

Consolidated Financial Results for the 3rd Quarter of Fiscal Year Ending March 31, 2018 (J-GAAP)

February 5, 2018

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Code No.: 7236

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Scheduled date of filing of 3rd quarter securities report:

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Briefing on consolidated financial results: None

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February 6, 2018

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(Amounts less than one million yen have been truncated)

1. Consolidated Financial Performance for the 3rd Quarter of Fiscal Year Ending March 31, 2018

(April 1, 2017 to December 31, 2017)

(1) Consolidated operating performance

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2017	90,487	21.8	4,430	117.4	5,057	118.2	3,494	115.9
Nine months ended December 31, 2016	74,284	-2.5	2,037	103.3	2,317	83.8	1,618	160.9

Note: Comprehensive income

Nine months ended December 31, 2017: 3,858 million yen —%

Nine months ended December 31, 2016: -1,125 million yen —%

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2017	438.93	—
Nine months ended December 31, 2016	201.86	—

Note: We consolidated each unit of 10 common shares into a unit of one share on October 1, 2017. Net income per share and Diluted net income per share are calculated on the assumption that the consolidation of shares was conducted at beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Nine months ended December 31, 2017	90,738	46,371	49.3	5,619.14
Fiscal year ended March 31, 2017	79,213	42,385	52.4	5,210.51

Reference: Shareholders' equity

As of December 31, 2017: 44,728 million yen

As of March 31, 2017 : 41,485 million yen

Note: We consolidated each unit of 10 common shares into a unit of one share on October 1, 2017. Net assets per share is calculated on the assumption that the consolidation of shares was conducted at beginning of the previous consolidated fiscal year.

2. Dividends

	Dividends per Share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	—	3.00	—	3.00	6.00
Fiscal year ending March 31, 2018	—	3.00	—		
Fiscal year ending March 31, 2018(Forecast)				50.00	—

Note: Revisions to the forecast of dividends since the latest official announcement: Yes

We resolved to the consolidation of shares which come into effect on October 1, 2017 at the 115th Ordinary General Meeting of Shareholders held on June 28, 2017. That is, each unit of 10 common shares is consolidated into a unit of one share. The amount of the year-end dividend (forecast) per share for the fiscal year ending March 31, 2018, is described as “—.” The year-end dividend (forecast) per share for the fiscal year ending March 31, 2018, will be 5 yen and the annual dividend per share will be 8 yen if the consolidation of shares is not taken into consideration.

3. Forecast of Consolidated Financial Performance for the Fiscal Year Ending March 31, 2018

(April 1, 2017 to March 31, 2018)

(Percentage figures indicate changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2018	124,900	16.1	5,700	77.2	6,400	80.5	2,900	43.4	364.32

Note: Revisions to the forecast of consolidated financial performance since the latest official announcement: Yes

For details, please refer to “Notice of Revisions to the Forecasts of Consolidated Financial Performance for the Year Ending March 31, 2018 and Posting Extraordinary Income” released on February 5, 2018.

The net income per share in the consolidated earnings (for the full year) forecast for the fiscal year ending March 31, 2018, is taken consolidation of shares into consideration. The net income per share in the consolidated earnings (for the full year) forecast for the fiscal year ending March 31, 2018, will be 36.43 yen if the consolidation of shares is not taken into consideration.

4. Other

(1) Changes in significant subsidiaries during the current quarter

(changes in specific subsidiaries resulting in changes in the scope of consolidation): None

(2) Adoption of specific accounting policies for quarterly consolidated financial statements: None

(3) Changes in accounting principles, estimation procedures or presentation methods

1) Changes associated with revision of accounting standards: None

2) Changes other than 1): None

3) Changes accounting estimation procedures: None

4) Changes in presentation methods: None

(4) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding at end of period (including treasury stock)

As of December 31, 2017: 8,344,405 shares

As of March 31, 2017 : 8,344,405 shares

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

As of December 31, 2017: 384,403 shares

As of March 31, 2017 : 382,534 shares

3) Average number of shares outstanding during the period

Nine months ended December 31, 2017: 7,961,220 shares

Nine months ended December 31, 2016: 8,017,973 shares

* This report is not subject to the review of quarterly consolidated financial statements.

* Summaries for relevant use of forecasts and other specific affairs

This report contains projections of performance and other projections based on information currently available and certain assumptions judged to be reasonable. Actual performance may differ materially from these projections resulting from changes in the economic environment and other risks and uncertainties.

Table of Contents

1. Qualitative Information for the Third Quarter of Fiscal Year Ending March 31, 2018	4
(1) Consolidated financial performance	4
(2) Consolidated financial position	6
(3) Future projections including forecasts of consolidated financial performance	6
2. Quarterly Consolidated Financial Statements and main notes	7
(1) Quarterly consolidated balance sheets	7
(2) Quarterly consolidated statements of income and quarterly consolidated statement of comprehensive income	9
(Quarterly consolidated statements of income)	9
(Quarterly consolidated statement of comprehensive income)	11
(3) Quarterly consolidated statements of cash flows	12
(4) Notes to quarterly consolidated financial statements	14
(Going concern assumptions)	14
(Notes in the event of significant changes in shareholders' equity)	14
(Segment information)	14
3. Supplementary information	
Sales states (consolidated)	16

1. Qualitative Information for the Third Quarter of Fiscal Year Ending March 31, 2018

(1) Consolidated financial performance

There was a gradual recovery trend in the economic environment during the current third quarter consolidated accumulative period, with improvements in the corporate earnings environment behind the progress of the weakening yen and increase of exports. However, uncertainties remain in overseas political trends, including the protectionist policy management of the new U.S. administration and North Korea situation.

Under the circumstances, the net sales and operating income of the TRAD Group (on a foreign currency basis) increased in subsidiaries of the United States, China, Asia and also increased in Japan, due to strong performance. The profit attributable to owner of parent increased from the same period of the previous year, although we posted extraordinary loss accompanying payment of settlement related to antitrust laws, due to posting gain on sales of investment securities etc.

As a result, net sales during the consolidated cumulative third quarter increased by 16,203 million yen from the previous fiscal year, amounting to 90,487 million yen (up 21.8% year on year), operating income increased by 2,393 million yen, amounting to 4,430 million yen (up 117.4% year on year), ordinary income increased by 2,739 million yen, amounting to 5,057 million yen (up 118.2% year on year) and profit attributable to owners of parent increased by 1,875 million yen, amounting to 3,494 million yen (up 115.9% year on year).

The segment results are as follows.

The book-closing date for the consolidated subsidiaries for the first nine months of the fiscal year under review is September 30. In preparing the consolidated financial statements, the financial statements as of, and for the nine-month period ended on this date were used. With respect to material transactions conducted during the period between this date and the book-closing date for consolidated accounting, we have made adjustments as necessary for consolidated accounting. The segments relevant to such adjustments are the United States, Europe, Asia and China.

Three of domestic subsidiaries have the same settlement date that coincides with the last day of the consolidated fiscal year. The segment impacted by such adjustments is Other.

From the previous second quarterly consolidated accounting period, Tripac International Inc. is included in the United States segment, and from the previous fourth quarterly consolidated accounting period, T.RAD (Changshu) R&D Center Co., Ltd., is included in the China segment.

In addition, T.RAD Sales Europe GmbH in which we newly established during the first quarterly consolidated accounting period, is included in Europe segment. And Qingdao Toyo Heat Exchanger Co., Ltd. in which we acquired its shares additionally during the third quarterly consolidated accounting period, is included in China segment.

	Net Sales				Operating Income (Loss)			
	Nine months ended December 31, 2016	Nine months ended December 31, 2017	Increase/Decrease	Percentage change (on a foreign currency basis)*	Nine months ended December 31, 2016	Nine months ended December 31, 2017	Increase/Decrease	Percentage change (on a foreign currency basis)*
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
Japan	38,256	42,089	3,833	10.0	579	699	119	20.7
United States	16,769	23,141	6,372	23.8	(141)	714	856	553.2
Europe	2,618	2,998	380	-5.8	(116)	(205)	-89	-72.7
Asia	10,295	12,512	2,217	5.6	580	1,565	985	138.6
China	5,609	9,010	3,401	47.0	992	1,665	673	50.0
Other (including eliminations)	736	735	-0	-0.1	143	(9)	-153	-106.4
Total	74,284	90,487	16,203	14.8	2,037	4,430	2,393	100.2

*The percentage changes (on a foreign currency basis) in the chart are the percentage changes after correcting for differences arising from fluctuations in the foreign exchange rates applicable to overseas net sales.

(i) Japan

Net sales of products for automobile industry increased from the same period of the previous year thanks to the favorable transition of the orders received for our products of models. The net sales of products for construction and industrial machines increased from the same period of the previous year due to the increase of demand for China and recovery of the Mining market. As a result, the net sales in the Japan segment increased by 3,833 million yen, resulting in 42,089 million yen.

Operating income increased by 119 million yen from the same period of the previous year, resulting in 699 million yen.

(ii) United States

The net sales of products for the automobile industry largely increased from the same period of the previous year by the increase of sales of the orders received for our products of models. As a result, the net sales in the United States segment increased by 6,372 million yen from the same period of the previous year, resulting in 23,141 million yen. On a foreign currency basis, it increased by 23.8%.

Operating income increased by 856 million yen from the same period of the previous year, resulting in 714 million yen. On a foreign currency basis, it increased by 553.2%.

(iii) Europe

The net sales for automobile industry decreased from the same period of the previous year due to the decrease of orders received in both Czech Republic and Russia. As a result, the net sales in the Europe segment increased by 380 million yen from the same period of the previous year, resulting in 2,998 million yen. On a foreign currency basis, it decreased by 5.8%.

Operating loss of 205 million yen was posted, worsening by 89 million yen from the same period of the previous year.

On a foreign currency basis, it decreased by 72.7%.

(iv) Asia

The net sales of products for the automobile industry increased from the same period of the previous year by the favorable sales of the orders received for our products of models in Thailand, Indonesia and Vietnam. As a result, the net sales in the Asia segment increased by 2,217 million yen from the same period of the previous year, resulting in 12,512 million yen. On a foreign currency basis, it increased by 5.6%.

Operating income increased by 985 million yen from the same period of the previous year, resulting in 1,565 million yen. On a foreign currency basis, it increased by 138.6%.

(v) China

The net sales of products for the automobile industry largely increased from the same period of the previous year due to the commencement of mass production of models for which orders were newly received and the increase of orders received from major customers. Net sales of products for construction and industrial machines increased due to the favorable Chinese market. As a result, the net sale in the China segment increased by 3,401 million yen from the same period of the previous year, resulting in 9,010 million yen. On a foreign currency basis, it increased by 47.0%.

The operating income increased by 673 million yen from the same period of the previous year, resulting in 1,665 million yen. On a foreign currency basis, it increased by 50.0%.

(vi) Other

The achievements of other segments, including those of our domestic consolidated subsidiaries for their transportation business and other business activities, net sales is almost same value from the same period of the previous year resulting in 735 million yen.

(2) Consolidated financial position

1) Assets, liabilities and net assets

Total assets at the end of current third quarter of the fiscal year under review resulted in 90,738 million yen (up 11,525 million from the end of the previous consolidated accounting year) due to the increase of current assets caused by the increase of net sales and making Qingdao Toyo Heat Exchanger Co., Ltd. a consolidated subsidiary etc.

Total liabilities resulted in 44,367 million yen (up 7,539 million yen) due to the increase of accounts payable-trade and loans payable etc.

Net assets resulted in 46,371 million yen (up 3,985 million yen) due to the increases of retained earnings etc.

2) Cash flows

Cash and cash equivalents at the end of the current third quarter of the fiscal year under review totaled 10,933 million yen, an increase of 4,536 million yen from the same period of the previous year.

The factors for increase or decrease of each cash flow in the current third quarter consolidated accumulative period are as follows.

Net cash provided by operating activities was 6,860 million yen, an increase of 1,256 million yen year on year due to the increase of profit before income taxes etc. Net cash used in investing activities was 2,944 million yen, an increase of 790 million yen year on year due to the sale of investment securities and purchase of shares of subsidiaries etc. Net cash increased by financing activities was 663 million yen, an increase of 2,348 million yen year on year due to increase of loans payable etc.

(3) Future projections including forecasts of consolidated financial performance

We revised the forecast of consolidated financial performance released on November 6, 2017. For details, please refer to “Notice of Revisions to the Forecasts of Consolidated Financial Performance for the Year Ending March 31, 2018 and Posting Extraordinary Income” that we announced today (February 5, 2018).

2. Quarterly Consolidated Financial Statements and main notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

	FY2016	FY2017_3Q
	As of March 31, 2017	As of December 31, 2017
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	6,025	11,001
Notes and accounts receivable-trade	19,198	23,526
Electronically recorded monetary claims-operating	2,461	2,790
Short-term investment securities	499	399
Merchandise and finished goods	1,889	2,641
Work in process	514	512
Raw materials and supplies	4,180	4,783
Deferred tax assets	652	393
Others	2,260	2,326
Allowance for doubtful accounts	(83)	(83)
Total current assets	37,598	48,292
Noncurrent assets		
Tangible fixed assets		
Building and structures, net	6,326	6,573
Machinery, equipment and vehicles, net	15,914	16,292
Land	2,541	2,574
Lease assets, net	131	121
Construction in progress	2,461	3,051
Other tangible fixed assets, net	2,230	2,155
Total tangible fixed assets	29,607	30,767
Intangible assets		
Goodwill	225	633
Others	734	1,053
Total intangible assets	959	1,686
Investments and other assets		
Investment securities	8,762	9,061
Net defined benefit asset	212	172
Deferred tax assets	196	108
Others	1,904	678
Allowance for doubtful accounts	(28)	(28)
Total investments and other assets	11,047	9,991
Total noncurrent assets	41,615	42,446
Total assets	79,213	90,738

(Millions of yen)

	FY2016	FY2017_3Q
	As of March 31, 2017	As of December 31, 2017
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	9,745	13,532
Electronically recorded obligations – operating	2,949	4,620
Short-term loans payable	5,178	6,185
Lease obligations	572	410
Income taxes payable	539	327
Accrued expenses	2,205	3,189
Provision for bonuses	1,276	781
Provision for directors' bonuses	53	63
Provision for product warranties	104	227
Provision for shareholders benefit program	41	29
Electronically recorded obligations - non-operating	352	653
Others	1,448	1,352
Total current liabilities	24,465	31,374
Noncurrent liabilities		
Long-term loans payable	9,473	9,798
Lease obligations	631	801
Deferred tax liabilities	1,977	2,166
Provision for directors' retirement benefits	2	3
Net defined benefit liability	81	81
Asset retirement obligations	89	89
Others	106	51
Total noncurrent liabilities	12,362	12,993
Total liabilities	36,827	44,367
(Net assets)		
Shareholders' equity		
Capital stock	8,545	8,545
Capital surplus	7,473	7,465
Retained earnings	24,162	27,178
Treasury stock	(891)	(899)
Total shareholders' equity	39,289	42,290
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,148	1,485
Foreign currency translation adjustment	550	477
Remeasurements of defined benefit plans	496	474
Total accumulated other comprehensive income	2,195	2,437
Non-controlling interests	900	1,642
Total net assets	42,385	46,371
Total liabilities and net assets	79,213	90,738

(2) Quarterly consolidated statements of income and quarterly consolidated statement of comprehensive income
(Quarterly consolidated statements of income)

(Millions of yen)

	Nine months ended December 31, 2016 (Apr. 1, 2016–December 31, 2016)	Nine months ended December 31, 2017 (Apr. 1, 2017–December 31, 2017)
	Amount	Amount
Net sales	74,284	90,487
Cost of sales	66,435	79,127
Gross profit	7,848	11,360
Selling, general and administrative expenses		
Packing and delivery expenses	828	1,020
Salaries and allowances	1,440	1,489
Provision for bonuses	123	171
Provision for directors' bonuses	32	63
Retirement benefit expenses	52	51
Welfare expenses	649	740
Provision for product warranties	16	65
Provision for shareholders benefit program	—	28
Research and development expenses	750	981
Others	1,917	2,319
Total selling, general and administrative expenses	5,810	6,929
Operating income (loss)	2,037	4,430
Non-operating income		
Interest income	50	55
Dividends income	214	208
Equity in earnings of affiliates	280	274
Foreign exchange gains	—	74
Others	113	179
Total non-operating income	657	792
Non-operating expenses		
Interest expenses	159	158
Foreign exchange losses	201	—
Others	16	7
Total non-operating expenses	377	166
Ordinary income (loss)	2,317	5,057

(Millions of yen)

	Nine months ended December 31, 2016 (Apr. 1, 2016–December 31, 2016)	Nine months ended December 31, 2017 (Apr. 1, 2017–December 31, 2017)
	Amount	Amount
Extraordinary income		
Gain on sales of noncurrent assets	10	14
Gain on sales of investment securities	333	641
Gain on reversal of subscription rights to shares	37	—
Gain on step acquisitions	—	607
Total extraordinary income	381	1,263
Extraordinary loss		
Loss on sales of noncurrent assets	8	1
Loss on retirement of noncurrent assets	71	65
Surcharges	454	1,288
Total extraordinary loss	535	1,355
Income (loss) before income taxes	2,164	4,965
Income taxes-current	624	1,024
Income taxes-deferred	(127)	299
Total income taxes	496	1,324
Profit (loss)	1,667	3,641
Profit (loss) attributable to non-controlling interests	48	146
Profit (loss) attributable to owners of parent	1,618	3,494

(Quarterly consolidated statement of comprehensive income)

(Millions of yen)

	Nine months ended December 31, 2016 (Apr. 1, 2016–December 31, 2016)	Nine months ended December 31, 2017 (Apr. 1, 2017–December 31, 2017)
	Amount	Amount
Profit (loss)	1,667	3,641
Other comprehensive income		
Valuation difference on available-for-sale securities	803	337
Foreign currency translation adjustment	(3,188)	(121)
Remeasurements of defined benefit plans, net of tax	(16)	(22)
Share of other comprehensive income of associates accounted for using equity method	(390)	23
Total other comprehensive income	(2,792)	216
Comprehensive income	(1,125)	3,858
(Breakdown)		
Comprehensive income attributable to owners of the parent	(1,017)	3,736
Comprehensive income attributable to non-controlling interests	(108)	121

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2016 (Apr. 1, 2016–December 31, 2016)	Nine months ended December 31, 2017 (Apr. 1, 2017–December 31, 2017)
	Amount	Amount
Net cash provided by (used in) operating activities		
Profit (loss) before income taxes	2,164	4,965
Depreciation and amortization	3,819	4,032
Retirement benefit expenses	(25)	(33)
Increase(decrease) in net defined benefit liability	47	43
Increase (decrease) in provision for directors' retirement benefits	1	1
Increase (decrease) in allowance for doubtful accounts	7	(31)
Increase (decrease) in provision for bonuses	(561)	(495)
Increase (decrease) in provision for directors' bonuses	10	10
Increase (decrease) in provision for product warranties	(118)	(10)
Loss on retirement of noncurrent assets	71	65
Loss(gain) on sales of tangible fixed assets	(2)	(12)
Surcharges	454	1,288
Interest and dividends income	(264)	(263)
Interest expenses	159	158
Equity in (earnings) losses of affiliates	(280)	(274)
Decrease(increase) in notes and accounts receivable-trade	(1,129)	(1,871)
Decrease(increase) in inventories	(273)	(268)
Increase(decrease) in notes and accounts payable-trade	1,193	2,795
Loss (gain) on sales of investment securities	(333)	(641)
Loss (gain) on step acquisitions	—	(607)
Decrease(increase) in other current assets	272	(64)
Increase (decrease) in other current liabilities	861	350
Other, net	(47)	(39)
Subtotal	6,030	9,097
Interest and dividends income received	485	339
Interest expenses paid	(158)	(159)
Income taxes paid	(595)	(1,128)
Surcharges paid	(157)	(1,289)
Net cash provided by (used in) operating activities	5,603	6,860

(Millions of yen)

	Nine months ended December 31, 2016 (Apr. 1, 2016–December 31, 2016)	Nine months ended December 31, 2017 (Apr. 1, 2017–December 31, 2017)
	Amount	Amount
Net cash provided by (used in) investing activities		
Purchase of tangible fixed assets	(4,187)	(3,915)
Proceeds from sales of tangible fixed assets	52	43
Purchase of investment securities	(0)	—
Proceeds from sales of investment securities	602	990
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	229
Payments of loans receivable	(0)	—
Others	(201)	(292)
Net cash provided by (used in) investing activities	(3,735)	(2,944)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(2,652)	404
Proceeds from long-term loans payable	5,638	1,658
Repayment of long-term loans payable	(2,944)	(828)
Proceeds from share insurance to non-controlling shareholders	1	1
Purchase of treasury stock	(484)	(7)
Cash dividends paid	(485)	(477)
Cash dividends paid to non-controlling shareholders	(142)	(106)
Others	(615)	19
Net cash provided by (used in) financing activities	(1,685)	663
Effect of exchange rate change on cash and cash equivalents	(667)	139
Net increase (decrease) in cash and cash equivalents	(484)	4,717
Cash and cash equivalents at beginning of period	6,760	6,216
Increase in cash and cash equivalents from newly consolidated subsidiary	122	—
Cash and cash equivalents at end of period	6,397	10,933

(4) Notes to quarterly consolidated financial statements
 (Going concern assumptions)
 Not applicable

(Notes in the event of significant changes in shareholders' equity)
 Not applicable

(Segment information)

I Nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

1. Net sales and profit (loss) by reportable segments

(Millions of yen)

	Reportable segment						Other (Note 3)	Total
	Japan	United States	Europe	Asia	China	Total		
Net Sales:								
Sales to outside customers	38,256	16,768	2,617	10,295	5,609	73,547	736	74,284
Intersegment sales or Transfers	4,068	114	35	156	955	5,329	2,156	7,486
Total	42,324	16,882	2,653	10,451	6,564	78,877	2,892	81,770
Segment income (loss)	579	(141)	(116)	580	992	1,893	188	2,082

Note: 1. Our Group consists of the Company and these overseas corporations which are based on a manufacturing and sales structure. As such, "Japan", "the United States", "Europe", "Asia" and "China" are our five reportable segments.

2. Major countries or regions belong to each reportable segment

Europe the Czech Republic, Russia

Asia Thailand, Indonesia, Vietnam

3. "Other" comprises business operations that are not categorized as reportable segments and includes the business activities of domestic subsidiaries, such as the transportation business.

2. Difference between total segment income (loss) for reportable segments and operating income on consolidated statements of income, and details of the difference (reconciliation of the difference)

(Millions of yen)

Income	Amount
Total segment income	1,893
Income for "Other"	188
Intersegment eliminations	(44)
Operating income on consolidated statements of income	2,037

3. Impairment loss on noncurrent assets and goodwill, etc., by reportable segment

(Significant impairment loss on noncurrent assets)

Not applicable

(Significant change in goodwill amount)

Not applicable

(Significant gain on bargain purchase)

Not applicable

II Nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

1. Net sales and profit (loss) by reportable segments

(Millions of yen)

	Reportable segment						Other (Note 3)	Total
	Japan	United States	Europe	Asia	China	Total		
Net Sales:								
Sales to outside customers	42,089	23,141	2,997	12,512	9,010	89,751	735	90,487
Intersegment sales or transfers	5,028	121	428	78	1,304	6,961	2,377	9,339
Total	47,118	23,262	3,426	12,591	10,315	96,713	3,113	99,827
Segment income (loss)	699	714	(205)	1,565	1,665	4,439	186	4,625

Note: 1. Our Group consists of the Company and these overseas corporations which are based on a manufacturing and sales structure. As such, “Japan”, “the United States”, “Europe”, “Asia” and “China” are our five reportable segments.

2. Major countries or regions belong to each reportable segment

Europe the Czech Republic, Russia, Germany

Asia Thailand, Indonesia, Vietnam

3. “Other” comprises business operations that are not categorized as reportable segments and includes the business activities of domestic subsidiaries, such as the transportation business.

2. Difference between total segment income (loss) for reportable segments and operating income on consolidated statements of income, and details of the difference (reconciliation of the difference)

(Millions of yen)

Income	Amount
Total segment income	4,439
Income for “Other”	186
Intersegment eliminations	(195)
Operating income on consolidated statements of income	4,430

3. Impairment loss on noncurrent assets and goodwill, etc., by reportable segment

(Significant impairment loss on noncurrent assets)

Not applicable

(Significant change in goodwill amount)

In the segment of “China,” accompanying the acquisition of the shares of Qingdao Toyo Heat Exchanger Co., Ltd., the Company is including that company within the scope of consolidation from the current third quarterly consolidated accounting period. Furthermore, the increase amount of goodwill due to the affair is 453 million yen in the current third quarter consolidated accumulative period.

(Significant gain on bargain purchase)

Not applicable

3. Supplementary information

Sales states (consolidated)

(Millions of yen)

	Nine months ended December 31,2016 (Apr. 1, 2016–December: 31, 2016)		Nine months ended December 31, 2017 (Apr. 1, 2017–December:31, 2017)		Increase/Decrease		FY2016 (Apr 1,2016-Mar 31,2017)	
	Amount	%	Amount	%	Amount	%	Amount	%
For Automobile	51,231	69.0	63,613	70.3	12,381	24.2	75,769	70.4
For Construction & Industrial machine	15,324	20.6	19,773	21.9	4,448	29.0	21,643	20.1
For Air conditioner	5,326	7.2	4,357	4.8	-968	-18.2	6,793	6.3
Other	2,401	3.2	2,743	3.0	342	14.2	3,401	3.2
Total	74,284	100.0	90,487	100.0	16,203	21.8	107,608	100.0

Notes: Amounts less than one million yen have been truncated.