKI AMERICA, INC. Segment revenue increased by 0.4% to ¥9,708 million. Segment profit decreased by 27.7% to ¥450 million.

3) Europe

The Company's consolidated subsidiaries operating in Europe are SANYO DENKI EUROPE S.A. and SANYO DENKI GERMANY GmbH. Segment revenue increased by 17.1% to ¥5,148 million. Segment profit increased by 34.3% to ¥404 million.

4) East Asia

The Company's consolidated subsidiaries operating in East Asia include SANYO DENKI SHANGHAI CO., LTD., SANYO DENKI (H.K.) CO., LIMITED, SANYO DENKI TAIWAN CO., LTD., SANYO DENKI KOREA CO., LTD., SANYO DENKI ENGINEERING (Shanghai) CO., LTD., SANYO DENKI (Shenzhen) CO., LTD., SANYO DENKI (Zhongshan) CO., LTD., and SANYO DENKI ENGINEERING (Shenzhen) CO., LTD. Segment revenue increased by 31.2% to ¥15,913 million. Segment profit was ¥763 million (segment profit of ¥30 million in the previous year).

5) Southeast Asia

The Company's consolidated subsidiaries operating in Southeast Asia include SANYO DENKI PHILIPPINES, INC., SANYO DENKI SINGAPORE PTE. LTD., SANYO DENKI INDIA PRIVATE LIMITED and SANYO DENKI (THAILAND) CO., LTD. Segment revenue increased by 32.6% to ¥22,908 million. Segment profit increased by 47.7% to ¥903 million.

The general state of business by division is as follows:

1) Cooling Systems Division

“San Ace,” Sanyo Denki’s brand name for cooling system products, experienced increased demand for factory automation such as semiconductor manufacturing equipment, machine tools and servo amplifiers, as well as digital signages and LEDs. Demand for servers for data centers was also solid. In contrast, we saw a decline in domestic demand for power conditioners for photovoltaic generation.

As a result, revenue increased by 9.2% year on year to ¥24,106 million. The amount of orders received increased by 9.4% to ¥24,566 million, and the order backlog increased by 12.8% to ¥4,040 million.

2) Power Systems Division

“SANUPS,” Sanyo Denki’s brand name for power supply equipment, saw stagnant demand due to the sluggish market of photovoltaic power and the slump in the information and telecommunications market. On the other hand, demand for uninterruptible power systems remained solid for production facilities and factory automation equipment.

As a result, revenue decreased by 15.1% year on year to ¥7,885 million. The amount of orders received dropped by 18.3% to ¥7,519 million, and the order backlog decreased by 16.7% to ¥1,816 million.

3) Servo Systems Division

“SANMOTION,” Sanyo Denki’s brand name for servo system products, experienced brisk demand for machine tools, robots, injection molding machines, semiconductor manufacturing equipment and electronic part surface mounters, which are the major target industries. In overseas markets, demand for robots and semiconductor manufacturing equipment was particularly strong.

As a result, revenue increased by 40.8% year on year to ¥51,047 million. The amount of orders received increased by 50.2% to ¥58,579 million, and the order backlog increased by 98.3% to ¥15,193 million.

4) Electrical Equipment Sales Division

As for sales of industrial electrical equipment, control equipment and material for electronic equipment, demand for photovoltaic generation equipment declined significantly. On the other hand, demand for industrial equipment in the machine tool market, medical equipment and semiconductor manufacturing equipment remained solid.

In iron and steel-related business sectors, capital investment in new facilities and works related to the replacement of aged equipment for production facilities were partially postponed. The delivery of spare parts for repair also slightly declined.

As a result, revenue decreased by 17.3% year on year to ¥4,078 million. The amount of orders received fell by 7.8% to ¥4,272 million, and the order backlog increased by 39.1% to ¥690 million.

5) Electrical Works Contracting Division

As for works related to steel mill plant equipment, the volume of renewal construction and repair works was in line with the initial plan. Works related to renewable energy experienced declined demand for photovoltaic generation facilities, while we received an order of electrical works for a large biomass power plant.

As a result, revenue decreased by 8.0% year on year to ¥2,070 million. The amount of orders received dropped by 2.4% to ¥2,156 million, and the order backlog increased by 12.0% to ¥801 million.

(2) Overview of Financial Position for FY2018

As for the financial position in the fiscal year under review, total assets increased by ¥14,474 million from the previous fiscal year, total liabilities increased by ¥9,393 million, and total equity increased by ¥5,080 million.

Major factors of changes in assets were an increase of ¥4,818 million in inventories, an increase of ¥4,803 million in property, plant and equipment, and an increase of ¥3,868 million in trade and other receivables.

Major factors of changes in liabilities were an increase of ¥6,110 million in trade and other payables, an increase of ¥3,729 million in borrowings (non-current liabilities), and a decrease of ¥1,088 million in borrowings (current liabilities).

Major factors of changes in equity included an increase of ¥5,835 million in retained earnings, an increase of ¥969 million in treasury shares, and an increase of ¥214 million in other components of equity.

(3) Overview of Cash Flows for FY2018

Cash and cash equivalents (hereinafter referred to as "cash") for the fiscal year under review decreased by ¥584 million from the previous fiscal year to ¥13,182 million. The conditions of each cash flow and factors thereof are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities during the fiscal year under review decreased by ¥774 million year on year to ¥5,797 million. This is mainly attributable to profit before tax of ¥8,540 million, an increase of ¥5,070 million in inventories, and an increase of ¥4,984 million in trade and other payables.

(Cash flows from investing activities)

Net cash used in investing activities during the fiscal year under review amounted to ¥6,770 million and the cash used increased by ¥3,945 million from the previous year. This is mainly attributable to purchase of property, plant and equipment of ¥6,142 million and purchase of intangible assets of ¥910 million.

(Cash flows from financing activities)

Net cash provided by financing activities during the fiscal year under review amounted to ¥422 million (net cash used of ¥2,626 million in the previous year). This is mainly attributable to proceeds from long-term borrowings of ¥4,058 million, dividends paid of ¥1,158 million, and net decrease in short-term borrowings of ¥1,063 million.

(Reference) Changes in cash flow related indicators

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Ratio of equity attributable to owners of parent	60.2%	61.2%	57.7%
Ratio of equity attributable to owners of parent based on fair value	36.8%	54.5%	92.5%
Ratio of cash flow to interest-bearing debt	1.6 years	1.1 years	1.7 years
Interest coverage ratio	63.6	173.4	254.9

Ratio of equity attributable to owners of parent: Total equity attributable to owners of parent/total assets

Ratio of equity attributable to owners of parent based on fair value:

Total market value of stock/total assets

Ratio of cash flow to interest-bearing debt: Interest-bearing debt/cash flow

Interest coverage ratio: Cash flow/interest paid

1. The indicators were calculated by using consolidated financial figures.

2. The total market value of stock was calculated based on the total number of shares outstanding, excluding the treasury stock.
3. The figures of cash flows from operating activities are used in the calculation.
4. Interest paid on the consolidated statements of cash flows is used in the calculation.
5. Interest-bearing debt includes all debts recorded on the consolidated statements of financial position for which interest is paid.
6. The day of transition to IFRS was April 1, 2015, and IFRS has been applied from the fiscal year ended March 31, 2017. Accordingly, information prior to the fiscal year ended March 31, 2015 has been omitted.

(4) Future Outlook

We expect the economy to remain on a moderate recovery trend, supported by the recovery of the overseas economy and increasing capital expenditures in line with an improvement in corporate earnings.

In this environment, the Group intends to expand all the corporate activities on a global scale and to promote manufacturing and selling of industry-leading products in terms of quality, performance, and reliability.

For the next consolidated fiscal year, the Group forecasts are as follows: revenue of ¥99,600 million, operating profit of ¥11,000 million, profit before tax of ¥11,100 million, and profit attributable to owners of parent of ¥7,800 million.

(5) Dividend Policy and Payments for the Current Fiscal Year and the Next Fiscal Year

The Company will further reinforce its business structure that can survive intensifying competition in the industry and increase internal reserves in consideration of business developments in the future, and its basic policy is to pay dividends in proportion to the achievements the Company has made.

As for the cash dividend for the fiscal year under review, the year-end cash dividend is set at ¥55 per share, and the total dividend for the year will be ¥105 per share, including a ¥50 interim dividend per share. (The Company consolidated 5 shares of its common stock into 1 share effective as of October 1, 2017. Accordingly, the interim dividend is translated based on the assumption that the consolidation of shares was conducted at the beginning of the fiscal year under review.) The cash dividend for the next fiscal year is scheduled to be ¥110 per share, including a ¥55 interim dividend per share and a ¥55 year-end dividend per share.

2. Overview of the Group

The Group is comprised of the Company and 17 subsidiaries, and its major businesses include manufacturing and sale of cooling fans, power supply equipment, stepping motors, drive units, servomotors, controllers and others.

Some of the products of the Group are manufactured by its subsidiaries, SANYO DENKI PHILIPPINES, INC. and SANYO DENKI (Zhongshan) CO., LTD. In Japan, its products are manufactured by its subsidiary, SANYO DENKI Techno Service CO., LTD. Products are sold in Japan by its subsidiary, SANYO KOGYO CO., LTD., in Europe by SANYO DENKI EUROPE S.A. and SANYO DENKI GERMANY GmbH, in North America by SANYO DENKI AMERICA, INC., and in China, Asia and Oceania by Asian-based subsidiaries that are SANYO DENKI SHANGHAI CO., LTD., SANYO DENKI (H.K.) CO., LIMITED, SANYO DENKI SINGAPORE PTE. LTD., SANYO DENKI KOREA CO., LTD., SANYO DENKI TAIWAN CO., LTD., SANYO DENKI (Shenzhen) CO., LTD., SANYO DENKI (THAILAND) CO., LTD., and SANYO DENKI INDIA PRIVATE LIMITED. Among all the subsidiaries, SANYO DENKI ENGINEERING (Shanghai) CO., LTD. and SANYO DENKI ENGINEERING (Shenzhen) CO., LTD. are mainly responsible for repair of equipment.

Our subsidiaries are as follows:

Consolidated subsidiaries

Japan

SANYO KOGYO CO., LTD.	Sale and installation of electrical machinery and equipment
SANYO DENKI Techno Service CO., LTD.	Manufacturing and repair of electrical machinery and equipment

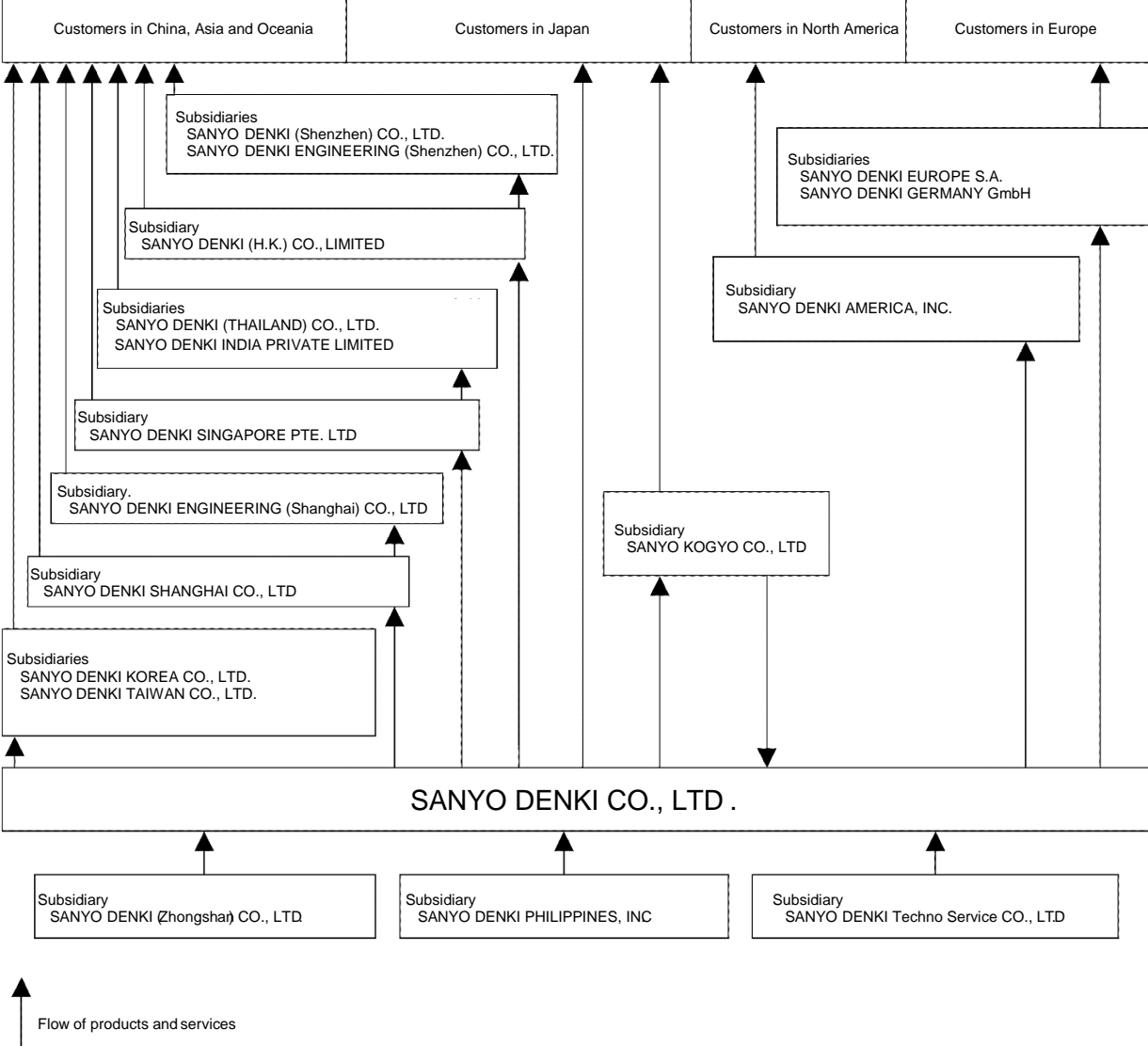
Overseas

SANYO DENKI PHILIPPINES, INC.	Manufacturing of electrical machinery and equipment
SANYO DENKI (Zhongshan) CO., LTD.	Manufacturing of electrical machinery and equipment
SANYO DENKI EUROPE S.A.	Sale of electrical machinery and equipment
SANYO DENKI AMERICA, INC.	Sale of electrical machinery and equipment
SANYO DENKI SHANGHAI CO., LTD.	Sale of electrical machinery and equipment
SANYO DENKI (H.K.) CO., LIMITED	Sale of electrical machinery and equipment
SANYO DENKI TAIWAN CO., LTD.	Sale of electrical machinery and equipment
SANYO DENKI SINGAPORE PTE. LTD.	Sale of electrical machinery and equipment
SANYO DENKI GERMANY GmbH	Sale of electrical machinery and equipment
SANYO DENKI KOREA CO., LTD.	Sale of electrical machinery and equipment
SANYO DENKI (Shenzhen) CO., LTD.	Sale of electrical machinery and equipment
SANYO DENKI (THAILAND) CO., LTD.	Sale of electrical machinery and equipment
SANYO DENKI INDIA PRIVATE LIMITED	Sale of electrical machinery and equipment
SANYO DENKI ENGINEERING (Shanghai) CO., LTD.	Repair of electrical machinery and equipment
SANYO DENKI ENGINEERING (Shenzhen) CO., LTD.	Repair of electrical machinery and equipment

Non-consolidated subsidiaries

There is no relevant information.

The business diagram of the Company is as shown below:



3. Management Policies

(1) Basic Management Policies of the Company

The Group aims to increase its existence value in human society and has declared the following corporate philosophy: "We SANYO DENKI make the dreams of people come true for the happiness of people in cooperation with people." To realize this corporate philosophy, we have decided the following six management philosophies and the code of conduct that we ourselves must comply with in our business activities.

- For society and the natural environment, we will help preserve the global environment and contribute to the prosperity of mankind through our corporate activities.
- For customers and users, we will create new values through technology, products and services.
- For suppliers and vendors, we will strive for integrated technical development and harmonious mutual prosperity through parts purchase, production contracting and joint development.
- For investors and financial institutions, we will increase our investment worth and credit through sound management policy and good access to information.
- For competitors and the industry, we will strive to build industrial and technical development through technical alliances and competition.
- For all of our employees, we will help individuals to achieve self-fulfillment through their work and the corporate life.

(2) Management Targets

1. Management with focus on free cash flow (FCF)
2. Maintenance of return on equity (ROE) at 8% or higher

(3) Medium- to Long-Term Business Strategies of the Company

The Group started the five-year "8th Mid-term Management Plan" in April 2016.

With an aim to become a global enterprise and create the "world's top brand" with the entire Group working as one, we will implement measures under the following important policies and action guidelines.

Policies

- 1) Expand markets in new regions and in new industries.
- 2) Develop products that will realize new dreams.
- 3) Aim to be No. 1 in the industry in operation quality.
- 4) Establish a corporate structure capable of turning environmental changes into opportunities.

Action guidelines

- 1) We take on challenges in fields in which we do not excel and change ourselves so that we come to excel in them.
- 2) We become No. 1 in fields in which we excel.
- 3) We provide products and services of consistently high quality to our customers worldwide.
- 4) We execute business processes of consistently high quality by sharing information across the entire Group in a timely manner.

(4) Issues to be Addressed by the Company

With the “ensuring of orders received” and “lowering of break-even point” as the basics, we aim to “promote the Company’s brand to the world’s top level,” and create a system for production, sale and technical support that can quickly and appropriately cope with any environmental changes.

(5) Other Important Matters for Management of the Company

There is an insurance contract concluded between the Company and KYODO KOGYO CO., LTD. (Representative Director: Shoichi Yamamoto) as a major shareholder of the Company.

4. Basic Policy on Selection of Accounting Standards

In its active pursuit of business development on a global basis, the Group has voluntarily adopted International Financial Reporting Standards (IFRS) to enhance convenience for various stakeholders, including shareholders and investors, by improving the international comparability of its financial information, starting from the Consolidated Financial Statements in the Securities Report for the fiscal year ended March 31, 2017.

5. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statements of Financial Position

(Million yen)

	Note	As of March 31, 2017	As of March 31, 2018
Assets			
Current assets			
Cash and cash equivalents		13,766	13,182
Trade and other receivables		26,967	30,835
Other financial assets		924	751
Inventories		16,233	21,052
Other current assets		250	916
Total current assets		58,143	66,738
Non-current assets			
Property, plant and equipment		18,916	23,720
Intangible assets		3,850	4,031
Investment property		1,503	1,503
Other financial assets		9,823	10,760
Deferred tax assets		413	477
Other non-current assets		504	398
Total non-current assets		35,012	40,892
Total assets		93,156	107,631
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		18,876	24,987
Borrowings		7,033	5,944
Other financial liabilities		322	241
Income taxes payable		1,111	1,594
Other current liabilities		1,266	2,081
Total current liabilities		28,610	34,849
Non-current liabilities			
Borrowings		159	3,889
Other financial liabilities		180	76
Net defined benefit liability		6,954	6,454
Deferred tax liabilities		3	50
Other non-current liabilities		194	175
Total non-current liabilities		7,491	10,646
Total liabilities		36,101	45,495
Equity			
Share capital		9,926	9,926
Share premium		11,460	11,460
Retained earnings		35,526	41,361
Treasury shares		(1,436)	(2,406)
Other components of equity		1,570	1,784
Total equity attributable to owners of parent		57,048	62,127
Non-controlling interests		6	7
Total equity		57,054	62,135
Total liabilities and equity		93,156	107,631

(2) Consolidated Statements of Income and Comprehensive Income
 Consolidated Statements of Income

(Million yen)

	Note	From April 1, 2016 to March 31, 2017	From April 1, 2017 to March 31, 2018
Revenue		74,798	89,188
Cost of sales		57,022	66,284
Gross profit		17,776	22,904
Selling, general and administrative expenses		12,469	14,237
Other income		179	168
Other expenses		72	50
Operating profit		5,414	8,784
Finance income		157	196
Finance costs		239	440
Profit before tax		5,332	8,540
Income tax expense		1,299	2,124
Profit		4,032	6,416
Profit attributable to			
Owners of parent		4,031	6,415
Non-controlling interests		0	0
Profit		4,032	6,416
Earnings per share			
Basic earnings per share (yen)		329.25	526.89

*The Company consolidated 5 shares of its common stock into 1 share effective as of October 1, 2017. Accordingly, basic earnings per share are calculated based on the assumption that the consolidation of shares was conducted at the beginning of the previous fiscal year.

Consolidated Statements of Comprehensive Income

(Million yen)

	Note	From April 1, 2016 to March 31, 2017	From April 1, 2017 to March 31, 2018
Profit		4,032	6,416
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income		1,554	784
Remeasurements of defined benefit plans		(85)	328
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(241)	(316)
Total other comprehensive income		1,227	796
Comprehensive income		5,259	7,212
Comprehensive income attributable to			
Owners of parent		5,259	7,211
Non-controlling interests		0	1
Comprehensive income		5,259	7,212

(3) Consolidated Statements of Changes in Equity
The fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Million yen)

	Note	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	
						Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at April 1, 2016		9,926	11,460	32,691	(919)	1,232	–
Profit		–	–	4,031	–	–	–
Other comprehensive income		–	–	–	–	1,554	(85)
Comprehensive income		–	–	4,031	–	1,554	(85)
Purchase of treasury shares		–	–	–	(516)	–	–
Dividends		–	–	(1,109)	–	–	–
Transfer to retained earnings		–	–	(87)	–	2	85
Total transactions with owners and other		–	–	(1,197)	(516)	2	85
Balance at March 31, 2017		9,926	11,460	35,526	(1,436)	2,789	–

	Note	Other components of equity		Total equity attributable to owners of parent	Non-controlling interests	Total equity
		Exchange differences on translation of foreign operations	Total			
Balance at April 1, 2016		(977)	254	53,414	6	53,420
Profit		–	–	4,031	0	4,032
Other comprehensive income		(241)	1,227	1,227	(0)	1,227
Comprehensive income		(241)	1,227	5,259	0	5,259
Purchase of treasury shares		–	–	(516)	–	(516)
Dividends		–	–	(1,109)	(0)	(1,109)
Transfer to retained earnings		–	87	–	–	–
Total transactions with owners and other		–	87	(1,625)	(0)	(1,626)
Balance at March 31, 2017		(1,219)	1,570	57,048	6	57,054

The fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Million yen)

	Note	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	
						Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at April 1, 2017		9,926	11,460	35,526	(1,436)	2,789	–
Profit		–	–	6,415	–	–	–
Other comprehensive income		–	–	–	–	784	328
Comprehensive income		–	–	6,415	–	784	328
Purchase of treasury shares		–	–	–	(969)	–	–
Dividends		–	–	(1,161)	–	–	–
Transfer to retained earnings		–	–	581	–	(253)	(328)
Total transactions with owners and other		–	–	(580)	(969)	(253)	(328)
Balance at March 31, 2018		9,926	11,460	41,361	(2,406)	3,320	–

	Note	Other components of equity		Total equity attributable to owners of parent	Non-controlling interests	Total equity
		Exchange differences on translation of foreign operations	Total			
Balance at April 1, 2017		(1,219)	1,570	57,048	6	57,054
Profit		–	–	6,415	0	6,416
Other comprehensive income		(317)	795	795	0	796
Comprehensive income		(317)	795	7,211	1	7,212
Purchase of treasury shares		–	–	(969)	–	(969)
Dividends		–	–	(1,161)	(0)	(1,161)
Transfer to retained earnings		–	(581)	–	–	–
Total transactions with owners and other		–	(581)	(2,131)	(0)	(2,131)
Balance at March 31, 2018		(1,536)	1,784	62,127	7	62,135

(4) Consolidated Statements of Cash Flows

(Million yen)

Note	From April 1, 2016 to March 31, 2017	From April 1, 2017 to March 31, 2018
Cash flows from operating activities		
Profit before tax	5,332	8,540
Depreciation and amortization expense	3,270	3,538
Interest and dividend income	(157)	(196)
Interest expenses	31	18
Decrease (increase) in trade and other receivables	(1,989)	(4,581)
Decrease (increase) in inventories	(136)	(5,070)
Increase (decrease) in trade and other payables	755	4,984
Other, net	68	353
Subtotal	7,174	7,586
Interest received	34	44
Dividend received	123	153
Interest paid	(37)	(22)
Income taxes paid	(723)	(1,964)
Net cash flows from operating activities	6,571	5,797
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,279)	(6,142)
Purchase of intangible assets	(1,101)	(910)
Proceeds from sales of property, plant and equipment and intangible assets	7	0
Proceeds from sales of other financial assets	8	456
Other, net	(460)	(174)
Net cash flows from investing activities	(2,825)	(6,770)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(119)	(1,063)
Proceeds from long-term borrowings	-	4,058
Repayments of long-term borrowings	(738)	(310)
Purchase of treasury shares	(516)	(969)
Dividends paid	(1,108)	(1,158)
Other, net	(143)	(133)
Net cash flows from financing activities	(2,626)	422
Effect of exchange rate changes on cash and cash equivalents	(96)	(33)
Net increase (decrease) in cash and cash equivalents	1,023	(584)
Cash and cash equivalents at beginning of period	12,743	13,766
Cash and cash equivalents at end of period	13,766	13,182

(5) Notes on Consolidated Financial Statements
(Notes on Going Concern Assumption)

There is no relevant information.

(Segment Information, etc.)

1 Overview of reportable segments

The Group's reportable segments are determined on the basis that separate financial information of such segments are available and examined periodically by the Board of Directors to make decisions regarding the allocation of management resources and assess the business performances of such segments.

The Group mainly produces and sells cooling fans, power supply equipment and servomotors, and operates the business globally through strategic planning with a focus on regional characteristics.

Reportable segments are composed of five reportable segments, namely, Japan, North America, Europe, East Asia and Southeast Asia, which are determined by regional characteristics including economic blocs in which the business is operated. In determining reportable segments, the Group has not aggregated operating segments.

2 Information on reportable segments

The fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Million yen)

	Reportable segment						Adjustments (Note 2)	Consolidated
	Japan	North America	Europe	East Asia	Southeast Asia	Total		
Revenue								
Revenue from external customers	51,535	9,610	4,372	8,111	1,168	74,798	–	74,798
Intersegment revenue or transfers	24,297	63	23	4,012	16,112	44,509	(44,509)	–
Total	75,832	9,674	4,395	12,124	17,280	119,308	(44,509)	74,798
Segment profit	3,796	623	301	30	611	5,362	51	5,414
Finance income	–	–	–	–	–	–	–	157
Finance costs	–	–	–	–	–	–	–	239
Profit before tax	–	–	–	–	–	–	–	5,332
Profit	–	–	–	–	–	–	–	4,032
Segment assets	82,246	4,583	2,852	7,882	9,878	107,444	(14,288)	93,156
Segment liabilities	34,505	2,369	1,017	3,700	3,254	44,847	(8,745)	36,101
Other items								
Depreciation and amortization expense	2,556	53	7	57	602	3,275	(4)	3,270
Capital expenditure (including intangible assets)	2,240	11	7	15	597	2,873	(10)	2,862

Notes: 1. Intersegment transaction prices are based on prevailing market prices.

2. Adjustments are as follows:

- (1) Adjustments of segment profit of ¥51 million are elimination of intersegment transactions.
- (2) Adjustments of segment assets of ¥(14,288) million are elimination of intersegment transactions.
- (3) Adjustments of segment liabilities of ¥(8,745) million are elimination of intersegment transactions.
- (4) Adjustments of depreciation and amortization expense of ¥(4) million are elimination of intersegment transactions.
- (5) Adjustments of capital expenditure (including intangible assets) of ¥(10) million are elimination of intersegment transactions.

The fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Million yen)

	Reportable segment							Adjustments (Note 2)	Consolidated
	Japan	North America	Europe	East Asia	Southeast Asia	Total			
Revenue									
Revenue from external customers	62,441	9,641	5,121	10,707	1,276	89,188	–	89,188	
Intersegment revenue or transfers	28,586	67	26	5,205	21,631	55,517	(55,517)	–	
Total	91,027	9,708	5,148	15,913	22,908	144,705	(55,517)	89,188	
Segment profit	6,325	450	404	763	903	8,847	(62)	8,784	
Finance income	–	–	–	–	–	–	–	196	
Finance costs	–	–	–	–	–	–	–	440	
Profit before tax	–	–	–	–	–	–	–	8,540	
Profit	–	–	–	–	–	–	–	6,416	
Segment assets	96,286	4,390	3,412	8,119	13,638	125,847	(18,216)	107,631	
Segment liabilities	45,535	2,039	1,207	3,297	6,899	58,979	(13,483)	45,495	
Other items									
Depreciation and amortization expense	2,738	53	4	34	713	3,544	(6)	3,538	
Capital expenditure (including intangible assets)	5,558	12	7	35	3,243	8,856	(35)	8,821	

Notes: 1. Intersegment transaction prices are based on prevailing market prices.

2. Adjustments are as follows:

- (1) Adjustments of segment profit of ¥(62) million are elimination of intersegment transactions.
- (2) Adjustments of segment assets of ¥(18,216) million are elimination of intersegment transactions.
- (3) Adjustments of segment liabilities of ¥(13,483) million are elimination of intersegment transactions.
- (4) Adjustments of depreciation and amortization expense of ¥(6) million are elimination of intersegment transactions.
- (5) Adjustments of capital expenditure (including intangible assets) of ¥(35) million are elimination of intersegment transactions.

(Per Share Information)

Basic earnings per share and the basis for its calculation are as follows:

Items	The fiscal year ended March 31, 2017	The fiscal year ended March 31, 2018
Profit attributable to owners of parent (million yen)	4,031	6,415
Average number of common shares outstanding (shares)	12,244,768	12,176,519
Basic earnings per share (yen)	329.25	526.89

- (Note) 1. The Company consolidated 5 shares of its common stock into 1 share effective as of October 1, 2017. Accordingly, basic earnings per share are calculated based on the assumption that the consolidation was conducted at the beginning of the previous fiscal year.
2. Basic earnings per share are calculated by dividing profit attributable to owners of parent by average number of common shares outstanding during the reporting period.
3. Diluted earnings per share are not disclosed since there are no potentially dilutive shares.

(Material Subsequent Events)

There is no relevant information.

6. Non-consolidated Financial Statements and Primary Notes
(1) Non-consolidated Balance Sheets

(Million yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and bank deposits	3,536	3,616
Notes receivable - trade	612	1,030
Electronically recorded monetary claims - operating	4,820	6,799
Accounts receivable-trade	17,770	20,314
Finished goods	2,492	2,071
Raw materials	4,439	6,653
Work in process	2,962	3,617
Supplies	41	50
Prepaid expense	82	86
Deferred tax assets	561	673
Others	903	2,526
Allowance for doubtful accounts	(26)	(65)
Total current assets	38,196	47,373
Fixed assets		
Property, plant and equipment		
Buildings	6,884	6,682
Structures	212	234
Machinery and equipment	1,485	3,030
Vehicles	17	12
Tools, furniture and fixtures	587	524
Land	6,200	6,200
Construction in progress	526	2,090
Total property, plant and equipment	15,914	18,774
Intangible fixed assets		
Leasehold right	44	44
Software	425	885
Others	21	11
Total intangible fixed assets	492	941
Investments and other assets		
Investments in securities	6,738	7,659
Stocks of subsidiaries and affiliates	2,861	2,861
Investments in capital of subsidiaries and affiliates	679	679
Long-term loans receivable	56	45
Long-term prepaid expenses	118	30
Others	2,000	1,941
Allowance for doubtful accounts	(0)	(0)
Allowance for investment loss	-	(41)
Total investments and other assets	12,455	13,175
Total fixed assets	28,861	32,891
Total assets	67,058	80,265

(Million yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes payable - trade	1,112	1,491
Electronically recorded obligations - operating	2,528	3,509
Accounts payable - trade	6,657	8,333
Short-term debt	5,780	5,180
Long-term debt due within one year	50	12
Lease obligations	122	94
Accounts payable - other	744	3,062
Accrued expenses	2,338	2,741
Accrued income taxes	897	1,285
Advances received	19	20
Deposits received	439	523
Notes payable - facilities	435	1,731
Reserve for bonuses to directors and corporate auditors	70	40
Total current liabilities	21,194	28,026
Non-current liabilities		
Long-term debt	12	3,000
Lease obligations	180	76
Deferred tax liabilities	430	623
Deferred tax liabilities - revaluation	840	840
Reserve for retirement benefits	2,495	2,512
Total non-current liabilities	3,959	7,052
Total liabilities	25,154	35,078
Net assets		
Shareholders' equity		
Common stock	9,926	9,926
Capital surplus		
Legal capital surplus	11,458	11,458
Other capital surplus	2	2
Total capital surplus	11,460	11,460
Retained earnings		
Legal retained earnings	1,032	1,032
Other retained earnings	17,777	21,580
Reserve for retirement allowances	900	900
Reserve for dividends	790	790
Reserve for advanced depreciation of fixed assets	62	62
General reserve	1,500	1,500
Retained earnings brought forward	14,524	18,328
Total retained earnings	18,809	22,612
Treasury stock	(1,926)	(2,896)
Total shareholders' equity	38,270	41,104
Valuation and translation adjustments		
Unrealized holding gain on securities	2,697	3,146
Revaluation reserve for land, net of tax	936	936
Total valuation and translation adjustments	3,633	4,082
Total net assets	41,904	45,186
Total liabilities and net assets	67,058	80,265

(2) Non-consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Net sales	60,702	75,257
Cost of sales	49,716	59,923
Gross profit	10,986	15,334
Selling, general and administrative expenses	7,924	9,337
Operating income	3,061	5,996
Other income		
Interest and dividend income	647	515
Foreign exchange gain	33	–
Subsidy income	29	–
Rent income	104	98
Others	23	17
Total other income	837	630
Other expenses		
Interest expense	19	17
Foreign exchange loss	–	179
Loss on sales of notes payable	5	6
Others	0	22
Total other expenses	24	226
Ordinary income	3,874	6,401
Extraordinary income		
Gain on sales of fixed assets	0	2
Gain on sales of investment securities	–	252
Total extraordinary income	0	254
Extraordinary loss		
Loss on retirement of property, plant and equipment	56	15
Provision of allowance for investment loss	–	41
Total extraordinary loss	56	57
Income before income taxes	3,818	6,598
Income taxes-current	1,106	1,749
Income taxes-deferred	(243)	(115)
Total income taxes	863	1,633
Profit	2,955	4,964

(3) Non-consolidated Statements of Changes in Net Assets

The fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus			Retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings
Balance at the beginning of the year	9,926	11,458	2	11,460	1,032
Changes of items during the year					
Cash dividends	-	-	-	-	-
Profit	-	-	-	-	-
Acquisition of treasury stock	-	-	-	-	-
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during the year	-	-	-	-	-
Balance at the end of the year	9,926	11,458	2	11,460	1,032

	Shareholders' equity					
	Retained earnings					
	Other retained earnings					Total retained earnings
	Reserve for retirement allowances	Reserve for dividends	Reserve for advanced depreciation of fixed assets	General reserve	Retained earnings brought forward	
Balance at the beginning of the year	900	790	62	1,500	12,678	16,963
Changes of items during the year						
Cash dividends	-	-	-	-	(1,109)	(1,109)
Profit	-	-	-	-	2,955	2,955
Acquisition of treasury stock	-	-	-	-	-	-
Net changes of items other than shareholders' equity	-	-	-	-	-	-
Total changes of items during the year	-	-	-	-	1,846	1,846
Balance at the end of the year	900	790	62	1,500	14,524	18,809

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Unrealized holding gain on securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at the beginning of the year	(1,409)	36,941	1,239	936	2,175	39,117
Changes of items during the year						
Cash dividends	–	(1,109)	–	–	–	(1,109)
Profit	–	2,955	–	–	–	2,955
Acquisition of treasury stock	(516)	(516)	–	–	–	(516)
Net changes of items other than shareholders' equity	–	–	1,457	–	1,457	1,457
Total changes of items during the year	(516)	1,329	1,457	–	1,457	2,786
Balance at the end of the year	(1,926)	38,270	2,697	936	3,633	41,904

The fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus			Retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings
Balance at the beginning of the year	9,926	11,458	2	11,460	1,032
Changes of items during the year					
Cash dividends	-	-	-	-	-
Profit	-	-	-	-	-
Acquisition of treasury stock	-	-	-	-	-
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during the year	-	-	-	-	-
Balance at the end of the year	9,926	11,458	2	11,460	1,032

	Shareholders' equity					
	Retained earnings					
	Other retained earnings					Total retained earnings
	Reserve for retirement allowances	Reserve for dividends	Reserve for advanced depreciation of fixed assets	General reserve	Retained earnings brought forward	
Balance at the beginning of the year	900	790	62	1,500	14,524	18,809
Changes of items during the year						
Cash dividends	-	-	-	-	(1,161)	(1,161)
Profit	-	-	-	-	4,964	4,964
Acquisition of treasury stock	-	-	-	-	-	-
Net changes of items other than shareholders' equity	-	-	-	-	-	-
Total changes of items during the year	-	-	-	-	3,803	3,803
Balance at the end of the year	900	790	62	1,500	18,328	22,612

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Unrealized holding gain on securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at the beginning of the year	(1,926)	38,270	2,697	936	3,633	41,904
Changes of items during the year						
Cash dividends	–	(1,161)	–	–	–	(1,161)
Profit	–	4,964	–	–	–	4,964
Acquisition of treasury stock	(969)	(969)	–	–	–	(969)
Net changes of items other than shareholders' equity	–	–	449	–	449	449
Total changes of items during the year	(969)	2,833	449	–	449	3,282
Balance at the end of the year	(2,896)	41,104	3,146	936	4,082	45,186

(4) Notes on Non-consolidated Financial Statements
(Notes on Going Concern Assumption)

There is no relevant information.

7. Others

(1) Changes in Directors and Corporate Auditors

1. Changes in Representative Directors

There is no relevant information.

2. Changes in Other Directors and Corporate Auditors

There is no relevant information.