

Financial Results for the Year Ended March 31, 2017



May 12, 2017

Company Name: Takasago Thermal Engineering Co., Ltd. Stock Exchange Listing: Tokyo 1st section
 Code Number: 1969 Company URL: <https://www.tte-net.com>
 Representative: Atsushi Ouchi, Chairman, President and Director
 Contact: Yoshiyuki Hara, Director and Managing Executive Officer, Group General Manager, Corporate Group
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 Scheduled date of ordinary general meeting of shareholders: June 27, 2017 Scheduled date to commence dividend payment: June 28, 2017
 Scheduled date to submit the Securities Report: June 27, 2017

(Fraction less than one million yen has been omitted)

1. Consolidated Results for the Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Consolidated Results of Operations

(% indicates changes from the previous term)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Year ended March 31, 2017	260,204	3.5	12,383	33.3	13,427	26.7	8,665	30.3
Year ended March 31, 2016	251,291	3.2	9,289	20.2	10,602	23.5	6,650	28.0

(Note) Comprehensive income:

Year ended March 31, 2017: ¥9,339 million year on year: — %
 Year ended March 31, 2016: ¥59 million year on year: (99.6)%

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	(Yen)	(Yen)	(%)	(%)	(%)
Year ended March 31, 2017	117.83	117.49	8.2	5.8	4.8
Year ended March 31, 2016	89.40	89.15	6.4	4.7	3.7

(Reference) Equity in earnings (losses) of affiliated companies:

Year ended March 31, 2017: ¥249 million
 Year ended March 31, 2016: ¥477 million

(2) Consolidated Financial Positions

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Year ended March 31, 2017	234,716	111,574	46.6	1,487.29
Year ended March 31, 2016	224,367	104,613	45.6	1,392.30

(Reference) Shareholders' equity:

Year ended March 31, 2017: ¥109,382 million
 Year ended March 31, 2016: ¥102,325 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Year ended March 31, 2017	23,528	2,329	(6,079)	46,556
Year ended March 31, 2016	(1,272)	(5,398)	(2,215)	26,342

2. Dividends

	Cash dividends per share					Total cash dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter end	Second quarter end	Third quarter end	Year-end	Annual			
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Millions of yen)	(%)	(%)
Year ended March 31, 2016	—	12.50	—	15.50	28.00	2,075	31.3	2.0
Year ended March 31, 2017	—	14.00	—	22.00	36.00	2,657	30.6	2.5
Year ending March 31, 2018 (estimated)	—	15.00	—	15.00	30.00		28.3	

(Note) Breakdown of the ¥22 year-end dividends for the year ended March 31, 2017: Ordinary dividends of ¥16, special dividends of ¥6

3. Forecasts for the Consolidated Financial Results for the Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% indicates changes from the previous corresponding term)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
End of second quarter	115,000	0.7	1,400	(59.6)	1,900	(50.8)	1,000	(58.1)	13.60
Full year	262,000	0.7	11,000	(11.2)	12,000	(10.6)	7,800	(10.0)	106.06

(Reference) Orders received (estimated):
 (End of second quarter) ¥126,000 million
 (Full year) ¥250,000 million

*Notes

(1) Changes in Important Subsidiary (Change in Specific Subsidiary Accompanying Change in Scope of Consolidation) During the Term: None

(2) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements

- (i) Changes in accounting policies in accordance with the revision of accounting standard, etc.: Yes
- (ii) Changes in accounting policies other than (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Restatements: None

(3) Number of Issued Shares (Common Stock)

- (i) Number of issued shares at fiscal year end (including treasury stock)

March 31, 2017: 82,765,768 shares

March 31, 2016: 82,765,768 shares

- (ii) Number of treasury shares at fiscal year end

March 31, 2017: 9,220,817 shares

March 31, 2016: 9,272,086 shares

- (iii) Average number of shares during the period

Year ended March 31, 2017: 73,539,820 shares

Year ended March 31, 2016: 74,390,435 shares

(References) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Non-consolidated Results of Operations

(% indicates changes from the previous term)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Year ended March 31, 2017	200,945	0.9	11,527	41.8	12,703	38.0	8,606	48.3
Year ended March 31, 2016	199,204	10.4	8,129	16.4	9,206	16.4	5,804	18.6

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Year ended March 31, 2017	116.60	116.26
Year ended March 31, 2016	77.75	77.53

(2) Non-consolidated Financial Positions

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Year ended March 31, 2017	205,496	99,565	48.3	1,345.92
Year ended March 31, 2016	197,995	92,175	46.5	1,247.07

(Reference) Shareholders' equity: Year ended March 31, 2017: ¥99,347 million
Year ended March 31, 2016: ¥91,986 million

2. Forecasts for the Non-consolidated Financial Results for the Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% indicates changes from the previous corresponding term)

	Net sales		Operating income		Ordinary income		Net income		Basic earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
End of second quarter	83,000	(7.7)	1,100	(70.3)	2,000	(56.5)	1,300	(60.2)	17.61
Full year	202,000	0.5	9,700	(15.9)	11,000	(13.4)	7,400	(14.0)	100.26

(Reference) Orders received (estimated): (End of second quarter) ¥100,000 million
(Full year) ¥200,000 million

* These consolidated financial results are outside the scope of audit

*Explanation concerning proper use of the forecasts for the financial results and other special instructions

Forward-looking statements, including the financial results forecasts, in this document are based on currently available information held by the Company and on certain premises considered reasonable by the Company. It is not the intention of the Company to undertake the realization of these statements. Actual business results may differ from the forecasts, depending on various factors.

(References)

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Year ended March 31, 2016 (as of March 31, 2016)	Year ended March 31, 2017 (as of March 31, 2017)
ASSETS:		
Current assets:		
Cash and time deposits	28,398	47,075
Notes receivable, accounts receivable from completed contracts	117,560	107,392
Electronically recorded monetary claims—operating	3,800	9,559
Cost of uncompleted contracts	3,209	3,358
Deferred tax assets	1,468	1,744
Other current assets	6,830	5,261
Less allowance for doubtful accounts	(182)	(210)
Total current assets	161,086	174,181
Fixed assets:		
Property, plant and equipment—at cost		
Buildings and structures	9,746	9,568
Machinery and vehicles	942	961
Tools, furniture and fixtures	3,269	3,191
Land	2,630	1,942
Construction in progress	1	172
Less accumulated depreciation	(8,651)	(8,869)
Total property, plant and equipment	7,940	6,966
Intangible fixed assets	614	714
Investments and other assets		
Investment securities	42,287	41,376
Long-term debt	644	1,209
Net defined benefit asset	3,495	2,612
Deferred tax assets	446	451
Guarantee deposits paid	2,628	2,681
Insurance reserve fund	5,137	4,791
Other	1,062	1,045
Less allowance for doubtful accounts	(975)	(1,314)
Total investments and other assets	54,727	52,854
Total fixed assets	63,281	60,534
TOTAL ASSETS	224,367	234,716

(Millions of yen)

	Year ended March 31, 2016 (as of March 31, 2016)	Year ended March 31, 2017 (as of March 31, 2017)
LIABILITIES		
Current liabilities:		
Notes payable, accounts payable for construction contracts	55,305	57,096
Short-term debt	9,435	5,527
Accounts payable—other	26,825	27,824
Income taxes payable	2,299	4,310
Advances received on uncompleted contracts	3,001	5,401
Allowance for bonuses to directors	138	137
Allowance for claim expenses	693	792
Allowance for losses on construction contracts	1,723	1,993
Other current liabilities	13,301	12,997
Total current liabilities	112,725	116,080
Non-current liabilities:		
Net defined benefit liability	1,170	1,316
Allowance for accrued severance indemnities to directors and corporate auditors	8	8
Provision for loss on guarantees	47	-
Long-term accounts payable—other	95	64
Deferred tax liabilities	5,180	5,166
Other non-current liabilities	525	505
Total non-current liabilities	7,029	7,061
TOTAL LIABILITIES	119,754	123,141
NET ASSETS		
Shareholders' equity:		
Capital stock	13,134	13,134
Capital surplus	12,854	12,854
Retained earnings	74,565	80,767
Treasury stock	(8,907)	(8,850)
Total shareholders' equity	91,647	97,906
Accumulated other comprehensive income:		
Net unrealized holding gains on securities	10,677	11,603
Foreign currency translation adjustments	119	(191)
Remeasurements of defined benefit plans	(118)	64
Total accumulated other comprehensive income	10,678	11,476
Subscription rights to shares	189	218
Non-controlling interests	2,098	1,972
Total net assets	104,613	111,574
TOTAL LIABILITIES AND NET ASSETS	224,367	234,716

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

(Millions of yen)

	Year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Net sales	251,291	260,204
Cost of sales	221,765	226,122
Gross profit	29,526	34,082
Selling, general and administrative expenses:		
Employees' salaries and allowances	8,319	8,540
Employees' severance and retirement benefits	147	356
Provision for allowance for accrued severance indemnities to directors and corporate auditors	7	1
Stationery expenses	1,401	1,474
Provision of allowance for doubtful accounts	16	90
Rents	2,245	2,316
Depreciation	443	412
Other	7,658	8,506
Total selling, general and administrative expenses	20,237	21,699
Operating income	9,289	12,383
Non-operating income		
Interest income	130	170
Dividends income	573	599
Insurance income	147	149
Equity in earnings of affiliates	477	249
Foreign currency exchange gains	123	-
Reversal of provision for loss on guarantees	-	47
Rent of real estate	474	451
Other	139	222
Total non-operating income	2,066	1,891
Non-operating expenses:		
Interest expenses	59	52
Commission fee	21	21
Foreign currency exchange losses	-	181
Provision for loss on guarantees	47	-
Provision of allowance for doubtful accounts	296	294
Expenses on rent of real estate	259	223
Other	70	73
Total non-operating expenses	753	846
Ordinary income	10,602	13,427
Extraordinary gains:		
Gain on sales of fixed assets	13	-
Gain on sale of investment securities	77	1,026
Gain on repayment of securities to retirement benefit trust	-	432
Reversal of allowance for losses on antimonopoly act	214	-
Other	4	1
Total extraordinary gains	309	1,460

(Millions of yen)

	Year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Extraordinary losses:		
Loss on retirement of fixed assets	14	7
Impairment loss	-	909
Write-down of investment securities	438	310
Other	19	79
Total extraordinary losses	472	1,306
Income before income taxes	10,438	13,581
Income taxes-current	3,470	5,631
Income taxes-deferred	293	(732)
Total income taxes	3,763	4,898
Net income	6,674	8,683
Net income attributable to non-controlling interests	24	18
Net income attributable to owners of parent	6,650	8,665

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Net income	6,674	8,683
Other comprehensive income:		
Net unrealized holding gains on securities	(4,147)	912
Foreign currency translation adjustments	(734)	(510)
Remeasurements of defined benefit plans, net of tax	(1,509)	154
Share of other comprehensive income of associates accounted for using equity method	(223)	98
Total other comprehensive income	(6,615)	655
Comprehensive income	59	9,339
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	450	9,463
Comprehensive income (loss) attributable to non-controlling interests	(390)	(124)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Cash flows from operating activities:		
Income before income taxes	10,438	13,581
Depreciation and amortization	840	776
Impairment loss	-	909
Amortization of goodwill	71	27
Increase (decrease) in allowance for doubtful accounts	307	366
Increase (decrease) in allowance for claim expenses	114	106
Increase (decrease) in allowance for losses on construction contracts	(172)	268
Increase (decrease) in provision for loss on guarantees	47	(47)
Increase (decrease) in allowance for losses on antimonopoly act	(393)	-
Increase (decrease) in allowance for bonuses to directors	15	(1)
Increase (decrease) in provision for directors' retirement benefits	(112)	(0)
Decrease (increase) in net defined benefit asset	(618)	1,218
Increase (decrease) in net defined benefit liability	6	68
Interest and dividends income	(704)	(770)
Interest expenses	59	52
Foreign currency exchange loss (gain)	0	12
Loss (gain) on sale of investment securities	(75)	(1,026)
Write-down of investment securities	438	310
Equity in (earnings) losses of affiliates	(477)	(249)
Loss (gain) on sales of fixed assets	(3)	3
Loss on retirement of fixed assets	14	7
Decrease (increase) in trade receivable	(14,290)	5,923
Decrease (increase) in cost of uncompleted contracts	(238)	(142)
Increase (decrease) in notes and accounts payable—trade	2,027	(1,277)
Increase (decrease) in advances received on uncompleted contracts	(1,556)	2,359
Increase (decrease) in accrued consumption tax	(47)	3,955
Decrease (increase) in consumption tax receivable	2,464	(40)
Other	2,106	244
Subtotal	264	26,640
Interests and dividends income	738	811
Interest paid	(59)	(54)
Income taxes paid	(2,216)	(3,925)
Income taxes refund	-	55
Net cash provided by (used in) operating activities	(1,272)	23,528

(Millions of yen)

	Year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Cash flows from investing activities:		
Increase in time deposits	(2,203)	(1,699)
Decrease in time deposits	1,580	3,129
Purchase of property, plant and equipment	(2,455)	(718)
Proceeds from sales of property, plant and equipment and intangible fixed assets	65	6
Purchase of investment securities	(107)	(8)
Proceeds from sale of investment securities	120	2,413
Purchase of stocks of affiliates	(2,613)	(346)
Payments of guarantee deposits	(83)	(219)
Proceeds from collection of guarantee deposits	53	58
Payments of loans receivable	-	(576)
Payments of insurance reserve fund	(350)	(171)
Proceeds from refund of insurance reserve fund	512	518
Other payments	(64)	(112)
Other proceeds	148	55
Net cash provided by (used in) investing activities	(5,398)	2,329
Cash flows from financing activities:		
Net decrease in bank loans	1,781	(3,785)
Repayments of long-term debt	(32)	(36)
Repayments of lease debt	(83)	(78)
Purchase of treasury stock	(2,009)	(0)
Cash dividends paid	(1,870)	(2,176)
Cash dividends paid to non-controlling shareholders	(2)	(1)
Other	-	0
Net cash used in financing activities	(2,215)	(6,079)
Effect of exchange rate changes on cash and cash equivalents	(566)	(269)
Net increase (decrease) in cash and cash equivalents	(9,453)	19,508
Cash and cash equivalents at beginning of year	35,795	26,342
Increase in cash and cash equivalents from newly consolidated subsidiary	-	705
Cash and cash equivalents at end of year	26,342	46,556

2. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	Year ended March 31, 2016 (as of March 31, 2016)	Year ended March 31, 2017 (as of March 31, 2017)
ASSETS		
Current assets:		
Cash and time deposits	16,666	31,881
Notes receivable—trade	1,906	2,574
Electronically recorded monetary claims—operating	3,362	8,771
Accounts receivable from completed contracts	102,589	91,678
Cost of uncompleted contracts	2,279	2,294
Prepaid expenses	139	133
Deferred tax assets	1,090	1,279
Accounts receivables—other	3,338	1,822
Advances paid	1,570	965
Other	324	452
Less allowance for doubtful accounts	(166)	(105)
Total current assets	133,100	141,748
Fixed assets:		
Property, plant and equipment—at cost		
Buildings (net)	6,919	6,720
Accumulated depreciation	(3,729)	(3,952)
Buildings	3,189	2,767
Structures	334	322
Accumulated depreciation	(232)	(245)
Structures (net)	101	76
Machinery	111	120
Accumulated depreciation	(61)	(76)
Machinery (net)	49	43
Tools, furniture and fixtures	2,082	1,968
Accumulated depreciation	(1,190)	(1,091)
Tools, furniture and fixtures (net)	891	876
Land	1,428	742
Construction in progress	-	172
Total property, plant and equipment	5,660	4,678
Intangible fixed assets		
Software	292	357
Telephone rights	94	94
Other	3	2
Total intangible fixed assets	390	454
Investment and other assets		
Investment securities	35,570	35,322
Stocks of affiliates	11,477	12,794
Investments in capital	2	2
Long-term debt	967	1,516
Bankruptcy claims and reorganization claims, etc.	357	355
Long-term prepaid expenses	71	105
Prepaid pension cost	3,682	2,464
Guarantee deposits paid	2,349	2,320
Insurance reserve fund	4,941	4,652
Other	389	392
Less allowance for doubtful accounts	(965)	(1,311)
Total investments and other assets	58,844	58,615
Total fixed assets	64,895	63,747
TOTAL ASSETS	197,995	205,496

	Year ended March 31, 2016 (as of March 31, 2016)	Year ended March 31, 2017 (as of March 31, 2017)
LIABILITIES		
Current liabilities:		
Notes payable—trade	8,635	10,036
Accounts payable for construction contracts	40,777	38,680
Short-term debt	6,376	3,270
Lease debt	25	25
Accounts payable	26,787	27,546
Accrued expenses	3,629	3,600
Income taxes payable	1,982	3,849
Advances received on uncompleted contracts	2,541	4,558
Deposits received	7,231	6,461
Allowance for bonuses to directors	68	70
Allowance for claim expenses	524	612
Allowance for losses on construction contracts	1,706	1,869
Total current liabilities	100,286	100,582
Non-current liabilities:		
Provision for loss on guarantees	47	-
Long-term accounts payable—other	41	29
Lease debt	200	189
Deferred tax liabilities	5,171	5,056
Other	72	71
Total non-current liabilities	5,533	5,348
TOTAL LIABILITIES	105,819	105,930
NET ASSETS		
Shareholders' equity:		
Capital stock	13,134	13,134
Capital surplus		
Capital reserve	12,853	12,853
Total capital surplus	12,853	12,853
Retained earnings		
Legal reserve	3,283	3,283
Other retained earnings		
Dividend equalization reserve	656	656
Reserve for employees' severance and retirement benefits	940	940
General reserve	42,878	42,878
Retained earnings carried forward	16,395	22,812
Total retained earnings	64,153	70,571
Treasury stock	(8,731)	(8,674)
Total shareholders' equity	81,411	87,885
Valuation and translation adjustments:		
Net unrealized holding gains on securities	10,575	11,461
Total valuation and translation adjustments	10,575	11,461
Subscription rights to shares	189	218
Total net assets	92,175	99,565
TOTAL LIABILITIES AND ASSETS	197,995	205,496

(2) Non-consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Net sales	199,204	200,945
Cost of sales	177,736	175,219
Gross profit	21,467	25,726
Selling, general and administrative expenses:		
Compensation for directors and corporate auditors	445	458
Provision for allowance for bonuses to directors	68	70
Employees' salaries and allowances	4,919	5,028
Share-based compensation expenses	56	55
Employees' severance and retirement benefits	60	267
Legal welfare expenses	829	836
Welfare expenses	317	335
Repairs and maintenance expenses	106	98
Stationary expenses	1,204	1,246
Correspondence and transportation expenses	813	774
Power utilities expenses	112	103
Research study expenses	547	652
Advertising expenses	302	335
Provision of allowance for doubtful accounts	10	3
Entertainment expenses	370	361
Contribution	44	56
Rents	1,722	1,738
Depreciation	234	192
Taxes and dues	372	641
Insurance expenses	237	276
Miscellaneous expenses	561	665
Total selling, general and administrative expenses	13,338	14,198
Operating income	8,129	11,527
Non-operating income:		
Interest income	10	13
Interest on marketable securities	5	5
Dividends income	1,097	1,067
Insurance income	20	55
Insurance dividends income	146	146
Reversal of provision for loss on guarantees	-	47
Rent of real estate	474	451
Other	41	45
Total non-operating income	1,796	1,832

(Millions of yen)

	Year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	Year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Non-operating expenses:		
Interest expenses	32	25
Commission fee	21	21
Foreign currency exchange losses	12	28
Provision for loss on guarantees	47	-
Provision of allowance for doubtful accounts	296	294
Expenses on rent of real estate	259	223
Other	50	64
Total non-operating expenses	719	657
Ordinary income	9,206	12,703
Extraordinary gains:		
Gain on repayment of securities to retirement benefit trust	-	432
Gain on sale of investment securities	64	1,026
Reversal of allowance for losses on antimonopoly act	214	-
Other	14	1
Total extraordinary gains	293	1,460
Extraordinary losses:		
Loss on retirement of fixed assets	13	4
Impairment loss	-	909
Write-down of investment securities	1	126
Valuation loss on stocks of affiliates	660	184
Other	14	0
Total extraordinary losses	690	1,224
Income before income taxes	8,808	12,939
Income taxes-current	2,887	5,013
Income taxes-deferred	116	(680)
Total income taxes	3,004	4,333
Net income	5,804	8,606

3. Other

(1) Conditions of Orders Received and Sales (Consolidated)

(i) Orders received

(Millions of yen; %)

		Year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)		Year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose systems	172,048	64.9	168,174	61.5	(3,873)	(2.3)
	Industrial systems	85,593	32.2	97,296	35.5	11,702	13.7
	Subtotal	257,642	97.1	265,471	97.0	7,828	3.0
Equipment manufacturing and sales business		7,520	2.8	7,845	2.9	324	4.3
Other		138	0.1	148	0.1	10	7.3
Total		265,301	100.0	273,464	100.0	8,163	3.1
[overseas]		[27,485]	[10.4]	[45,193]	[16.5]	[17,708]	[64.4]
[repairs and maintenance]		[20,516]	[7.7]	[21,954]	[8.0]	[1,438]	[7.0]

(ii) Sales

(Millions of yen; %)

		Year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)		Year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose systems	157,511	62.7	162,818	62.5	5,307	3.4
	Industrial systems	86,350	34.3	88,664	34.1	2,314	2.7
	Subtotal	243,861	97.0	251,483	96.6	7,621	3.1
Equipment manufacturing and sales business		7,291	2.9	8,572	3.3	1,281	17.6
Other		138	0.1	148	0.1	10	7.3
Total		251,291	100.0	260,204	100.0	8,912	3.5
[overseas]		[28,553]	[11.4]	[33,824]	[13.0]	[5,270]	[18.5]
[repairs and maintenance]		[20,586]	[8.2]	[21,739]	[8.4]	[1,152]	[5.6]

(iii) Amount carried forward

(Millions of yen; %)

		Year ended March 31, 2016 (as of March 31, 2016)		Year ended March 31, 2017 (as of March 31, 2017)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose systems	176,658	80.9	182,014	78.6	5,356	3.0
	Industrial systems	39,253	18.0	47,885	20.7	8,631	22.0
	Subtotal	215,911	98.9	229,899	99.3	13,988	6.5
Equipment manufacturing and sales business		2,333	1.1	1,605	0.7	(727)	(31.2)
Other		—	—	—	—	—	—
Total		218,245	100.0	231,505	100.0	13,260	6.1
[overseas]		[13,317]	[6.1]	[24,687]	[10.7]	[11,369]	[85.4]
[repairs and maintenance]		[2,791]	[1.3]	[3,007]	[1.3]	[215]	[7.7]

(Note) Transactions made between segments with respect to orders received, sales and amounts carried forward are set off and deleted.

(2) Conditions of Orders Received and Sales (Non-consolidated)

(i) Orders received

(Millions of yen; %)

		Year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)		Year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose systems	155,907	72.7	151,076	74.3	(4,830)	(3.1)
	Industrial systems	58,582	27.3	52,186	25.7	(6,395)	(10.9)
Total		214,489	100.0	203,262	100.0	(11,226)	(5.2)

(ii) Sales

(Millions of yen; %)

		Year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)		Year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose systems	141,346	71.0	145,724	72.5	4,378	3.1
	Industrial systems	57,858	29.0	55,220	27.5	(2,637)	(4.6)
Total		199,204	100.0	200,945	100.0	1,740	0.9

(iii) Amount carried forward

(Millions of yen; %)

		Year ended March 31, 2016 (as of March 31, 2016)		Year ended March 31, 2017 (as of March 31, 2017)		Amount of Increase (Decrease)	Percentage of Increase (Decrease)
		Amount	(%)	Amount	(%)		
Construction business	General-purpose systems	175,932	86.6	181,284	88.3	5,351	3.0
	Industrial systems	27,162	13.4	24,128	11.7	(3,034)	(11.2)
Total		203,094	100.0	205,412	100.0	2,317	1.1

(3) Review of Operations (Consolidated)

(Financial results for the years ended March 31, 2013 to 2017)

(Financial forecasts for the year ending March 31, 2018)

(Fraction less than one million yen has been omitted)

(Millions of yen; %)

Item	Year	Results										Forecasts	
		Year ended March 31, 2013		Year ended March 31, 2014		Year ended March 31, 2015		Year ended March 31, 2016		Year ended March 31, 2017		Year ending March 31, 2018	
		Changes from the previous term	(%)	Changes from the previous term	(%)	Changes from the previous term	(%)	Changes from the previous term	(%)	Changes from the previous term	(%)	Changes from the previous term	(%)
Net sales		248,430		237,389		243,582		251,291		260,204		262,000	
		15.3	100.0	(4.4)	100.0	2.6	100.0	3.2	100.0	3.5	100.0	0.7	100.0
Gross profit		22,249		27,308		27,800		29,526		34,082			
		(1.4)	9.0	22.7	11.5	1.8	11.4	6.2	11.8	15.4	13.1		
Selling, general and administrative expenses		18,678		19,527		20,073		20,237		21,699			
		7.6	7.6	4.5	8.2	2.8	8.2	0.8	8.1	7.2	8.3		
Operating income		3,570		7,780		7,727		9,289		12,383		11,000	
		(31.5)	1.4	117.9	3.3	(0.7)	3.2	20.2	3.7	33.3	4.8	(11.2)	4.2
Non-operating income		1,457		1,596		1,468		2,066		1,891			
Non-operating expenses		267		268		613		753		846			
Non-operating income and expenses		+1,189		+1,328		+855		+1,313		+1,044			
Ordinary income		4,760		9,109		8,582		10,602		13,427		12,000	
		(28.9)	1.9	91.4	3.8	(5.8)	3.5	23.5	4.2	26.7	5.2	(10.6)	4.6
Extraordinary gains		56		336		586		309		1,460			
Extraordinary losses		103		1,560		436		472		1,306			
Extraordinary gains and losses		(46)		(1,224)		+149		(163)		+153			
Income before income taxes		4,713		7,884		8,732		10,438		13,581			
		(35.4)	1.9	67.3	3.3	10.8	3.6	19.5	4.2	30.1	5.2		
Income taxes —current		1,586		3,593		3,375		3,470		5,631			
Income taxes —deferred		362		(5)		791		293		(732)			
Net income		2,765		4,296		5,356		6,674		8,683			
Net income (loss) attributable to non-controlling interests		579		284		160		24		18			
Net income attributable to owners of parent		2,186		4,011		5,196		6,650		8,665		7,800	
		(48.8)	0.9	83.5	1.7	29.5	2.1	28.0	2.6	30.3	3.3	(10.0)	3.0
Orders received		253,918		264,280		255,648		265,301		273,464		250,000	
		14.7		4.1		(3.3)		3.8		3.1		(8.6)	
Amount carried forward		165,278		192,170		204,236		218,245		231,505		219,505	
		3.4		16.3		6.3		6.9		6.1		(5.2)	

(4) Review of Operations (Non-consolidated)

(Financial results for the years ended March 31, 2013 to 2017)

(Financial forecasts for the year ending March 31, 2018)

(Fraction less than one million yen has been omitted)

(Millions of yen; %)

Item	Year	Results										Forecasts	
		Year ended March 31, 2013		Year ended March 31, 2014		Year ended March 31, 2015		Year ended March 31, 2016		Year ended March 31, 2017		Year ending March 31, 2018	
		Changes from the previous term	(%)	Changes from the previous term	(%)	Changes from the previous term	(%)	Changes from the previous term	(%)	Changes from the previous term	(%)	Changes from the previous term	(%)
Net sales		196,662		185,654		180,473		199,204		200,945		202,000	
		0.8	100.0	(5.6)	100.0	(2.8)	100.0	10.4	100.0	0.9	100.0	0.5	100.0
Gross profit		14,358		18,733		19,684		21,467		25,726			
		(19.4)	7.3	30.5	10.1	5.1	10.9	9.1	10.8	19.8	12.8		
Selling, general and administrative expenses		12,938		12,813		12,703		13,338		14,198			
		(3.3)	6.6	(1.0)	6.9	(0.9)	7.0	5.0	6.7	6.4	7.1		
Operating income		1,420		5,920		6,981		8,129		11,527		9,700	
		(67.9)	0.7	316.9	3.2	17.9	3.9	16.4	4.1	41.8	5.7	(15.9)	4.8
Non-operating income		1,560		1,517		1,490		1,796		1,832			
Non-operating expenses		175		303		562		719		657			
Non-operating income and expenses		+1,384		+1,214		+928		+1,076		+1,175			
Ordinary income		2,805		7,134		7,909		9,206		12,703		11,000	
		(46.9)	1.4	154.3	3.8	10.9	4.4	16.4	4.6	38.0	6.3	(13.4)	5.4
Extraordinary gains		48		308		281		293		1,460			
Extraordinary losses		91		1,553		426		690		1,224			
Extraordinary gains and losses		(42)		(1,244)		(145)		(397)		+235			
Income before income taxes		2,762		5,889		7,764		8,808		12,939			
		(44.3)	1.4	113.2	3.2	31.8	4.3	13.5	4.4	46.9	6.4		
Income taxes —current		870		2,674		2,036		2,887		5,013			
Income taxes —deferred		233		28		835		116		(680)			
Net income		1,658		3,186		4,892		5,804		8,606		7,400	
		(30.9)	0.8	92.1	1.7	53.5	2.7	18.6	2.9	48.3	4.3	(14.0)	3.7

Orders received		191,912		200,897		208,658		214,489		203,262		200,000	
		(2.0)		4.7		3.9		2.8		(5.2)		(1.6)	
Amount carried forward		144,382		159,625		187,810		203,094		205,412		203,412	
		(3.2)		10.6		17.7		8.1		1.1		(1.0)	