

Consolidated Financial Results for the Fiscal Year Ended March 31, 2017(J-GAAP)

May 15, 2017

Company name: T.RAD Co., Ltd.

Code No.: 7236

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Scheduled date of the Ordinary General Meeting of Shareholders: June 28, 2017

Scheduled date of filing of securities report: June 28, 2017

Scheduled date of start of dividend payments: June 29, 2017

Supplemental materials prepared for consolidated financial results: None

Briefing on consolidated financial results: Yes (for institutional investors, and analysts)

(Amounts less than one million yen have been truncated)

1. Consolidated Financial Performance for the Fiscal Year Ended March 31, 2017

(April 1, 2016 to March 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	%
Fiscal year ended March 31, 2017	107,608	5.4	3,216	157.9	3,544	148.9	2,022	171.4
Fiscal year ended March 31, 2016	102,132	-1.3	1,247	-62.2	1,424	-61.1	745	53.9

Note: Comprehensive income

Fiscal year ended March 31, 2017: ¥1,586 million —%

Fiscal year ended March 31, 2016: ¥(2,489) million —%

	Net income per share	Diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2017	25.27	—	4.9	4.5	3.0
Fiscal year ended March 31, 2016	9.07	—	1.8	1.8	1.2

Reference: Equity earnings (losses) of affiliates

Fiscal year ended March 31, 2017: ¥387 million

Fiscal year ended March 31, 2016: ¥320 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2017	79,213	42,385	52.4	521.05
Fiscal year ended March 31, 2016	78,764	41,855	51.9	497.69

Reference: Shareholders' equity

As of March 31, 2017: ¥41,485 million

As of March 31, 2016: ¥40,880 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2017	6,693	(5,775)	(1,425)	6,216
Fiscal year ended March 31, 2016	4,958	(8,115)	2,385	6,760

2. Dividends

	Dividends per Share					Total Dividends Paid (Annual)	Payout Ratio (Consolidated)	Dividends per Net Assets (Consolidated)
	1Q	2Q	3Q	Year-End	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2016	—	3.00	—	3.00	6.00	492	66.2	1.2
Fiscal year ended March 31, 2017	—	3.00	—	3.00	6.00	477	23.7	1.2
Fiscal year ending March 31, 2018 (Forecast)	—	3.00	—	30.00	—		20.8	

We resolved at the Board of Directors meeting held on May 15, 2017, to make a proposal for the consolidation of shares which will come into effect on October 1, 2017 at the 115th Ordinary General Meeting of Shareholders scheduled to be held on June 28, 2017. That is, each unit of 10 common shares will be 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 3 yen and the annual dividend per share will be 6 yen if the consolidation of shares is not taken into consideration. Please refer to “Change in the number of shares constituting one unit and the consolidation of shares, along with a change in the total number of issuable shares” released on May 15, 2017.

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
2 nd Quarter ending September 30, 2017	56,600	14.0	2,400	90.2	2,700	122.8	1,400	67.2	17.58
Fiscal year ending March 31, 2018	112,300	4.4	3,900	21.3	4,500	26.9	2,300	13.7	288.88

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 28.89 yen if the consolidation of shares is not taken into consideration.

4. Other

- (1) Changes in significant subsidiaries during the period (changes in specific subsidiaries resulting in changes in the scope of consolidation): None
- (2) Changes in accounting principles, procedures, presentation methods
 - 1) Changes associated with revision of accounting standards: Yes
 - 2) Changes other than 1): None
 - 3) Changes accounting estimation procedures: None
 - 4) Changes in presentation methods: None
- (3) Number of shares issued and outstanding (common stock)
 - 1) Number of shares issued and outstanding at end of year (including treasury stock)
 - As of March 31, 2017: 83,444,057 shares
 - As of March 31, 2016: 83,444,057 shares
 - 2) Number of shares of treasury stock at end of period
 - As of March 31, 2017: 3,825,346 shares
 - As of March 31, 2016: 1,302,781 shares
 - 3) Average number of shares outstanding during the period
 - Fiscal year ended March 31, 2017: 80,040,032 shares
 - Fiscal year ended March 31, 2016: 82,145,052 shares

(Reference) Summary of Non-consolidated Financial Performance

1. Non-consolidated Financial Performance for Fiscal Year Ended March 31, 2017

(April 1, 2016 to March 31, 2017)

(1) Non-consolidated operating results

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2017	56,834	-2.9	790	—	2,856	49.3	1,904	116.3
Fiscal year ended March 31, 2016	58,558	-3.1	(44)	—	1,912	-3.6	880	—

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2017	23.80	—
Fiscal year ended March 31, 2016	10.72	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2017	52,391	29,801	56.9	374.30
Fiscal year ended March 31, 2016	52,713	28,452	53.9	345.93

Reference: Shareholders' equity

As of March 31, 2017: ¥29,801 million

As of March 31, 2016: ¥28,414 million

2. Forecast of Non-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		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2 nd Quarter ending September 30, 2017	28,500	2.1	400	135.3	1,700	115.2	900	178.6	11.30
Fiscal year ending March 31, 2018	57,300	0.8	300	-62.1	2,600	-9.0	1,400	-26.5	175.84

The net income per share in the non-consolidated earnings (for the full year) forecast for the fiscal year ending March 31, 2018, is taken the consolidation of shares into consideration. The net income per share in the non-consolidated earnings (for the full year) forecast for the fiscal year ending March 31, 2018, will be 17.58 yen if the consolidation of shares is not taken into consideration.

* Notice regarding audit procedure for the consolidated financial statements

The consolidated financial results presented herein are not subject to the audit procedures pursuant to the Financial Instruments and Exchange Act. The audit procedures for consolidated financial statements pursuant to the Financial Instruments and Exchange Act have not been completed at the time of the disclosure of these financial results.

* 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.

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1. Business Results and Qualitative Information for the Fiscal Year Ended March 31, 2017

(1) General overview of financial performance

General overview

There was a gradual recovery trend in the economic environment during the consolidated fiscal year that ended March 31, 2017, with improvements in the corporate earnings environment behind the depreciation of the yen and high stock prices after the presidential election in the United States. However, uncertainties remain in overseas political trends, including the protectionist policy management of the new U.S. administration and elections in European countries.

Under these circumstances, net sales of Company Group (based on a foreign currency basis) increased in the United States, Europe Asia and China year on year, but those in Japan decreased. Operating income (based on a foreign currency basis) increased in Japan, the United States, Europe and China year on year, but those in Asia decreased. Profit attributable to owners of parent increased too in comparison to the same period of the previous fiscal year.

As a result, net sales of the consolidated fiscal year under review increased by 5,475 million yen from the previous fiscal year, amounting to 107,608 million yen (up 5.4% year on year), operating income increased by 1,969 million yen, amounting to 3,216 million yen (up 157.9% year on year), ordinary income increased by 2,120 million yen, amounting to 3,544 million yen (up 148.9% year on year) and profit attributable to owners of parent increased by 1,277 million yen, amounting to 2,022 million yen (up 171.4% year on year).

The segment results are as follows.

The book-closing date for the consolidated subsidiaries for the consolidated fiscal year under review is December 31. In preparing the consolidated financial statements, the financial statements as of, and for one year 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.

The book-closing date for three domestic subsidiaries changed from December 31 to March 31 from the previous consolidated fiscal year. The segment impacted by such adjustments is Other.

From the first quarterly consolidated accounting period, Tripac International Inc. is included in the scope of consolidation as our consolidated subsidiary in the United States, T.RAD North America, Inc. has newly acquired shares of the company. The corresponding segment is the United States.

In addition, T.RAD (Changshu) R&D Center Co., Ltd., in which we newly invested during the fourth quarterly consolidated accounting period, is included in the scope of the consolidated accounting. The corresponding segment is China.

	Net Sales				Operating Income (Loss)			
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Increase/ Decrease	Percentage change (on a foreign currency basis)*	Fiscal year ended March 31, 2016	Fiscal year ended March 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	51,979	51,521	-458	-0.9	(39)	777	816	—
United States	23,127	26,003	2,875	16.3	(965)	(334)	631	64.2
Europe	3,078	3,866	788	30.0	(311)	(284)	26	12.7
Asia	13,363	15,636	2,273	19.1	1,029	986	-43	-0.4
China	8,546	9,593	1,047	22.8	1,288	1,717	428	45.8
Other (including elimination)	2,036	986	-1,049	-51.5	244	353	108	44.5
Total	102,132	107,608	5,475	7.3	1,247	3,216	1,969	188.8

*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 strong sales of models for which orders were newly received from our major customers. Net sales of products for construction industrial machinery remained unchanged from those in the previous fiscal year, as orders from key customers recovered in the second half of the fiscal year. Net sales of products for air-conditioners significantly decreased due to in-house production by customers. As a result, the net sales in the Japan segment decreased by 458 million yen, resulting in 51,521 million yen.

Operating income increased by 816 million yen from the same period of the previous year, resulting in 777 million yen by the effect of price decline of materials.

(ii) United States

Net sales of products for automobile industry significantly increased with addition of net sales of Tripac International Inc. together with the commencement of mass production of models for which orders were newly received. As a result, net sales of corresponding segment increased by 16.3% on a foreign currency basis compared with the same period of the previous year. On a yen basis, it increased by 2,875 million yen, resulting in 26,003 million yen.

Operating income increased by 631 million yen compared to that in the same period of the previous year due to the end of production disruption, but personnel expenses, scrap costs, etc. remained high, operating loss of 334 million yen was posted. On a foreign currency basis, it increased by 64.2%.

(iii) Europe

In the Czech Republic, as a result of significant increase in net sales of products for air-conditioners, net sales of corresponding segment increased by 30.0% on a foreign currency basis compared with the same period of the previous year. On a yen basis, it increased by 788 million yen, resulting in 3,866 million yen.

Operating loss of 284 million yen was posted, improving by 26 million yen from the same period of the previous year. On a foreign currency basis, operating income increased by 12.7%.

(iv) Asia

As for net sales of products for the automobile industry, net sales of products for motorcycles increased in Thailand and Vietnam, net sales of products for automobiles increased in Indonesia. As a result, net sales of corresponding segment increased by 19.1% on a foreign currency basis compared with the same period of the previous year. On a yen basis, it increased by 2,273 million yen, resulting in 15,636 million yen.

The operating income in Thailand decreased by 43 million from the same period of the previous year, resulting in 986 million yen due to the impact of increased cost associated with launch of a new automobile model. On a foreign currency basis, it decreased by 0.4%.

(v) China

As for net sales of products for automobile industry, orders placed by major customers increased due to the start of the mass production of new orders for models and the impact of tax reduction measures for small cars. Net sales of products for construction and industrial machines increased due to an increase in orders placed for ASEAN and Korea and an increase in orders due to the recovery of the Chinese market. As a result, net sales of corresponding segment increased by 22.8% on a foreign currency basis compared with the same period of the previous year. On a yen basis, it increased by 1,047 million yen, resulting in 9,593 million yen.

The operating income increased by 428 million yen from the same period of the previous year, resulting in 1,717 million yen, but on a foreign currency basis, it increased by 45.8%.

(vi) Other

The achievements of other segments, including those of our domestic consolidated subsidiaries for their transportation business and other business activities, resulted in a sales decrease of 1,049 million yen from those in the same period of the previous year and amounted to 986 million yen. This was due to a change in the end date of the previous year of three domestic subsidiaries of the segment from the end of December to the end of March, which resulted in a recorded increase in sales in the previous year for the three months' period.

Outlook for the fiscal year ending March 31, 2018

As to the forecast for the fiscal year ending March 2018 of the Company Group, both our domestic and overseas bases have increased sales of products for automotive and construction machinery compared to the previous year, and our profits are expected to increase with improvements in the earnings of our U.S. and ASEAN bases despite the increased purchase costs of raw materials.

The Company forecasts the following consolidated financial performance for the fiscal year ending March 31, 2018: net sales of 112,300 million yen (up 4.4% year on year), operating income of 3,900 million yen (up 21.3% year on year), ordinary income of 4,500 million yen (up 26.9% year on year), and profit attributable to owners of parent of 2,300 million yen (up 13.7% year on year).

(2) General overview of consolidated financial position

1) Assets, liabilities and net assets

Although tangible fixed assets decreased, total assets at the end of the consolidated fiscal year under review resulted in 79,213 million yen (up 448 million yen year on year) due to the increase of current assets caused by the increase of net sales and the increases of market prices of investment securities.

Total liabilities resulted in 36,827 million yen (down 82 million yen year on year) due to the decreases of interest-bearing liabilities (including finance leases).

Although foreign currency translation adjustment decreased, net assets resulted in 42,385 million yen (up 503 million yen year on year) due to the increases of retained earnings.

2) Cash flows

The increasing and decreasing factors of each cash flow in the consolidated fiscal year under review are as follows.

Net cash provided by operating activities was 6,693 million yen, an increase of 1,735 million yen year on year.

Net cash used in investing activities was 5,775 million yen, a decrease of 2,340 million yen year on year, net cash used by financing activities was 1,425 million yen, a decrease of 3,811 million yen year on year due to the decreases of interest-bearing liabilities, purchase of treasury shares, and increased paying dividends.

As a result, cash and cash equivalents at the end of the fiscal year under review totaled 6,216 million yen, a decrease of 544 million yen from the end of the previous fiscal year.

2. Overview of the T.RAD Group

1. Businesses

The T.RAD Group, which consists of T.RAD Co., Ltd. (the “Company”), its 15 subsidiaries and three affiliates, mainly manufactures and sells various types of heat exchangers and provides related services.

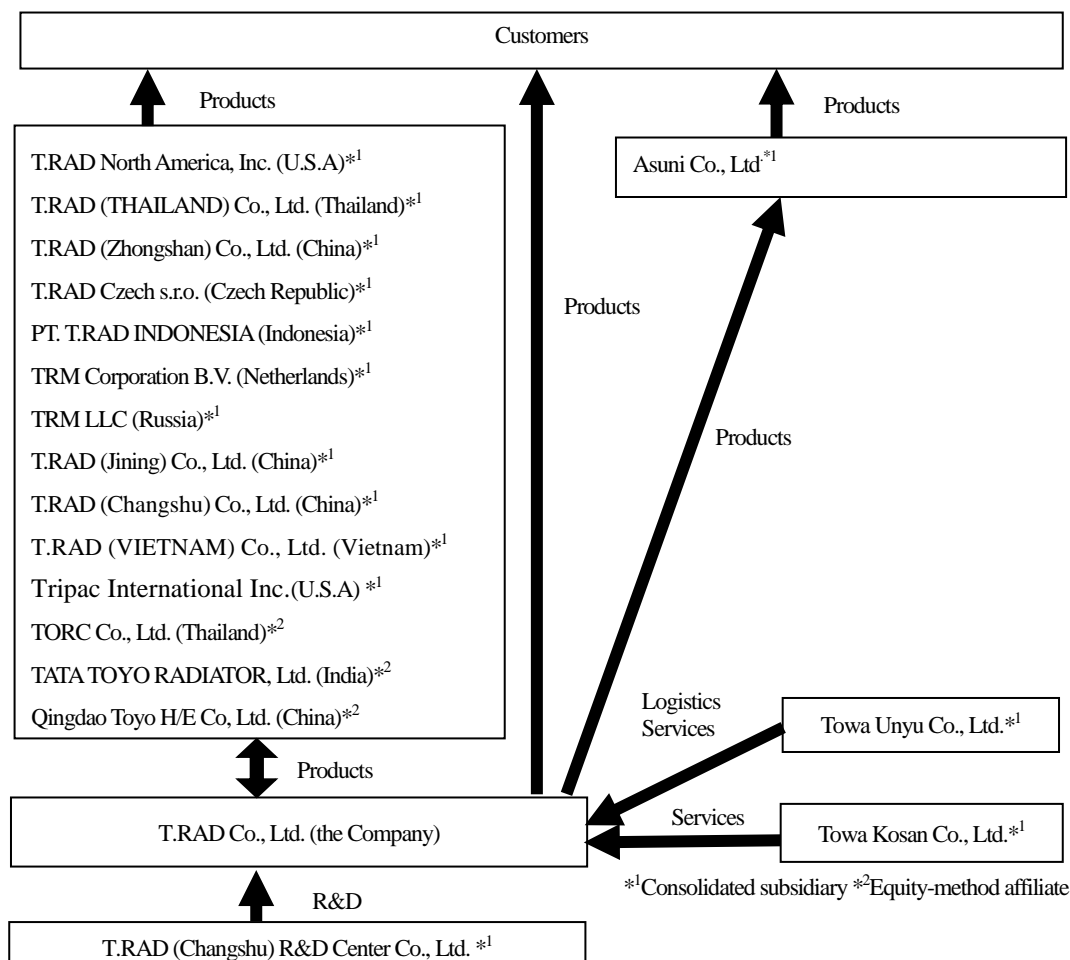
Each reported segment is composed as below, and these reported segments are the same as the classification of the segment information listed in 4. Consolidated Financial Statements (5) Notes concerning Consolidated Financial Statements.

Reportable Segments	Main company
Japan	T.RAD Co., Ltd. (the Company)
United States	T.RAD North America, Inc. Tripac International Inc.
Europe	T.RAD Czech s.r.o. TRM Corporation B.V. TRM LLC
Asia	T.RAD (THAILAND) Co., Ltd. PT. T.RAD INDONESIA T.RAD (VIETNAM) Co., Ltd. TORC Co., Ltd. * ¹ TATA TOYO RADIATOR, Ltd. * ¹
China	T.RAD (Zhongshan) Co., Ltd. T.RAD (Jining) Co., Ltd. T.RAD (Changshu) Co., Ltd. T.RAD (Changshu) R&D Center Co., Ltd. Qingdao Toyo H/E Co, Ltd. * ¹
Other (Japan)	Asuni Co., Ltd. Towa Unyu Co., Ltd. Towa Kosan Co., Ltd.

*¹ Equity-method affiliates are included in the reportable segment where they are located.

[Business Flow Chart]

The flow chart for the businesses of the T.RAD Group is as follows.



2. Subsidiaries and Affiliates

Name	Location	Capital (Thousand)	Description of business	Voting rights ratio (%)	Relations with the Company
Consolidated subsidiaries					
T.RAD North America, Inc. *2,4	Hopkinsville, Kentucky, U.S.A	USD 70,000	Manufacture and sales of heat exchangers	100.0	Business relationship Concurrent position of director
Tripac International Inc.	Fort Worth, Texas, U.S.A	USD 4,166	Manufacture and sales of heat exchangers	89.6 *1 (89.6)	Business relationship
T.RAD Czech s.r.o. *2	Unhost, Czech	CZK 250,000	Manufacture and sales of heat exchangers	90.0	Business relationship Obligation Guarantee Loan of funds
TRM Corporation B.V.*2	Amsterdam, Netherlands	EUR 26,172	Manufacture and sales of heat exchangers	75.0	Holding Company of TRM LLC Concurrent position of director
TRM LLC*2	Nizhni Novgorod, Russia	RUB 1,059,742	Manufacture and sales of heat exchangers	75.0 *1 (75.0)	Business relationship Obligation Guarantee Loan of funds
T.RAD (THAILAND) Co., Ltd.*2	Chachoengsao, Thailand	THB 390,500	Manufacture and sales of heat exchangers	100.0	Business relationship Concurrent position of director
PT. T.RAD INDONESIA	Bekasi, Java, Indonesia	USD 7,300	Manufacture and sales of heat exchangers	90.0 *1 (26.3)	Business relationship Concurrent position of director
T.RAD (VIETNAM) Co., Ltd.	Hanoi, Vietnam	USD 6,300	Manufacture and sales of heat exchangers	100.0	Business relationship Concurrent position of director
T.RAD (Zhongshan) Co., Ltd.*2	Zhongshen, Guangdong, China	CNY 107,601	Manufacture and sales of heat exchangers	90.0	Business relationship Concurrent position of director
T.RAD (Jining) Co., Ltd.	Jining, Shandong, China	CNY 3,000	Manufacture and sales of heat exchangers	90.0 *1 (90.0)	Business relationship
T.RAD (Changshu) Co., Ltd.*2	Changshu, Jiangsu, China	USD 17,000	Manufacture and sales of heat exchangers	90.0	Business relationship Concurrent position of director
T.RAD (Changshu) R&D Center Co., Ltd.	Changshu, Jiangsu, China	USD 1,500	Development of heat exchangers	100.0	Business relationship R&D Center
Asuni Co., Ltd.	Hadano, Kanagawa, Japan	JPY 15,325	Sales of heat exchangers	100.0 *1 (50.0)	Business relationship
Towa Unyu Co., Ltd.	Higashiura, Chita, Aichi, Japan	JPY 48,900	Cargo transportation	100.0 *1 (13.0)	Business relationship Transportation of Products
Towa Kosan Co., Ltd.	Minami-ku, Nagoya, Aichi, Japan	JPY 334,720	Management of properties	100.0 *1 (7.3)	Business relationship
Equity-method affiliates					
TORC Co., Ltd.	Chachoengsao, Thailand	THB 60,000	Manufacture and sales of heat exchangers	45.0	Business relationship Concurrent position of director
TATA TOYO RADIATOR, Ltd.	Pune, India	INR 320,000	Manufacture and sales of heat exchangers	40.2	Business relationship
Qingdao Toyo H/E Co., Ltd.	Qingdao, Shandong, China	CNY 40,856	Manufacture and sales of heat exchangers	39.0	Business relationship

Notes:

- *1. The figures in parentheses are the ratios that the Company indirectly holds.
- *2. T.RAD North America, Inc., T.RAD Czech s.r.o., TRM Corporation B.V., TRM LLC., TRAD (THAILAND) Co., Ltd., T.RAD (Zhongshan) Co., Ltd., and T.RAD (Changshu) Co., Ltd are specific subsidiaries of the Company.
- *3. Fifteen consolidated subsidiaries and three affiliates mentioned above have not submitted any securities registration statements or securities reports.
- *4. Net sales accounted for over 10% of consolidated net sales. However, the principal income summary is omitted, as net sales of the subsidiary accounted for over 90% of net sales in North America area of the segment information.

3. Basic Concept Behind the Selection of Accounting Standards

In order to ensure comparability between companies and over time, the T.RAD Group prepares the Company's consolidated financial statements based on the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (except Chapters 7 and 8)" (Ordinance of the Ministry of Finance No. 28 of 1976).

Please note that, in view of domestic and overseas circumstances, the Company intends to respond appropriately to the application of international accounting standards.

4. Consolidated Financial Statements

(1) Consolidated balance sheets

(Millions of yen)

	FY2015	FY2016
	As of March 31, 2016	As of March 31, 2017
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	*2 6,363	*2 6,025
Notes and accounts receivable-trade	18,214	19,198
Electronically recorded monetary claims-operating	1,735	2,461
Short-term investment securities	622	499
Merchandise and finished goods	1,677	1,889
Work in process	405	514
Raw materials and supplies	4,214	4,180
Deferred tax assets	503	652
Others	2,975	2,260
Allowance for doubtful accounts	(38)	(83)
Total current assets	36,673	37,598
Noncurrent assets		
Tangible fixed assets		
Buildings and structures	19,060	18,931
Accumulated depreciation	(12,066)	(12,605)
Building and structures, net	6,993	6,326
Machinery, equipment and vehicles	41,149	45,045
Accumulated depreciation	(27,363)	(29,130)
Machinery, equipment and vehicles, net	13,786	15,914
Land	2,576	2,541
Lease assets	703	789
Accumulated depreciation	(540)	(657)
Lease assets, net	162	131
Construction in progress	4,940	2,461
Other tangible fixed assets	25,252	27,097
Accumulated depreciation	(23,099)	(24,867)
Other tangible fixed assets, net	2,153	2,230
Total tangible fixed assets	30,613	29,607
Intangible assets		
Goodwill	—	225
Other intangible assets	728	734
Total intangible assets	728	959
Investments and other assets		
Investment securities	*1 8,266	*1 8,762
Long-term loans receivable	303	—
Net defined benefit asset	43	212
Deferred tax assets	29	196
Others	*1 2,135	*1 1,904
Allowance for doubtful accounts	(28)	(28)
Total investments and other assets	10,750	11,047
Total noncurrent assets	42,091	41,615
Total assets	78,764	79,213

(Millions of yen)

	FY2015	FY2016
	As of March 31, 2016	As of March 31, 2017
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	12,915	9,745
Electronically recorded obligations - operating	—	2,949
Short-term loans payable	9,839	5,178
Lease obligations	854	572
Income taxes payable	289	539
Accrued expenses	^{*2} 1,990	^{*2} 2,205
Provision for bonuses	1,198	1,276
Provision for directors' bonuses	22	53
Provision for product warranties	209	104
Provision for shareholders benefit program	40	41
Notes payable-facilities	163	—
Electronically recorded obligations - non-operating	—	352
Others	1,830	1,448
Total current liabilities	29,354	24,465
Noncurrent liabilities		
Long-term loans payable	4,464	9,473
Lease obligations	1,140	631
Deferred tax liabilities	1,705	1,977
Provision for directors' retirement benefits	0	2
Net defined benefit liability	45	81
Asset retirement obligations	88	89
Others	109	106
Total noncurrent liabilities	7,555	12,362
Total liabilities	36,909	36,827
(Net assets)		
Shareholders' equity		
Capital stock	8,545	8,545
Capital surplus	7,473	7,473
Retained earnings	22,625	24,162
Treasury stock	(405)	(891)
Total shareholders' equity	38,238	39,289
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	695	1,148
Foreign currency translation adjustment	1,590	550
Remeasurements of defined benefit plans	356	496
Total valuation and translation adjustments	2,642	2,195
Subscription rights to shares	37	—
Non-controlling interests	936	900
Total net assets	41,855	42,385
Total liabilities and net assets	78,764	79,213

(2) Consolidated statements of income and consolidated statement of comprehensive income
(Consolidated statements of income)

(Millions of yen)

	FY2015	FY2016
	(Apr. 1, 2015–Mar. 31, 2016)	(Apr. 1, 2016–Mar. 31, 2017)
	Amount	Amount
Net sales	102,132	107,608
Cost of sales	#1, #7 92,809	#1, #7 95,944
Gross profit	9,323	11,664
Selling, general and administrative expenses		
Packing and delivery expenses	1,096	1,149
Provision for product warranties	49	66
Directors' compensations	202	202
Salaries and allowances	2,001	1,979
Provision for bonuses	237	247
Provision for directors' bonuses	22	53
Provision for directors' retirement benefits	0	1
Provision for retirement benefits	88	89
Welfare expenses	894	957
Depreciation	320	291
Rent expenses	251	261
Transportation and communication expenses	457	452
Research and development expenses	#1 852	#1 1,084
Entertainment expenses	81	86
Provision for shareholders benefit program	40	40
Provision of allowance for doubtful accounts	4	5
Commission Fee	301	359
Miscellaneous expenses	1,171	1,119
Total selling, general and administrative expenses	8,076	8,447
Operating income (loss)	1,247	3,216
Non-operating income		
Interest income	62	70
Dividends income	224	215
Equity in earnings of affiliates	320	387
Others	118	180
Total non-operating income	726	853
Non-operating expenses		
Interest expenses	181	236
Loss on investments in partnership	17	0
Foreign exchange losses	341	276
Bad debts expenses	—	0
Others	9	12
Total non-operating expenses	549	525
Ordinary income	1,424	3,544

(Millions of yen)

	FY2015	FY2016
	(Apr. 1, 2015–Mar. 31, 2016)	(Apr. 1, 2016–Mar. 31, 2017)
	Amount	Amount
Extraordinary income		
Gain on sales of noncurrent assets	#2 56	#2 16
Gain on sales of investment securities	—	333
Gain on reversal of subscription rights to shares	1	37
Total extraordinary income	57	388
Extraordinary loss		
Loss on retirement of noncurrent assets	#3 100	#3 142
Loss on sales of noncurrent assets	#4 4	#4 24
Impairment loss	—	#5 354
Loss on sales of golf club memberships	—	0
Surcharges	#6 139	#6 592
Total extraordinary loss	244	1,115
Income (loss) before income taxes	1,237	2,817
Income taxes-current	948	1,013
Income taxes-deferred	(434)	(303)
Total income taxes	513	710
Profit (loss)	723	2,107
Profit (loss) attributable to non-controlling interests	(21)	84
Profit (loss) attributable to owners of parent	745	2,022

(Consolidated statement of comprehensive income)

(Millions of yen)

	FY2015	FY2016
	(Apr. 1, 2015–Mar. 31, 2016)	(Apr. 1, 2016–Mar. 31, 2017)
	Amount	Amount
Profit (loss)	723	2,107
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,469)	453
Foreign currency translation adjustment	(1,111)	(967)
Remeasurements of defined benefit plans, net of tax	(365)	140
Share of other comprehensive income of associates accounted for using equity method	(266)	(147)
Total other comprehensive income	(3,213)	(520)
Comprehensive income	(2,489)	1,586
(Breakdown)		
Comprehensive income attributable to owners of parent	(2,374)	1,575
Comprehensive income attributable to non-controlling interests	(115)	10

(3) Consolidated statements of changes in net assets
Fiscal year ended March 31, 2016(April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2015	8,545	7,473	22,290	(403)	37,906
Changes of items during the period					
Dividends from surplus			(410)		(410)
Profit attributable to owners of parent			745		745
Purchase of treasury stock				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	334	(1)	332
As of March 31, 2016	8,545	7,473	22,625	(405)	38,238

(Millions of yen)

	Valuation and translation adjustments				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustments			
As of April 1, 2015	2,165	2,875	720	5,761	39	1,140	44,848
Changes of items during the period							
Dividends from surplus							(410)
Profit attributable to owners of parent							745
Purchase of treasury stock							(1)
Net changes of items other than shareholders' equity	(1,469)	(1,284)	(364)	(3,119)	(1)	(204)	(3,325)
Total changes of items during the period	(1,469)	(1,284)	(364)	(3,119)	(1)	(204)	(2,993)
As of March 31, 2016	695	1,590	356	2,642	37	936	41,855

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2016	8,545	7,473	22,625	(405)	38,238
Changes of items during the period					
Dividends from surplus			(485)		(485)
Profit attributable to owners of parent			2,022		2,022
Purchase of treasury stock				(485)	(485)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	1,537	(485)	1,051
As of March 31, 2017	8,545	7,473	24,162	(891)	39,289

(Millions of yen)

	Valuation and translation adjustments				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustments			
As of April 1, 2016	695	1,590	356	2,642	37	936	41,855
Changes of items during the period							
Dividends from surplus							(485)
Profit attributable to owners of parent							2,022
Purchase of treasury stock							(485)
Net changes of items other than shareholders' equity	453	(1,040)	140	(446)	(37)	(36)	(520)
Total changes of items during the period	453	(1,040)	140	(446)	(37)	(36)	530
As of March 31, 2017	1,148	550	496	2,195	—	900	42,385

(4) Consolidated statements of cash flows

(Millions of yen)

	FY2015	FY2016
	(Apr. 1, 2015–Mar. 31, 2016)	(Apr. 1, 2016–Mar. 31, 2017)
	Amount	Amount
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	1,237	2,817
Depreciation and amortization	5,583	5,683
Impairment loss	—	354
Retirement benefit expenses	(2)	(33)
Increase (decrease) in net defined benefit liability	62	101
Increase (decrease) in provision for directors' retirement benefits	(7)	1
Increase (decrease) in allowance for doubtful accounts	4	5
Increase (decrease) in provision for bonuses	(60)	78
Increase (decrease) in provision for directors' bonuses	(33)	31
Increase (decrease) in provision for product warranties	140	(100)
Increase (decrease) in provision for shareholders benefit program	40	1
Loss on retirement of noncurrent assets	100	142
Loss (gain) on sales of tangible fixed assets	(51)	7
Loss (gain) on sales of investment securities	—	(333)
Surcharges	139	592
Interests and dividends income	(287)	(285)
Interests expenses	181	236
Foreign exchange losses (gains)	201	(63)
Equity in (earnings) losses of affiliates	(320)	(387)
Loss (gain) on investments in partnership	17	0
Decrease (increase) in notes and accounts receivable-trade	573	(1,822)
Decrease (increase) in inventories	336	(346)
Increase (decrease) in notes and accounts payable-trade	(391)	(123)
Decrease (increase) in other current assets	(115)	497
Increase (decrease) in other current liabilities	(252)	715
Other, net	22	(23)
Subtotal	7,117	7,748
Interest and dividends income received	522	505
Interest expenses paid	(180)	(236)
Income taxes paid	(1,143)	(830)
Surcharges	(1,356)	(493)
Net cash provided by (used in) operating activities	4,958	6,693

(Millions of yen)

	FY2015	FY2016
	(Apr. 1, 2015–Mar. 31, 2016)	(Apr. 1, 2016–Mar. 31, 2017)
	Amount	Amount
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	60	30
Payments into time deposits	(152)	(124)
Purchase of tangible fixed assets	(7,800)	(6,099)
Proceeds from sales of tangible fixed assets	191	74
Purchase of intangible assets	(170)	(217)
Purchase of investment securities	(246)	(0)
Proceeds from sales of investment securities	—	602
Payments of loans receivable	—	(0)
Other, net	1	(40)
Net cash provided by (used in) investing activities	(8,115)	(5,775)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,020	(2,320)
Proceeds from long-term loans payable	2,434	5,904
Repayment of long-term loans payable	(655)	(3,092)
Proceeds from share insurance to non-controlling shareholders	1	1
Purchase of treasury stock	(1)	(485)
Cash dividends paid	(410)	(485)
Cash dividends paid to non-controlling shareholders	—	(142)
Others	(2)	(804)
Net cash provided by (used in) financing activities	2,385	(1,425)
Effect of exchange rate change on cash and cash equivalents	(273)	(177)
Net increase (decrease) in cash and cash equivalents	(1,045)	(684)
Cash and cash equivalents at beginning of period	7,805	6,760
Increase in cash and cash equivalents from newly consolidated subsidiary	—	140
Cash and cash equivalents at end of period	*1 6,760	*1 6,216

(5) Notes concerning Consolidated Financial Statements
(Going concern assumptions)
Not applicable

(Basis for preparation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 15

Names of the consolidated subsidiaries:

Names of the consolidated subsidiaries are omitted as they are listed in “2. Overview of the T.RAD Group.”

Since the consolidated fiscal year under review, Tripac International Inc. and T.RAD (Changshu) R & D Center Co., Ltd. have been included in the scope of consolidation. T.RAD North America, Inc., a U.S. subsidiary, newly acquired new shares of the stock of Tripac International Inc. in the consolidated fiscal year while we made a new investment in T.RAD (Changshu) R&D Center Co., Ltd. Accordingly, since the consolidated fiscal year under review, we have included these two companies in the scope of consolidation.

2. Application of equity method

(1) Number of equity method affiliates: 3

TORC Co., Ltd.

Tata Toyo Radiator Ltd.

Qingdao Toyo H/E Co, Ltd.

(2) Of the companies accounted for by the equity method, for those that have a closing date that differs from the consolidated closing date, the financial statements for each such company’s financial year are used.

3. Fiscal years of consolidated subsidiaries

The book-closing date of eleven companies in addition to T.RAD North America, Inc. out of the consolidated companies is December 31.

In preparing the consolidated financial statements, the financial statements as of the dates stated above were used. With regard to important transactions that occurred between each company’s closing date and the consolidated closing date, necessary adjustments for consolidation were made.

Three of our consolidated subsidiaries, i.e., Asuni Co., Ltd., Towa Unyu Co., Ltd., and Towa Kosan Co., Ltd., have the same settlement date that coincides with the last day of the consolidated fiscal year.

4. Accounting standard

(1) Valuation basis and method for important assets

i. Securities

Other securities

Securities with fair market values:

Stated at the market value as of the balance sheet date, based on quoted market prices, etc. (any valuation differences are included in net assets in full, and the cost of securities sold is determined by the gross average method.);

Securities without fair market values:

Stated at cost determined by the gross average method.

ii. Derivatives

Derivative is evaluated by quoted market prices.

iii. Inventories

Stated at cost by the gross average method, in principle (for figures shown on the balance sheet, values are written down to their book values based on their decreased profitability).

In addition, overseas consolidated subsidiaries mainly adopt the lower-of-cost-or-market method based on the first-in first-out method.

(2) Depreciation method for important depreciable assets

i. Tangible fixed assets (excluding lease assets)

Depreciation of Tangible fixed assets is calculated mainly by the declining-balance method. The approximate useful life of assets is as follows:

Buildings and structures: 3–60 years

Machinery, equipment and vehicles: 2–17 years

Assets with an acquisition cost from ¥100,000 to less than ¥200,000 are depreciated by the straight-line method over three years based on the provisions of the Corporation Tax Act.

At overseas consolidated subsidiaries, depreciation is calculated principally by the straight-line method.

ii. Intangible assets (excluding lease assets)

At the Company and consolidated subsidiaries, the amortization of intangible assets is computed by the straight-line method. Software for internal use is amortized by the straight-line method over the estimated internal useful life (five years).

iii. Lease assets

Lease assets are amortized by the straight-line method, assuming the lease period as the useful life and no residual value.

(3) Recognition of important allowances

i. Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount determined based on a reasonable standard such as the historical experience of bad debt for ordinary accounts. For specific accounts such as doubtful accounts receivable, the collectability is determined individually, and the estimated uncollectible amount is recorded.

ii. Provision for bonuses

To appropriate funds for the payment of bonuses to employees, Provision for bonuses is provided at an estimated amount to be paid.

iii. Provision for directors' bonuses

Provision for directors' bonuses is provided at an estimated amount to accrue for the fiscal year ended March 31, 2017.

iv. Provision for product warranty

To provide for potential expenses related to the after-the-sale service of products, the Company allots an estimated amount based upon past performance.

v. Provision for shareholders benefit program

In order to prepare for the expenditure accompanying shareholders benefit program, we are posting forecasted amount of occurrence based on the rate of past use results etc.

vi. Provision for directors' retirement benefits

Some of the consolidated subsidiaries provide the provision for directors' retirement benefits at an amount deemed necessary to cover the total amount to be paid mainly pursuant to the internal regulations thereof at the end of the fiscal year-end.

(4) Accounting method for defined benefit plans

i. Method of attributing expected defined benefit plans

In calculating its defined benefit plans obligation, the Company applies the point basis as its method of attributing the expected defined benefit plans to the periods until the end of the consolidated fiscal year under review.

ii. Amortizing method for actuarial gains or losses and prior service costs

Prior service cost is amortized using the straight-line method over a certain length of period equal to or less than the average remaining service period for employees at the time such gains or losses are realized (maximum 15 years).

The actuarial gains or losses realized in each accounting period for the said allowance is amortized by the straight-line method over a certain length of period equal to or less than the average remaining service period for employees at the time such gains or losses are realized (maximum 15 years).

iii. Treatment for unrecognized actuarial gains or losses and unrecognized prior service costs

Actuarial gains or losses and prior service costs that are yet to be recognized in profit or loss are recognized within net assets as remeasurements of defined benefit plans under accumulated other comprehensive income, after adjusting for tax effects.

(5) Significant hedge accounting methods

i. Hedge accounting methods

Deferred hedge accounting treatment is used. With regard to the parent company, designated hedge accounting treatment is used for foreign currency-denominated monetary claims to which forward foreign exchange contracts have been applied. Exceptional accounting is used for interest-rate swap agreements which conform to the special regulated terms.

ii. Hedging method and scope

Hedging method : Forward foreign exchange

Scope of hedging : Foreign currency-denominated accounts receivable

Hedging method : Interest-rate swap agreement

Scope of hedging : loans payable

iii. Hedging policy

Primarily, the parent company enters into forward foreign exchange transactions for the purpose of reducing the risk from market price fluctuations on foreign currency-denominated transactions.

In addition, interest rate swap agreements are used to reduce the risk from interest rate fluctuations of loans.

iv. Method for evaluating the effectiveness of hedges

For forward foreign exchange transactions, confirmations are made that the currencies, value dates, and amounts are identical. Interest swap agreements conforming to the special regulated terms are omitted to evaluate their effectiveness.

(6) Amortization of goodwill

As for the amortization of goodwill, we reasonably estimated the period during which the effect is realized and made equal amortization over the period.

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

Cash and cash equivalents consist of cash on hand, cash in banks that can be withdrawn at any time and short-term investments with a maturity of three months or less from purchasing date that can be easily converted to cash and are subject to little risk of change in value.

(8) Other important matters for the preparation of consolidated financial statements

i. Accounting treatment of consumption taxes, etc.

The tax excluded method is adopted in accounting treatment of consumption taxes, etc.

ii. Application of consolidated tax payment system

Company and consolidated domestic subsidiaries applying consolidated tax payment system.

(Changes in accounting policy)

(Application of practical handling of changes in depreciation method in accordance with the tax reform of fiscal 2016)
In connection with the amendment of the Corporation Tax Act, we applied the practical handling of changes in the depreciation method in accordance with the tax reform of fiscal 2016 (PITF No. 32, June 17, 2016) to the consolidated fiscal year under review, and changed the depreciation method for building fixtures and structures acquired on or after April 1, 2016 to the straight-line method from the declining balance method.

The effect of this change on the consolidated fiscal year under review is insignificant.

(Additional information)

(Application of application guideline relating to the collectability of deferred tax asset)

The Company has been applying the “application guideline relating to the collectability of deferred tax asset” (Application Guideline for Corporate Accounting Standard No.26, issued on March 28, 2016) from the consolidated fiscal year under review.

(Consolidated balance sheets)

*1 Those for non-consolidated subsidiaries and affiliates are as follows:

	FY2015 (As of March 31, 2016)	FY2016 (As of March 31, 2017)
Investment securities:	¥1,870 million	¥1,994 million
Investments and other assets (other) (investment):	¥1,289 million	¥1,133 million
Total	¥3,160 million	¥3,127 million

*2 Pledged Assets and collateralized liabilities:

The following assets were pledged as collateral:

	FY2015 (As of March 31, 2016)	FY2016 (As of March 31, 2017)
Cash and deposits:	¥18 million	¥18 million

The following liabilities were collateralized by the above assets:

	FY2015 (As of March 31, 2016)	FY2016 (As of March 31, 2017)
Accrued expenses:	¥13 million	¥12 million

(Consolidated statements of income)

#1 Research and development expenses included in general expenses and manufacturing costs:

	FY2015 (April 1, 2015–March 31, 2016)	FY2016 (April 1, 2016–March 31, 2017)
	¥2,403 million	¥2,659 million

#2 Gain on sales of noncurrent assets are as follows:

	FY2015 (April 1, 2015–March 31, 2016)	FY2016 (April 1, 2016–March 31, 2017)
Machinery, equipment and vehicles:	¥10 million	¥4 million
Land	¥7 million	—
Construction in progress:	¥3 million	¥2 million
Other:	¥35 million	¥9 million
Total	¥56 million	¥16 million

#3 Loss on retirement of noncurrent assets are as follows:

	FY2015 (April 1, 2015–March 31, 2016)	FY2016 (April 1, 2016–March 31, 2017)
Buildings and structures:	¥24 million	¥12 million
Machinery, equipment and vehicles:	¥71 million	¥102 million
Construction in progress:	—	¥21 million
Other:	¥4 million	¥5 million
Total	¥100 million	¥142 million

#4 Loss on sales of noncurrent assets are as follows:

	FY2015 (April 1, 2015–March 31, 2016)	FY2016 (April 1, 2016–March 31, 2017)
Machinery, equipment and vehicles:	—	¥19 million
Construction in progress:	—	¥5 million
Other:	¥4 million	¥0 million
Total	¥4 million	¥24 million

#5 Impairment Loss:

Impairment losses were recorded in the following asset groups of the Group:

FY2016 (April 1, 2016–March 31, 2017)

Place	Purpose of use	Type	Impairment loss
Shiga Works Higashiomi-city, Shiga	Idle assets	Machinery, equipment and vehicles	¥18 million
T.RAD Czech s.r.o Unhost, Czech	Manufacture and sales of heat exchangers	Machinery, equipment and vehicles	¥70 million
TRM LLC Nizhni Novgorod, Russia	Manufacture and sales of heat exchangers	Buildings and structures	¥106 million
		Machinery, equipment and vehicles	¥137 million
		Other tangible fixed assets	¥20 million
		Subtotal	¥265 million
		Total	¥354 million

The asset groups are classified on the base of managerial accounting in consideration of company category and business category.

As a result of accounting for the impairment of assets based on the aforementioned grouping, regarding idle assets with no expected future use, its book value was written down to recoverable values, and the Company posted this loss as an impairment loss under extraordinary loss. The amount listed as recoverable value by each asset group have been appraised based on residual value.

As to manufacture and sales of heat exchangers, regarding aforementioned tangible fixed assets were no longer expected to recover the investment amount due to the decrease in profitability. Accordingly, their book values were written down to recoverable values, and the Company posted those losses as an impairment loss under extraordinary loss.

The amount listed as recoverable value by each asset group was calculated in accordance with the asset's value in usage. In T.RAD Czech s.r.o, the calculation reflects a 10% discount in future cash flow. In TRM LLC, the calculation reflects a 18% discount in future cash flow.

#6 Surcharges are as follows:

	FY2015 (April 1, 2015–March 31, 2016)	FY2016 (April 1, 2016–March 31, 2017)
Research-related expenses :	¥139 million	¥592 million
Total	¥139 million	¥592 million

In connection with sales of automotive parts (radiators and other components), investigations related to antitrust laws by European and Canadian administrative and judicial authorities are underway, in the consolidated fiscal year under review and previous consolidated fiscal year, we posted the costs related to the investigations as an extraordinary loss.

#7 Inventories at the close of the fiscal year-end, are the amounts after it write-down of the book value as a result of a decrease in profitability. The following loss on valuation of inventories is included in cost of sales:

	FY2015 (April 1, 2015–March 31, 2016)	FY2016 (April 1, 2016–March 31, 2017)
	¥90 million	¥91 million

(Consolidated statement of changes in net assets)

Fiscal year ended March 31, 2015 (April 1, 2015 to March 31, 2016)

1. Type and number of shares issued and treasury shares (Thousands of shares)

	Number of shares at beginning of the current fiscal year	Number of shares increased in the current fiscal year	Number of shares decreased in the current fiscal year	Number of shares at end of the current fiscal year
Shares issued				
Common stock	83,444	—	—	83,444
Total	83,444	—	—	83,444
Treasury shares				
Common stock *1	1,293	8	—	1,302
Total	1,293	8	—	1,302

Note: *1. The number of common stocks of treasury shares increased 8 thousand shares due to a repurchase of fractional shares.

2. Subscription rights to shares and own subscription rights to shares

Category	Breakdown of subscription rights to shares	Type of shares to be issued upon exercise of subscription rights to shares	Number of shares to be issued upon exercise of subscription rights to shares (Thousands of shares)				Balance as of March 31, 2016 (Millions of yen)
			As of April 1, 2015	Increase during the fiscal year	Decrease during the fiscal year	As of March 31, 2016	
The filing company (the Company)	Subscription rights to shares as stock option	—	—	—	—	—	37
Total		—	—	—	—	—	37

3. Cash dividends

(1) Cash dividends paid

Resolution	Type of shares	Cash dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
June 25, 2015 Ordinary General Meeting of Shareholders	Common stock	164	2	March 31, 2015	June 26, 2015
November 6, 2015 Board of Directors	Common stock	246	3	September 30, 2015	December 1, 2015

(2) Cash dividends with record dates falling in the fiscal year ended March 31, 2016 and effective dates coming after the end of the fiscal year

Resolution	Type of shares	Cash dividends (Millions of yen)	Resource of dividends	Cash dividends per share (Yen)	Record date	Effective date
June 28, 2016 Ordinary General Meeting of Shareholders	Common stock	246	Retained earnings	3	March 31, 2016	June 29, 2016

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

1. Type and number of shares issued and treasury shares (Thousands of shares)

	Number of shares at beginning of the current fiscal year	Number of shares increased in the current fiscal year	Number of shares decreased in the current fiscal year	Number of shares at end of the current fiscal year
Shares issued				
Common stock	83,444	—	—	83,444
Total	83,444	—	—	83,444
Treasury shares				
Common stock *1	1,302	2,522	—	3,825
Total	1,302	2,522	—	3,825

Note:*1. The number of common stocks of treasury shares increased 2,515 thousand shares due to purchase of treasury stock by resolution of board of directors and increased 7 thousand shares due to a repurchase of fractional shares.

2. Subscription rights to shares and own subscription rights to shares

Not applicable

3. Cash dividends

(1) Cash dividends paid

Resolution	Type of shares	Cash dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
June 28, 2016 Ordinary General Meeting of Shareholders	Common stock	246	3	March 31, 2016	June 29, 2016
November 4, 2016 Board of Directors	Common stock	238	3	September 30, 2016	December 1, 2016

(2) Cash dividends with record dates falling in the fiscal year ended March 31, 2017 and effective dates coming after the end of the fiscal year

Resolution	Type of shares	Cash dividends (Millions of yen)	Resource of dividends	Cash dividends per share (Yen)	Record date	Effective date
June 28, 2017 Ordinary General Meeting of Shareholders	Common stock	238	Retained earnings	3	March 31, 2017	June 29, 2017

(Notes to consolidated statement of cash flows)

*1 The relationship between cash and cash equivalents at the fiscal year-end and the figures stated on the consolidated balance sheets:

	FY2015 (April 1, 2015–March 31, 2016)	FY2016 (April 1, 2016–March 31, 2017)
Cash and deposits:	¥6,363 million	¥6,025 million
Securities:	¥622 million	¥499 million
Time deposits with a maturity of 3 months or more at date of purchase:	¥(225) million	¥(309) million
Cash and cash equivalents:	¥6,760 million	¥6,216 million

(Segment information)

1. General information of reportable segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed at management meetings comprising directors and officers, whereby decisions are made regarding the allocation of resources to the segments and assessments are made concerning the segments' performance.

The Group's business involves the manufacture and sales of heat exchangers for the automobile and other industries. We have corporations overseas, in the United States, Europe (the Czech Republic and Russia), Asia (Thailand, Indonesia and Vietnam) and China. Each of these overseas corporations is an independent business unit whose operations involve the manufacture of products that are marketed in each respective area.

Therefore, 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.

In each reportable segment, heat exchangers for automobiles, construction, industrial machinery and air conditioners are manufactured and sold.

2. Calculation method for net sales, profit (loss), assets and other items by reportable segment

The accounting method for the Group's reportable segments is generally the same as described in "Basis for preparation of consolidated financial statements."

Net sales for reportable segments are for each production region.

Segment income is based on operating income.

Intersegment income and transfer amount are calculated based on arm's length price.

3. Net sales, profit (loss), assets and other items by reportable segments

Fiscal year ended March 31, 2016(from April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable segment						Other	Total
	Japan	United States	Europe	Asia	China	Total		
Net Sales:								
Sales to outside customers	51,979	23,127	3,078	13,363	8,546	100,095	2,036	102,132
Intersegment sales or transfers	6,579	267	49	341	837	8,075	2,983	11,059
Total	58,558	23,395	3,127	13,704	9,384	108,171	5,020	113,191
Segment income (loss)	(39)	(965)	(311)	1,029	1,288	1,002	288	1,290
Segment assets	55,037	14,630	3,007	9,068	8,458	90,202	2,171	92,373
Other items								
Depreciation	3,139	808	244	1,004	362	5,557	87	5,645
Investment amount in equity-method affiliate	747	—	—	—	—	747	—	747
Increase of tangible fixed assets and intangible assets	3,627	2,573	402	1,527	254	8,385	101	8,486

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

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

(Millions of yen)

	Reportable segment						Other	Total
	Japan	United States	Europe	Asia	China	Total		
Net Sales:								
Sales to outside customers	51,521	26,003	3,866	15,636	9,593	106,621	986	107,608
Intersegment sales or transfers	5,312	144	86	77	1,428	7,049	2,894	9,944
Total	56,834	26,147	3,952	15,714	11,022	113,671	3,881	117,552
Segment income (loss)	777	(334)	(284)	986	1,717	2,862	256	3,118
Segment assets	55,189	16,481	2,906	8,641	8,713	91,932	2,309	94,241
Other items								
Depreciation	2,899	1,046	249	1,132	343	5,672	75	5,747
Investment amount in equity-method affiliate	747	—	—	—	—	747	—	747
Increase of tangible fixed assets and intangible assets	2,724	2,214	502	510	292	6,245	67	6,312

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

4. Difference amount between the total amount of reported segments and the posted amounts in the consolidated financial statements and the main contents of the difference amount (the adjustment of difference)

(Millions of yen)

Net sales	FY2015	FY2016
Total of reported segments	108,171	113,671
Net sales of the classification "Others"	5,020	3,881
Elimination of trades among segments	(11,059)	(9,944)
Net sales in the consolidated financial statements	102,132	107,608

(Millions of yen)

Profit	FY2015	FY2016
Total of reported segments	1,002	2,862
Profit of the classification "Others"	288	256
Elimination of trades among segments	(43)	97
Operating income in the consolidated financial statements	1,247	3,216

(Millions of yen)

Assets	FY2015	FY2016
Total of reported segments	90,202	91,932
Assets of the classification "Others"	2,171	2,309
Elimination of trades among segments	(13,608)	(15,027)
Total assets in the consolidated financial statements	78,764	79,213

(Millions of yen)

Other items	Total of reported segments		Other		Adjustments		Posted amounts in the consolidated financial statements	
	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016
Depreciation	5,557	5,672	87	75	(61)	(64)	5,583	5,683
Investment amount in equity-method affiliate	747	747	—	—	2,412	2,370	3,160	3,117
Increase of tangible fixed assets and intangible assets	8,385	6,245	101	67	(124)	(543)	8,362	5,769

Note: Adjustments are as follows.

1. The adjustment of depreciation cost derives from the elimination of unrealized losses and gains related to non-current assets.
2. The adjustment of investment amount to the entities accounted for using equity method derives from investment profit on equity method.
3. The adjustment of increased amounts of tangible fixed assets and intangible assets are as follows.
 Elimination of unrealized losses and gains related to non-current assets: (71) million yen
 Other consolidated adjustment among segments: (471) million yen

(Supplementary information)
Sales states (consolidated)

(Millions of yen)

	FY2015 (April 1, 2015 to March 31, 2016)		FY2016 (April 1, 2016 to March 31, 2017)		Increase/Decrease	
	Amount	%	Amount	%	Amount	%
For Automobile	67,854	66.4	75,769	70.4	7,914	11.7
For construction & industrial machine	21,714	21.3	21,643	20.1	-71	-0.3
For Air conditioner	7,793	7.6	6,793	6.3	-999	-12.8
Other	4,769	4.7	3,401	3.2	-1,367	-28.7
Total	102,132	100.0	107,608	100.0	5,475	5.4

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

(Per share information)

	FY2015 (April 1, 2015–March 31, 2016)	FY2016 (April 1, 2016–March 31, 2017)
Net assets per share:	¥497.69	¥521.05
Net income per share:	¥9.07	¥25.27

(Note) 1. Diluted net income per share is not listed for the consolidated fiscal year under review, as there are no potential shares that have dilutive effects on per-share net income.

2. Basis for calculation of net income per share and diluted net income per share

	FY2015 (April 1, 2015–March 31, 2016)	FY2016 (April 1, 2016–March 31, 2017)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	745	2,022
Net income that is not attributable to shares of common stock (Millions of yen)	—	—
Net income attributable to shares of common stock (Millions of yen)	745	2,022
Average number of shares of common stock during the period (Thousands)	82,145	80,040
Outline of the residual securities that had not had dilutive effects and therefore had not been included in the calculation of diluted net income per share for the period	Stock option (subscription rights to shares) by resolution of the Ordinary General Meeting of Shareholders held on June 28, 2011: 336	—

(Significant subsequent events)

Not applicable

(Omitted disclosure)

Disclosure of the statement of comprehensive income, lease transactions, information on related parties, financial products, securities, derivative transactions, retirement benefits, stock options, tax-effect accounting, asset retirement obligations, and notes related to the rental property are omitted because disclosure of such information is deemed to be insignificant.

5. Non-Consolidated Financial Statements

(1) Non-consolidated balance sheets

(Millions of yen)

	FY2015	FY2016
	As of March 31, 2016	As of March 31, 2017
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	2,936	1,463
Notes receivable-trade	702	377
Electronically recorded monetary claims-operating	1,735	2,461
Accounts receivable-trade	12,829	11,882
Short-term investment securities	599	499
Merchandise and finished goods	917	1,143
Work in process	1,046	1,093
Raw materials and supplies	565	502
Prepaid expenses	100	95
Deferred tax assets	481	595
Short-term loans receivable from subsidiaries and affiliates	588	576
Accounts receivable-other	1,822	1,838
Other current assets	3	2
Allowance for doubtful accounts	—	(0)
Total current assets	24,329	22,531
Noncurrent assets		
Tangible Fixed Assets		
Buildings	11,049	11,129
Accumulated depreciation	(8,394)	(8,669)
Buildings, net	2,655	2,459
Structures	1,423	1,450
Accumulated depreciation	(1,104)	(1,154)
Structures, net	318	296
Machinery and equipment	21,079	22,289
Accumulated depreciation	(16,368)	(16,826)
Machinery and equipment, net	4,710	5,462
Vehicles	119	117
Accumulated depreciation	(105)	(107)
Vehicles, net	14	10
Tools, furniture and fixtures	21,643	22,682
Accumulated depreciation	(20,661)	(21,774)
Tools, furniture and fixtures, net	982	907
Land	1,207	1,207
Lease assets	629	629
Accumulated depreciation	(505)	(586)
Lease assets, net	124	43
Construction in progress	1,422	631
Other, net	2	2
Total Tangible Fixed Assets	11,438	11,022

(Millions of yen)

	FY2015	FY2016
	As of March 31, 2016	As of March 31, 2017
	Amount	Amount
Intangible assets		
Software	399	283
Other intangible assets	85	219
Total intangible assets	484	502
Investments and other assets		
Investment securities	6,375	6,758
Stocks of subsidiaries and affiliates	4,865	6,466
Investments in capital of subsidiaries and affiliates	4,989	5,104
Long-term loans receivable from employees	0	—
Long-term prepaid expenses	84	72
Insurance funds	130	129
Others	244	385
Allowance for doubtful accounts	(28)	(28)
Allowance for investment loss	(201)	(552)
Total investments and other assets	16,460	18,334
Total noncurrent assets	28,383	29,859
Total assets	52,713	52,391

(Millions of yen)

	FY2015	FY2016
	As of March 31, 2016	As of March 31, 2017
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes payable-trade	345	—
Electronically recorded obligations - operating	—	2,949
Accounts payable-trade	8,569	5,451
Short-term loans payable	4,550	740
Lease obligations	593	370
Accounts payable-other	1,211	453
Income taxes payable	74	192
Accrued consumption taxes	120	299
Accrued expenses	1,181	1,239
Advances received	27	77
Deposits received	61	58
Provision for bonuses	1,178	1,253
Provision for directors' bonuses	22	53
Provision for product warranties	59	39
Provision for shareholders benefit program	40	41
Notes payable-facilities	163	—
Electronically recorded obligations - non-operating	—	352
Others	—	102
Total current liabilities	18,198	13,674
Noncurrent liabilities		
Long-term loans payable	4,135	7,045
Lease obligations	863	540
Deferred tax liabilities	492	727
Provision for retirement benefits	479	510
Asset retirement obligations	63	63
Others	27	27
Total noncurrent liabilities	6,062	8,914
Total liabilities	24,260	22,589

(Millions of yen)

	FY2015	FY2016
	As of March 31, 2016	As of March 31, 2017
	Amount	Amount
(Net assets)		
Shareholders' equity		
Capital stock	8,545	8,545
Capital surplus		
Legal capital surplus	7,306	7,306
Other capital surplus	167	167
Total capital surplus	7,473	7,473
Retained earnings		
Legal retained earnings	1,097	1,097
Other retained earnings		
Reserve for dividends	500	500
Reserve for special account for advanced depreciation of noncurrent assets	110	107
Reserve for special depreciation	0	—
General reserve	8,130	8,130
Retained earnings brought forward	2,267	3,690
Total retained earnings	12,106	13,525
Treasury stock	(405)	(891)
Total shareholders' equity	27,719	28,653
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	695	1,148
Total valuation and translation adjustments	695	1,148
Subscription rights to shares	37	—
Total net assets	28,452	29,801
Total liabilities and net assets	52,713	52,391

(2) Non-consolidated statements of income

(Millions of yen)

	FY2015	FY2016
	(Apr. 1, 2015–Mar. 31, 2016)	(Apr. 1, 2016–Mar. 31, 2017)
	Amount	Amount
Net sales	58,558	56,834
Cost of sales		
Beginning finished goods	861	795
Cost of products manufactured	49,127	47,371
Purchase of finished goods	1,352	800
Transfer from other account	2,231	1,645
Total	53,573	50,612
Finished goods transfer to other account	417	142
Ending finished goods	795	1,009
Cost of finished goods sold	52,359	49,459
Gross profit	6,199	7,374
Selling, general and administrative expenses		
Packing and delivery expenses	2,093	2,191
Advertising expenses	16	17
Provision for product warranties	34	8
Directors' compensations	167	174
Salaries and allowances	1,141	1,114
Provision for bonuses	218	229
Provision for directors' bonuses	22	53
Provision for retirement benefits	77	69
Welfare expenses	398	405
Depreciation	170	143
Repair expenses	63	74
Taxes and dues	47	74
Rent expenses	181	178
Transportation and communication expenses	336	326
Research and development expenses	865	1,095
Insurance expenses	25	30
Provision of allowance for doubtful accounts	—	0
Stationery expenses	24	22
Entertainment expenses	47	52
Provision for shareholders benefit program	40	40
Commission Fee	207	213
Miscellaneous expenses	62	67
Total selling, general and administrative expense	6,243	6,583
Operating income (loss)	(44)	790
Non-operating income		
Interest income	10	10
Interest on securities	1	1
Dividends income	2,051	2,177
Purchase discounts	0	0
Others	100	93
Total non-operating income	2,163	2,282

(Millions of yen)

	FY2015	FY2016
	(Apr. 1, 2015–Mar. 31, 2016)	(Apr. 1, 2016–Mar. 31, 2017)
	Amount	Amount
Non-operating expenses		
Interest expenses	60	51
Foreign exchange losses	119	160
Loss on investments in partnership	17	0
Others	9	5
Total non-operating expenses	205	217
Ordinary income	1,912	2,856
Extraordinary income		
Gain on sales of noncurrent assets	9	3
Gain on sales of investment securities	—	333
Gain on reversal of subscription rights to shares	1	37
Total extraordinary income	11	375
Extraordinary Loss		
Loss on retirement of noncurrent assets	82	80
Loss on sales of noncurrent assets	—	3
Provision of allowance for investment loss	201	351
Loss on valuation of investments in capital of subsidiaries and affiliates	312	61
Impairment loss	—	18
Loss on sales of golf club memberships	—	0
Surcharges	139	592
Total extraordinary loss	734	1,109
Income before income taxes	1,189	2,122
Income taxes-current	251	294
Income taxes-deferred	57	(76)
Total income taxes	309	217
Net income(loss)	880	1,904

(3) Non-consolidated statements of changes in net assets
Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' Equity										
	Capital stock	Capital Surplus			Legal retained earnings	Retained Earnings					Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings					
					Reserve for dividends	Reserve for advanced depreciation of non-current assets	Reserve for special depreciation	General reserve	Retained earnings brought forward		
As of April 1, 2015	8,545	7,306	167	7,473	1,097	500	112	0	8,130	1,795	11,636
Changes of items during the period											
Provision of reserve for special depreciation								0		(0)	—
Reversal of reserve for special depreciation								(0)		0	—
Provision of reserve for advanced depreciation of non-current assets							2			(2)	—
Reversal of reserve for advanced depreciation of non-current assets							(4)			4	—
Dividends from surplus										(410)	(410)
Net income										880	880
Purchase of treasury stock											
Net changes of items other than shareholders' equity											
Total changes of items during the period	—	—	—	—	—	—	(1)	(0)	—	471	469
As of March 31, 2016	8,545	7,306	167	7,473	1,097	500	110	0	8,130	2,267	12,106

(Millions of yen)

	Shareholders' Equity		Valuation and translation adjustments		Subscription rights to share	Total net assets
	Treasury stock	Total Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
As of April 1, 2015	(403)	27,251	2,165	2,165	39	29,456
Changes of items during the period						
Provision of reserve for special depreciation		—				—
Reversal of reserve for special depreciation		—				—
Provision of reserve for advanced depreciation of non-current assets		—				—
Reversal of reserve for advanced depreciation of non-current assets		—				—
Dividends from surplus		(410)				(410)
Net income		880				880
Purchase of treasury stock	(1)	(1)				(1)
Net changes of items other than shareholders' equity			(1,469)	(1,469)	(1)	(1,471)
Total changes of items during the period	(1)	467	(1,469)	(1,469)	(1)	(1,003)
As of March 31, 2016	(405)	27,719	695	695	37	28,452

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' Equity										
	Capital stock	Capital Surplus			Legal retained earnings	Retained Earnings					Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings					
					Reserve for dividends	Reserve for advanced depreciation of non-current assets	Reserve for special depreciation	General reserve	Retained earnings brought forward		
As of April 1, 2016	8,545	7,306	167	7,473	1,097	500	110	0	8,130	2,267	12,106
Changes of items during the period											
Provision of reserve for special depreciation											—
Reversal of reserve for special depreciation								(0)		0	—
Provision of reserve for advanced depreciation of non-current assets											—
Reversal of reserve for advanced depreciation of non-current assets							(3)			3	—
Dividends from surplus										(485)	(485)
Net income										1,904	1,904
Purchase of treasury stock											—
Net changes of items other than shareholders' equity											
Total changes of items during the period	—	—	—	—	—	—	(3)	(0)	—	1,423	1,419
As of March 31, 2017	8,545	7,306	167	7,473	1,097	500	107	—	8,130	3,690	13,525

(Millions of yen)

	Shareholders' Equity		Valuation and translation adjustments		Subscription rights to share	Total net assets
	Treasury stock	Total Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
As of April 1, 2016	(405)	27,719	695	695	37	28,452
Changes of items during the period						
Provision of reserve for special depreciation		—				—
Reversal of reserve for special depreciation		—				—
Provision of reserve for advanced depreciation of non-current assets		—				—
Reversal of reserve for advanced depreciation of non-current assets		—				—
Dividends from surplus		(485)				(485)
Net income		1,904				1,904
Purchase of treasury stock	(485)	(485)				(485)
Net changes of items other than shareholders' equity			453	453	(37)	415
Total changes of items during the period	(485)	933	453	453	(37)	1,348
As of March 31, 2017	(891)	28,653	1,148	1,148	—	29,801

(4) Notes concerning non-consolidated financial statement
(Going concern assumptions)
Not applicable