



**FY2017 Full-Year Consolidated Financial Results [Japan GAAP]
(April 1, 2017 through March 31, 2018)**

May 10, 2018

Company Name	: ANEST IWATA Corporation
Stock Exchanges on which the shares are listed	: Tokyo Stock Exchange in Japan
Code Number	: 6381
URL	: http://www.anest-iwata.co.jp/english
Representative	: Takahiro Tsubota, President
Contact Person	: Kouichi Takano, Executive Officer, General Manager of Corporate Planning Dept. : Tel. +81-(0)45-591-9344
Date of the Ordinary General Shareholders' Meeting	: June 22, 2018
Payment Date of Cash Dividends	: June 25, 2018
Scheduled Date for Submission of Financial Statements	: June 22, 2018
Supplementary Materials Prepared for Financial Results	: None
Holding of the Financial Results Meeting	: Yes (for analysts and institutional investors)

(Amounts are rounded to the nearest million yen)

1. Consolidated Results for FY2017 (April 1, 2017 through March 31, 2018)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2017	32,817	11.1	3,824	2.4	4,352	5.2	2,809	Δ17.4
FY2016	29,548	0.1	3,733	Δ1.7	4,139	0.0	3,400	31.1

(Note) Comprehensive Income: FY2017 3,526 million yen (7.0%), FY2016 3,296 million yen (97.0%)

	Net Income per share - Basic	Net Income per share - Diluted	Return of Equity	Return of Asset	Operating Profit on Sales
	Yen	Yen	%	%	%
FY2017	67.32	—	10.1	10.1	11.7
FY2016	81.48	—	13.3	11.3	12.6

(Reference) Equity in income of affiliates FY2017 201 million yen, FY2016 170 million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per share
	Million Yen	Million Yen	%	Yen
FY2017	47,307	32,777	61.3	694.94
FY2016	38,895	28,605	68.7	640.14

(Reference) Shareholders' Equity: FY2017 29,006 million yen, FY2016 26,718 million yen

(3) Consolidated Cash Flow

	Cash flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at End of Period
	Million Yen	Million Yen	Million Yen	Million Yen
FY2017	4,079	Δ3,485	Δ666	7,692
FY2016	3,397	Δ526	Δ1,319	7,678

2. Cash Dividends

	Annual Cash Dividends per share					Total Amount of Cash Dividends	Dividends Payout Ratio (Consolidated)	Dividends on Equity (Consolidated)
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
FY2016	—	9.00	—	11.00	20.00	834	24.5	3.3
FY2017	—	10.00	—	10.00	20.00	834	29.7	3.0
FY2018 (forecast)	—	10.00	—	10.00	20.00		29.8	

3. Forecast of Consolidated Results for FY2018 (April 1, 2018 through March 31, 2019)

(% of change from FY2017)

	Net Sales		Operating Income		Ordinary Income		Current Net Income Attributable to Parent Company Shareholders		Net Income per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Half-Year	18,000	13.6	2,000	2.2	2,200	Δ6.0	1,400	Δ5.2	33.54
Full-Year	36,000	9.7	4,000	4.6	4,400	1.1	2,820	0.4	67.56

* Note

(1) Changes in specified subsidiaries during FY2017: Yes

(Changes in specified subsidiaries that caused a change in scope of consolidation)

New: 1 company (SHANGHAI SCREW COMPRESSOR Co., Ltd.)

Excluded: Company (company name)

(2) Change in accounting policy, change and restatement of accounting estimates

(i) Change in accounting policy due to the revision of accounting standards, etc.: None

(ii) Change in accounting policy for other reasons: None

(iii) Change in accounting estimates: None

(iv) Restatement: None

(3) Number of shares issued and outstanding (common share)

(i) Number of shares issued and outstanding at the end of each fiscal year (including treasury shares)

(ii) Number of treasury shares at the end of each fiscal year

(iii) Average number of shares outstanding in the period

FY2017	41,745,505 shares	FY2016	41,745,505 shares
FY2017	6,659 shares	FY2016	6,557 shares
FY2017	41,738,876 shares	FY2016	41,738,988 shares

(Reference) Non-consolidated financial results

Non-consolidated financial results in FY2017 (April 1, 2017 through March 31, 2018)

(1) Non-consolidated Financial Results

(% of change from FY2016)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2017	16,947	3.5	1,954	1.8	2,832	22.7	2,194	22.9
FY2016	16,379	1.4	1,920	5.7	2,308	Δ12.3	1,785	Δ4.8

	Net Income per share - Basic		Net Income per share - Diluted	
	Yen		Yen	
FY2017	52.57		—	
FY2016	42.77		—	

(2) Non-consolidated Financial Position

	Total Assets		Net Assets		Equity Ratio		Net Assets per share	
	Million Yen		Million Yen		%		Yen	
FY2017	30,233		23,690		78.4		567.59	
FY2016	28,636		22,216		77.6		532.27	

(Reference) Shareholders' Equity: FY2017 23,690 million yen, FY2016 22,216 million yen

* These financial results are not subject to audits by certified public accountants or audit corporations.

* Explanation of the appropriate use of the expected results of operations, other special notes

- Forecasts for operations and other descriptions about the future that are contained in this document are based on the information acquired at the time of publication, as well as certain premises that we judge reasonable. The actual results of operations and so on may change greatly as a result of various factors. For information about the conditions acting as the premise for the expected results of operations and notes on the use of the expected results of operations, see "Analysis of results of operations" on page 2 of Attachment.

- We will hold a financial results meeting for analysts and institutional investors on Wednesday, May 30, 2018.

We will post the material distributed at this meeting to our website immediately on the day of the meeting.

(Change in the presentation of dates)

Starting with the current term, the presentation of dates is changed from the Japanese calendar to the Christian calendar.

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1. Analysis of results of operations and financial condition

(1) Analysis of results of operations

(i) Results of operations in the current consolidated fiscal year

In the current consolidated fiscal year, the world economy has been solid, although some protectionist trends and geopolitical risks are involved, because of the steady economic recovery in the U.S. and Europe, the stable growth of China, and the gradual growth of emerging countries, among others. At the same time, the domestic economy continues to be on a recovery path, backed up by employment recovery and active equipment investment, among others.

In such a business environment, our group started a midterm business plan in 2016, with an aim to become a "True World-Class Company". In the current fiscal year, which marks the second year of the midterm business plan, we have been engaged in business activities toward the achievement of the index stated for the final fiscal year. In the air compressor field, overseas sales have further increased as compared with steady domestic sales. Service, sales, and other businesses have increased mainly due to the spread of and sales increase in medical units in emerging countries such as India and Brazil, the sales of vehicle-mounted air compressor units for public transportation vehicles such as railroad vehicles and electric buses mainly in China, the United States, and Europe, and the sales of medium-size air compressors in Australia. In the vacuum equipment field, we have placed new models for the general industrial market in Japan on the market and continued sales promotion activities using the sales channels for air compressors. In overseas countries as well, we are seeking equipment manufacturers in the United States and proceeding with sales promotion activities in Europe, mainly in Russia. In the coating equipment field, we have placed on the market the industrial coating spray gun WS200 Series, which we have reviewed right from the design stage, as well as new spray guns for automotive refinish in Japan. We will continue to develop new products with a view to environmental regulations, which are expected to be further reinforced in the future. In the field of liquid application equipment for handling liquids other than paints, included in the coating equipment field, the sales of spray guns specifically for liquid related to food, liquid supply units, and spray guns specifically for adhesive coating for car interior and other parts are growing steadily. In the coating system field, inquiries and orders for systems for the manufacture of automotive parts, construction equipment, and electronic devices continue to grow firmly. Concurrently with these business activities, we have continued to reorganize subsidiaries overseas to reinforce group management functions. We have proceeded with the further improvement of efficiency in various areas. In China, for example, screw compressor manufacturing and selling companies have been turned into consolidated subsidiaries for the purposes of consolidating manufacturing sites for coating equipment and of compensating for the medium-size air compressor range, which we have been lacking in, and further increasing our business. In Europe, air compressor manufacturing and selling sites have been consolidated into Germany.

As a result, our business performance for the current consolidated fiscal year is as follows: Sales standing at 32,817 million yen (up 11.1% from the previous consolidated fiscal year), operating income at 3,824 million yen (up 2.4%), ordinary income at 4,352 million yen (up 5.2%), and net income attributable to parent company shareholders at 2,809 million yen (down 17.4%).

(ii) Results of operations by segment

In Japan, the results of our operations grew both in terms of revenue and income, with external sales standing at 17,875 million yen (up 1.1% from the previous consolidated fiscal year) and segment income at 4,026 million yen (up 2.9%). In Europe, the results of our operations grew in revenue but declined in income, with external sales standing at 3,892 million yen (up 21.3%) and segment income at 214 million yen (down 33.3%). In Asia, the results of our operations grew both in terms of revenue and income, with external sales standing at 6,641 million yen (up 30.6%) and segment income at 668 million yen (up 89.7%). The details are as given in "(Segment information, etc.)" in "(5) Notes on consolidated financial statements" of "5. Consolidated financial statements and main notes".

(iii) Sales by product category

(Amount: thousand yen)

Product Category	Previous consolidated fiscal year		Current consolidated fiscal year		Increase/decrease from the corresponding period of the previous fiscal year	
	April 1, 2016 - March 31, 2017		April 1, 2017 - March 31, 2018		Amount of increase/decrease	Increase/decrease rate (%)
	Sales	Composition rate (%)	Sales	Composition rate (%)		
Air Compressors	14,336,586	48.5	16,283,690	49.6	1,947,103	13.6
Vacuum Equipment	1,754,152	6.0	1,850,694	5.6	96,542	5.5
Coating Equipment	11,323,764	38.3	12,073,690	36.8	749,925	6.6
Coating Systems	2,134,023	7.2	2,609,406	8.0	475,382	22.3
Total	29,548,526	100.0	32,817,481	100.0	3,268,954	11.1

(iv) Prospects for the upcoming year

It is estimated that in the upcoming consolidated fiscal year, the world economy will continue to recover gradually in the United States, Asia, mainly in China, Europe, Japan, and elsewhere, despite elements pushing down the economy, such as some policies and geopolitical risks. In such a management environment, our group will create innovative technologies and products while accurately understanding dramatically changing market needs and collaborating with many different businesses, and will bring such technologies and products to various markets that support the livelihood of people both in and outside of Japan, such as the automobile, railroad, and other transport equipment markets, medical markets, and food and beverage markets. We will promote the further improvement of quality and the improvement of production efficiency from the customer's point of view, and continue to work toward the achievement of the midterm business plan, which will enter its final fiscal year. At present, the expected results of our operations for the full-year fiscal period ending in March 2019 are such that sales will stand at 36,000 million yen (up 9.7% from the current consolidated fiscal year), operating income will be 4,000 million yen (up 4.6%), ordinary income will be 4,400 million yen (up 1.1%), and net income attributable to parent company shareholders will be 2,820 million yen (up 0.4%). The assumed exchange rates are 100 yen to the dollar and 125 yen to the euro.

(2) Analysis of financial condition

(i) Conditions of assets, liabilities and net assets

(a) Assets

Our current assets stood at 26,116 million yen (up 20.4% from the previous consolidated fiscal year), mainly due to an increase of 1,696 million yen in the "notes and accounts receivable-trade". Our noncurrent assets stood at 21,191 million yen (up 23.2%), mainly due to an increase of 2,943 million yen in the "property, plant and equipment" because of the acquisition of "buildings and structures" and an increase of 1,720 million yen in the "intangible assets" because of an increase in the "goodwill". As a result, our total assets stood at 47,307 million yen (up 21.6%).

(b) Liabilities

Our current liabilities stood at 10,829 million yen (up 50.0%), mainly due to an increase of 1,156 million yen in the "notes and accounts payable-trade". Our noncurrent liabilities stood at 3,700 million yen (up 20.6%), mainly due to an increase of 234 million yen in the "lease obligations" because of the buildup of equipment investment. As a result, our total liabilities stood at 14,530 million yen (up 41.2%).

(c) Net assets

Our net assets stood at 32,777 million yen (up 14.6%), mainly due to an increase of 1,933 million yen in the "retained earnings". Our equity capital, which is calculated by subtracting the non-controlling shareholders' equity from the net assets, stood at 29,006 million yen, decreasing our equity ratio by 7.4 percentage points to 61.3%, from 68.7% at the end of the previous consolidated fiscal year.

(ii) Cash flow

Cash and cash equivalents (referred to as "funds" in the remainder of this document) for the current consolidated fiscal year were up by 13 million yen from the end of the previous consolidated fiscal year, at 7,692 million yen (up 0.2%) at the end of the current consolidated fiscal year. Each cash flow in the current consolidated fiscal year, as well as the causes, is as described below.

(a) Cash flow from operating activities

As a result of operating activities, the fund balance shows earnings of 4,079 million yen (up 20.1%), with an increase of 682 million yen in earnings from the end of the previous consolidated fiscal year, mainly due to the improvement of business performance.

(b) Cash flow from investing activities

As a result of investing activities, the fund balance shows expenses of 3,485 million yen (up 562.6%), with an increase of 2,959 million yen in expenses from the end of the previous consolidated fiscal year, mainly due to an increase of 1,346 million yen in the "payments for investments in capital of subsidiaries resulting in change in scope of consolidation".

(c) Cash flow from financing activities

As a result of financing activities, the fund balance shows expenses of 666 million yen (down 49.5%), with a decrease of 653 million yen in expenses from the end of the previous consolidated fiscal year, mainly due to an increase of 286 million yen in the "net increase or decrease in short-term loans payable" and an increase of 291 million yen in the "proceeds from long-term loans payable".

Trends in the cash flow indexes for corporate groups are as described below.

(Reference) Changes in cash flow related indexes

	March 2016	March 2017	March 2018
Equity ratio	70.3	68.7	61.3
Market-base equity ratio	129.7	108.8	101.7
Cash flow-to-interest-bearing liabilities ratio	13.9	25.1	67.1
Interest coverage ratio	223.2	290.8	163.5

(Note) 1. To calculate each index, the following formula is used.

- Equity ratio: Self-owned capital/Total assets
- Market-base equity ratio: Market capitalization/Total assets
- Cash flow-to-interest-bearing liabilities ratio: Interest-bearing liabilities/Operating cash flow
- Interest coverage ratio: Operating cash flow/Interest payments

2. Each index is calculated with financial values on a consolidated basis.

3. Market capitalization is calculated as follows: Closing share price at year end x Number of shares outstanding at year end.

4. As the operating cash flow, the cash flow from operating activities in the consolidated statements of cash flow is used. Interest-bearing liabilities are all interest-bearing liabilities that are posted to the consolidated balance sheets. For interest payments, those in the consolidated statement of cash flow are used.

(3) Basic policy for profit allocation and current and next-term dividends

(i) Basic policy

Our group would like to enhance our corporate value and meet customer expectations by actively injecting money into research and development and production rationalization, M&A, etc. and improving our consolidated financial results from a mid- and long-term perspective. For the dividend, therefore, except in cases where sudden fluctuations occur in financial results or financial position, we shall continue to pay a dividend of at least 3 yen per share annually based on a consolidated dividend payout ratio of 30%, using as a guideline the range of the "net income attributable to parent company shareholders" in the consolidated results.

(ii) Current dividend

The common dividend paid at the end of the current term will be 10 yen per share. Combined with the dividend of 10 yen per share at the end of the second quarter, this will translate into an annual dividend per share of 20 yen. The dividend at the end of the current term will be decided at the ordinary general meeting of shareholders of our company, scheduled for June 22.

(iii) Dividend for next term

At this point, the dividend to be paid at the end of the second quarter will be 10 yen per share and the year-end dividend will be 10 yen per share, giving an annual dividend per share of 20 yen.

2. Condition of the corporate group

Our group, consisting of our company, 38 subsidiaries, and 3 affiliates, manufactures and sells air compressors, vacuum equipment, and coating equipment/systems exclusively, and is in a single business configuration because of similarities in product market, product use, and so on. The positioning of our company, subsidiaries, and affiliates in the business configuration is as shown in the systematic diagram below.

Name	Companies with an * are specified subsidiaries.	Description of the main business
Our company [Japan]	ANEST IWATA Corporation	Manufacture and sale of air compressors, vacuum equipment, coating equipment, and coating systems
Consolidated subsidiaries		
[Japan]	ANEST IWATA COMPRESSOR Corporation* ANEST IWATA COATING SOLUTIONS Corporation*	Sale and repair of air compressors and vacuum equipment Sale and repair of coating equipment; and manufacture, sale, and repair of coating systems
	AIR ENGINEERING Corporation	Repair of air compressors and incidental work
[Europe]	ANEST IWATA Deutschland GmbH ANEST IWATA Babatz GmbH HARDER & STEENBECK GmbH & Co.KG ANEST IWATA Europe GmbH ANEST IWATA STRATEGIC CENTER s.r.l. ANEST IWATA France S.A. ANEST IWATA (U.K.) Ltd. Anest IWATA Scandinavia AB ANEST IWATA Iberica S.L. ANEST IWATA Polska Sp. z o. o.	Sale of coating equipment Manufacture and sale of air compressors Manufacture and sale of coating equipment Manufacture and sale of air compressors Manufacture and sale of coating equipment and coating systems Sale of coating equipment and coating systems Sale of coating equipment and coating systems Sale of coating equipment Sale of coating equipment Sale of coating equipment
[Asia]	SHANGHAI ANEST IWATA COATING MACHINERY Co. ANEST IWATA INDUSTRIAL MACHINERY (JIAXING) Co.,Ltd ANEST IWATA (SHANGHAI) Corporation ANEST IWATA (DONGGUAN) Corporation ANEST IWATA FEELER Corporation* ANEST IWATA Shanghai Trading Corporation SHANGHAI SCREW COMPRESSOR Co., Ltd.* SHANGHAI GLOBE SCREW TECHNOLOGY Co., Ltd ANEST IWATA Taiwan Corporation ANEST IWATA MOTHERSON Pvt. Ltd.* ANEST IWATA MOTHERSON COATING EQUIPMENT Pvt .Ltd. ANEST IWATA SOUTHEAST ASIA Co., Ltd. ANEST IWATA Korea Corp. ANEST IWATA VIETNAM Co., Ltd. PT.ANEST IWATA INDONESIA	Manufacture and sale of coating equipment Manufacture and sale of air compressors, coating equipment, and coating systems Sale of air compressors, coating equipment, and coating systems Manufacture and sale of coating systems Manufacture and sale of air compressors, and sale of coating equipment Sale of air compressors, vacuum equipment, coating equipment, and coating systems Manufacture and sale of air compressors Manufacture and sale of air compressors Manufacture and sale of air compressors, vacuum equipment, and coating equipment Manufacture and sale of air compressors Manufacture and sale of coating equipment and coating systems Manufacture and sale of air compressors, vacuum equipment, coating equipment, and coating systems Manufacture and sale of air compressors, vacuum equipment, coating equipment, and coating systems Sale of air compressors, coating equipment, and coating systems Sale of air compressors, vacuum equipment, coating equipment, and coating systems
[Other areas]	ANEST IWATA USA, Inc. ANEST IWATA-Medea, Inc. ANEST IWATA AIRENGINEERING, INC. ANEST IWATA Mexico, S.de R.L.de C.V. ANEST IWATA DOBRASILCOMERCIALLTDA. AIRZAP-ANEST IWATA INDUSTRIA E COMERCIO LTDA. ANEST IWATA Australia Pty. Ltd. ANEST IWATA RUS LLC ANEST IWATA South Africa (Pty) Ltd. ANEST IWATA MIDDLE EAST FZE	Sale of coating equipment Manufacture and sale of coating equipment Manufacture and sale of air compressors and vacuum equipment Sale of coating equipment and coating systems Sale of coating equipment Manufacture and sale of air compressors and vacuum equipment Sale of air compressors and coating equipment Sale of vacuum equipment and coating equipment Sale of coating equipment Sale of coating equipment
Affiliates (equity method applied)	ADVANCE RIKEN Inc. Anest Iwata Italia s.r.l. Powerex-Iwata Air Technology, Inc.	Manufacture and sale of oxygen, nitrogen, and ozone gas generators Sale of coating equipment Manufacture and sale of air compressors

(Notes) (Changes in subsidiaries and affiliates)

- To further expand the sales of air compressors in the European market, the consolidated subsidiary, ANEST IWATA AIR TECH s.r.l., which is an air compressor manufacturing and selling site, was relocated from Italy to Germany. At the time of

relocation, the company was renamed to ANEST IWATA Europe GmbH.

- To increase the number of models, mainly those of medium- and large-size screw compressors, and expand the sales of air compressors in the Chinese and other Asian markets, we acquired 51% of the equity interest of SHANGHAI SCREW COMPRESSOR Co., Ltd. and turned the company and its subsidiary, SHANGHAI GLOBE SCREW TECHNOLOGY Co., Ltd. into consolidated subsidiaries.
- ANEST IWATA CAMPBELL K.K. was liquidated due to the business transfer to ANEST IWATA COMPRESSOR.

3. Management policy

(1) Basic policy for corporate management

Part of the mission of our group is that officers and employees work together as one to sincerely provide attractive products and services that meet customer needs with appropriate levels of quality at appropriate prices with the spirit of founding - "Makotono kokoro" (Trustworthy & Sincere), which is part of our corporate policy.

We aim to become a "True World-Class Company" that creates innovative technologies and products by accurately understanding market needs and achieving unexplored solutions.

(2) Targeted management index

We shall strive to achieve a return on equity (ROE) of not less than 10% as an appropriate indicator that the ANEST IWATA Group has a solid financial base that enables it to invest and take risks for sustained growth. And, we aim to achieve an ROE of 12% or greater in the midterm business plan from 2016 to 2018.

(3) Mid- to long-term corporate management strategies

Our group has established the "Management Vision", described below, toward a "100-year-old company".

- become a development-oriented company full of vigor and novelty that is capable of providing high-performance, high-quality products and services in a sincere manner from the customer's point of view;
- shift from enhancement-based product development focused on cost cutting and internal core technologies to become a flexible company that collaborates with many different businesses based on an accurate understanding of market needs; and
- aim to become a "True World-Class Company" where all employees of the group work as one in order to maximize customer satisfaction and constantly create innovative technologies and products for achieving the world's No. 1 position.

(4) Issues that the company should address

The future prospects are that the overseas sales ratio will increase because, while gradual recovery is expected to continue in the United States, Europe, and Asia including Japan, uncertainties are involved such as some protectionist movements and geopolitical risks. Our group will endeavor to engage in corporate activities based on the policy stated below, while avoiding risks due to regional bias.

- Spread of "ANEST IWATA Corporate Philosophy"

We have recompiled our corporate policy, Management Policy, and the spirit upholding the basis of management perpetually into "ANEST IWATA Corporate Philosophy". All officers and employees will aim to become a "100-year-old company" by carrying on the tradition that has been carefully handed down since the foundation in 1926.

- Securing and fostering human resources

We will seek human resources to support our group throughout the world, and endeavor to secure and foster human resources that can think about business and act from a flexible perspective. We will respect the abilities and aptitudes of employees, and work on the internationalization of our corporate culture and the optimization of the human resource appointment system through the bidirectional exchange of human resources with sites overseas.

- Improvement of life-work balance

According to the life styles of individual employees, who may carry burdens such as child-rearing and nursing care, we promote the development of flexible working systems, allowing "paid leave in units of 1 to 2 hours" and "permitting employees who have resigned for nursing care to return to their jobs under the same conditions as those before resignation". Under the circumstances in which the decrease in working-age population due to the dwindling birthrate and aging population has become more serious, increasing the need for so-called "work style reform", we will endeavor to improve life-work balance.

- Division-by-division guidelines

As the total air energy business that supplies "energies essential to society" related to pneumatics, expansion, and vacuum efficiently and stably, the air compressor and vacuum equipment business will create and accumulate the know-how for this purpose, foster human resources, develop the services deemed necessary, and proceed with the development of products related to efficient energy management, and will continue to promote a shift to the "total management business for pneumatic, expansion, and vacuum energies".

The coating equipment and coating system business will aim to become one of the world's best coating makers offering optimum coated film creation technologies satisfactory to customers all over the world. Rather than limiting itself to the hardware of coating equipment, the business will supply software including coating and spraying methods and coating and spraying technologies, and will further pursue "high efficiency, working environment improvement, and global environmental conservation".

- Governance system

For the purpose of securing appropriate supervisory and auditing functions by exercising a voting right at the board of directors, our group has shifted to a company with audit and other committees, based on a resolution at the 70th ordinary general meeting of shareholders on June 28, 2016. That resolution states that as advisory panels for the board of directors, a nominating committee and a compensation committee shall be created, both formed by the representative director and all outside directors and chaired by an outside director, in order to keep in check dogmatic behavior of the representative director and the board of directors and to reinforce governance functions. The resolution also states that an internal controls committee and a CSR committee shall be put in place to complement the functions of the board of directors. We will endeavor to further reinforce governance and activate the board of directors.

4. Basic concept on choice of accounting standards

Considering the comparability of periods of consolidated financial statements and the comparability of statements among companies, our group has a policy to prepare consolidated financial statements in accordance with the Japanese standards for the time being.

Regarding the application of IFRS, we have a policy to appropriately cope with this while considering the situations in and outside of Japan.

5. Consolidated financial statements and main notes

(1) Consolidated balance sheets

(Amount: thousand yen)

	FY2016 (As of March 31, 2017)	FY2017 (As of March 31, 2018)
Assets		
Current assets		
Cash and deposits	*3 8,100,275	*3 9,225,287
Notes and accounts receivable-trade	5,928,211	7,624,339
Securities	100,000	500,000
Merchandise and finished goods	3,539,425	3,876,983
Work in process	565,978	918,367
Raw materials and supplies	1,426,875	2,138,244
Deferred tax assets	615,783	635,774
Other	1,458,985	1,373,957
Allowance for doubtful account	△39,761	△176,820
Total current assets	21,695,774	26,116,134
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	*3 8,008,868	*3 10,670,490
Accumulated depreciation	△4,684,281	△5,280,625
Buildings and structures, net	3,324,587	5,389,865
Machinery, equipment and vehicles	6,695,805	7,804,403
Accumulated depreciation	△4,325,267	△5,001,288
Machinery, equipment and vehicles, net	2,370,537	2,803,114
Land	*3 2,294,180	*3 2,358,609
Lease assets	1,266,854	1,640,456
Accumulated depreciation	△707,307	△836,217
Lease assets, net	559,547	804,238
Construction in progress	242,170	218,671
Other	2,054,741	2,361,406
Accumulated depreciation	△1,750,880	△1,897,310
Other, net	303,860	464,095
Total property, plant and equipment	9,094,883	12,038,594
Intangible assets		
Goodwill	812,395	1,588,301
Software	546,144	343,079
Other	455,994	1,603,542
Total intangible assets	1,814,534	3,534,922
Investment and other assets		
Investment securities	*1 5,343,468	*1 4,617,239
Long-term loans receivable	28,317	62,648
Deferred tax assets	283,687	211,416
Net defined benefit assets	408,167	516,384
Long-term deposits	73,887	25,165
Other	*2 163,367	*2 196,433
Allowance for doubtful accounts	△10,728	△11,095
Total investments and other assets	6,290,167	5,618,192
Total noncurrent assets	17,199,586	21,191,710
Total assets	38,895,360	47,307,845

(Amount: thousand yen)

	FY2016 (As of March 31, 2017)	FY2017 (As of March 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	*3 3,613,083	*3 4,769,153
Short-term loans payable	*3, *4 135,439	*3, *4 1,396,347
Current portion of long-term debt	*3 57,076	*3 371,380
Lease obligations	117,401	138,489
Income taxes payable	777,695	604,634
Provision for bonuses	577,900	628,046
Provision for directors' bonuses	77,490	83,896
Provision for product warranties	227,590	235,007
Other	1,636,472	2,602,257
Total current liabilities	7,220,149	10,829,212
Noncurrent liabilities		
Long-term loans payable	*3 22,880	*3 75,897
Lease obligations	520,385	754,657
Deferred tax liabilities	92,769	381,167
Net defined benefit liability	2,359,918	2,401,451
Other	73,772	87,720
Total noncurrent liabilities	3,069,727	3,700,892
Total liabilities	10,289,876	14,530,105
Net Assets		
Shareholders' equity		
Capital stock	3,354,353	3,354,353
Capital surplus	1,324,472	1,324,472
Retained earnings	21,374,203	23,307,605
Treasury shares	Δ5,277	Δ5,387
Total shareholders' equity	26,047,751	27,981,043
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	707,129	863,484
Foreign currency translation adjustments	222,079	416,156
Remeasurements of defined benefit plans	Δ258,189	Δ254,633
Total accumulated other comprehensive income	671,019	1,025,007
Non-controlling shareholders' equity	1,886,713	3,771,688
Total net assets	28,605,483	32,777,739
Total liabilities and net assets	38,895,360	47,307,845

(2) Consolidated profit and loss statements and consolidated statements of comprehensive income

Consolidated profit and loss statements

(Amount: thousand yen)

	FY2016 (April 1, 2016 through March 31, 2017)	FY2017 (April 1, 2017 through March 31, 2018)
Net sales	29,548,526	32,817,481
Cost of sales	16,557,815	18,384,433
Gross profit	12,990,711	14,433,047
Selling, general & administrative expenses		
Sales commission	383,128	425,257
Packing and transportation expenses	764,589	797,510
Directors' compensations, salaries and allowances	3,170,780	3,632,013
Provision for bonuses	321,819	333,260
Provision for directors' bonuses	77,490	83,896
Retirement benefit expenses	△37,836	47,334
Welfare expenses	818,141	857,115
Rent expenses	333,149	402,421
Provision of reserve for product warranties	228,299	216,660
Provision of allowance for doubtful accounts	—	17,151
Other	3,197,973	3,795,935
Total selling, general & administrative expenses	9,257,536	10,608,557
Operating income	3,733,175	3,824,490
Non-operating income		
Interest income	47,701	47,433
Dividend income	64,371	64,339
Exchange gain	—	115,984
Share of profit of entities accounted for using equity method	170,488	201,468
Other	194,063	151,289
Total non-operating income	476,624	580,514
Non-operating expenses		
Interest expenses	11,682	24,947
Foreign exchange loss	27,261	—
Other	31,778	27,695
Total non-operating expenses	70,721	52,642
Ordinary income	4,139,078	4,352,361

(Amount: thousand yen)

	FY2016 (April 1, 2016 through March 31, 2017)	FY2017 (April 1, 2017 through March 31, 2018)
Extraordinary income		
Gain on step acquisitions	450,328	—
Gain on sales of noncurrent assets	*2 2,286	*2 2,286
Gain on sales of investment securities	49,948	—
Insurance income	—	242,472
Subsidy income	406,300	—
Other	*3 50	*3 —
Total extraordinary income	908,913	244,759
Extraordinary losses		
Impairment loss	106,746	—
Loss on sales of noncurrent assets	*4 1,645	*4 5,480
Loss on retirement of noncurrent assets	*4 3,661	*4 20,009
Demolition and demobilization cost	539	35,978
Loss on liquidation of subsidiaries	—	*5 126,065
Other	*6 10,150	*6 —
Total extraordinary losses	122,743	187,533
Net income before income taxes	4,925,249	4,409,588
Income taxes - current	1,387,227	1,260,742
Income taxes - deferred	30,386	43,679
Total income taxes	1,417,613	1,304,422
Net income	3,507,635	3,105,165
Net income attributable to non-controlling shareholders	106,736	295,246
Net income attributable to parent company shareholders	3,400,898	2,809,919

Consolidated statements of comprehensive income

(Amount: thousand yen)

	FY2016 (April 1, 2016 through March 31, 2017)	FY2017 (April 1, 2017 through March 31, 2018)
Net Income	3,507,635	3,105,165
Other comprehensive income		
Valuation difference on available-for-sale securities	300,872	156,355
Foreign currency translation adjustments	Δ289,271	294,573
Remeasurements of defined benefit plans	Δ31,336	3,556
Share of other comprehensive income of associates accounted for using equity method	Δ190,939	Δ33,098
Total comprehensive income	* Δ210,674	* 421,386
Comprehensive income	3,296,960	3,526,552
(Comprehensive income attributable to)		
Parent company shareholders	3,241,376	3,163,907
Non-controlling shareholders	55,583	362,644

(3) Consolidated statements of changes in shareholders' equity
FY2016 (April 1, 2016 through March 31, 2017)

(Amount: thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	3,354,353	1,348,016	18,838,013	△5,159	23,535,222
Cumulative effect of changes in accounting policies			11,811		11,811
Balance at the beginning of current period, changes in accounting policies applied	3,354,353	1,348,016	18,849,824	△5,159	23,547,034
Changes of items during the period					
Dividends from surplus			△876,519		△876,519
Net income attributable to parent company shareholders			3,400,898		3,400,898
Purchase of treasury shares				△118	△118
Parent company's equity fluctuations relating to transactions with non-controlling shareholders		△23,544			△23,544
Net changes of items during the period other than shareholders' equity					
Total changes of items during the period		△23,544	2,524,379	△118	2,500,717
Balance at the end of current period	3,354,353	1,324,472	21,374,203	△5,277	26,047,751

	Accumulated other comprehensive income				Non-controlling shareholders' equity	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	406,256	651,137	△226,852	830,540	1,152,971	25,518,735
Cumulative effect of changes in accounting policies						11,811
Balance at the beginning of current period, changes in accounting policies applied	406,256	651,137	△226,852	830,540	1,152,971	25,530,546
Changes of items during the period						
Dividends from surplus						△876,519
Net income attributable to parent company shareholders						3,400,898
Purchase of treasury shares						△118
Parent company's equity fluctuations relating to transactions with non-controlling shareholders						△23,544
Net changes of items during the period other than shareholders' equity	300,872	△429,057	△31,336	△159,521	733,741	574,219
Total changes of items during the period	300,872	△429,057	△31,336	△159,521	733,741	3,074,936
Balance at the end of current period	707,129	222,079	△258,189	671,019	1,886,713	28,605,483

FY2017 (April 1, 2017 through March 31, 2018)

(Amount: thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	3,354,353	1,324,472	21,374,203	△5,277	26,047,751
Cumulative effect of changes in accounting policies					
Balance at the beginning of current period, changes in accounting policies applied	3,354,353	1,324,472	21,374,203	△5,277	26,047,751
Changes of items during the period					
Dividends from surplus			△876,517		△876,517
Net income attributable to parent company shareholders			2,809,919		2,809,919
Purchase of treasury shares				△110	△110
Parent company's equity fluctuations relating to transactions with non-controlling shareholders					
Net changes of items during the period other than shareholders' equity					
Total changes of items during the period			1,933,402	△110	1,933,292
Balance at the end of current period	3,354,353	1,324,472	23,307,605	△5,387	27,981,043

	Accumulated other comprehensive income				Non-controlling shareholders' equity	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	707,129	222,079	△258,189	671,019	1,886,713	28,605,483
Cumulative effect of changes in accounting policies						—
Balance at the beginning of current period, changes in accounting policies applied	707,129	222,079	△258,189	671,019	1,886,713	28,605,483
Changes of items during the period						
Dividends from surplus						△876,517
Net income attributable to parent company shareholders						2,809,919
Purchase of treasury shares						△110
Parent company's equity fluctuations relating to transactions with non-controlling shareholders						—
Net changes of items during the period other than shareholders' equity	156,355	194,077	3,556	353,988	1,884,975	2,238,963
Total changes of items during the period	156,355	194,077	3,556	353,988	1,884,975	4,172,255
Balance at the end of current period	863,484	416,156	△254,633	1,025,007	3,771,688	32,777,739

(4) Consolidated cash flow statements

(Amount: thousand yen)

	FY2016 (April 1, 2016 through March 31, 2017)	FY2017 (April 1, 2017 through March 31, 2018)
Cash flow from operating activities		
Net income before income taxes	4,925,249	4,409,588
Depreciation	1,127,995	1,238,657
Amortization of goodwill	62,822	170,500
Change in allowance for doubtful accounts (Δ for decrease)	Δ29,305	5,598
Change in provision for bonuses (Δ for decrease)	64,554	7,868
Change in provision for product warranties (Δ for decrease)	21,623	7,513
Change in net defined benefit liability (Δ for decrease)	83,566	118,562
Change in net defined benefit asset (Δ for increase)	Δ197,968	Δ189,851
Change in provision for directors' bonuses (Δ for decrease)	1,743	6,406
Interest and dividend income	Δ112,073	Δ111,772
Interest expenses	11,682	24,947
Share of profit or loss of entities accounted for using equity method (Δ for profit)	Δ99,323	Δ118,514
Loss or gain on sales and retirement of noncurrent assets (Δ for gain)	3,020	23,202
Impairment loss	106,746	—
Loss or gain on sales and valuation of investment securities (Δ for gain)	Δ49,948	—
Loss or gain on step acquisitions (Δ for gain)	Δ450,328	—
Subsidy income	Δ406,300	—
Change in notes and accounts receivables - trade (Δ for increase)	Δ565,308	Δ13,397
Change in inventories (Δ for increase)	Δ195,015	Δ50,773
Change in notes and accounts payable - trade (Δ for decrease)	270,414	Δ377,273
Other	27,031	Δ84,674
Subtotal	4,600,878	5,066,586
Interest and dividend income received	117,414	112,105
Interest expenses paid	Δ11,682	Δ24,947
Subsidy received	—	406,300
Income taxes paid	Δ1,309,399	Δ1,480,331
Cash flow from operating activities	3,397,211	4,079,713
Cash flow from investing activities		
Payments into time deposits	Δ583,391	Δ649,259
Proceeds from withdrawal of time deposits	1,428,792	498,712
Purchase of property, plant and equipment	Δ965,856	Δ1,858,233
Proceeds from sales of property, plant and equipment	21,633	14,117
Purchase of intangible assets	Δ64,645	Δ58,277
Purchase of investment securities	Δ200,000	—
Proceeds from sales of investment securities	146,661	—
Proceeds from redemption of investment securities	374,284	634,251
Payments of loans	Δ112,680	Δ1,125
Proceeds from collection of loans	107,769	5,178
Purchase of shares of subsidiaries resulting in change in scope of consolidation	253,366	—
Payments for investments in capital	Δ629,363	Δ1,976,305
Payments for transfer of business	Δ332,764	Δ86,586
Other	30,137	Δ8,083
Cash flow from investing activities	Δ526,054	Δ3,485,612

(Amount: thousand yen)

	FY2016 (April 1, 2016 through March 31, 2017)	FY2017 (April 1, 2017 through March 31, 2018)
Cash flow from financing activities		
Net increase or decrease in short-term loans payable (Δ for decrease)	Δ 65,807	220,653
Repayments of lease obligations	Δ 123,298	Δ 145,508
Proceeds from long-term loans payable	21,114	312,780
Repayments of long-term loans payable	Δ 78,142	Δ 59,495
Purchase of treasury shares	Δ 118	Δ 110
Payments for investments in capital of subsidiaries not resulting in change in scope of consolidation	Δ 157,045	—
Cash dividends paid	Δ 877,369	Δ 876,581
Cash dividends paid to non-controlling shareholders	Δ 39,250	Δ 118,211
Cash flow from financing activities	Δ 1,319,918	Δ 666,474
Effect of exchange rate change on cash and cash equivalents	Δ 92,940	86,250
Changes in cash and cash equivalents (Δ for decrease)	1,458,297	13,877
Beginning cash and cash equivalents	6,220,359	7,678,657
Cash and cash equivalents at year end	* 7,678,657	* 7,692,535

(5) Notes on consolidated financial statements

(Notes on the premise of a going concern)

There are no relevant matters.

(Basic, important matters for preparing consolidated financial statements)

1 Matters concerning the scope of consolidation

(a) Number of consolidated subsidiaries: 38

The names of the consolidated subsidiaries are omitted as they are shown in "2. Conditions of the corporate group".

SHANGHAI SCREW COMPRESSOR Co., Ltd. and its subsidiary, SHANGHAI GLOBE SCREW TECHNOLOGY Co., Ltd., have become our subsidiaries due to the acquisition of equity, and are included in the scope of consolidation in the current consolidated fiscal year and after.

ANEST IWATA CAMPBELL K.K. has been liquidated, and is excluded from the scope of consolidation in the current consolidated fiscal year and after.

(b) Number of main non-consolidated subsidiaries: 0

2 Matters concerning the application of the equity method

(a) Number of non-consolidated subsidiaries to which the equity method is applied: 0

(b) Number of affiliates to which the equity method is applied: 3

The names of the affiliates to which the equity method is applied are omitted as they are shown in "2. Conditions of the corporate group".

(c) Number of non-consolidated subsidiaries to which the equity method is not applied: 0

(d) Number of affiliates to which the equity method is not applied: 0

(e) The accounting dates of the equity method-applied companies differ from the consolidated accounting date, and the financial statements of the individual companies for the most recent fiscal year are used.

3 Matters concerning the fiscal years of consolidated subsidiaries, etc.

Of the consolidated subsidiaries, ANEST IWATA COMPRESSOR Corporation, ANEST IWATA COATING SOLUTIONS Corporation, AIR ENGINEERING Corporation, ANEST IWATA MOTHERSON Pvt. Ltd., and ANEST IWATA MOTHERSON COATING EQUIPMENT Pvt. Ltd. have the same accounting date as the consolidated accounting date. For other consolidated subsidiaries, the accounting date is December 31. In preparing consolidated financial statements, the financial statements of the individual consolidated subsidiaries as of their accounting dates are used, and any important transactions made between the accounting dates and consolidated accounting date undergo the necessary adjustments for consolidation.

(Change of accounting policy)

There are no relevant matters.

(Changes in presentation method)

(Related to consolidated profit and loss statements)

"Demolition and demobilization cost", which was included in "Other" under "Extraordinary losses" in the previous consolidated fiscal year, is set down independently in the current consolidated fiscal year and after because its amount now has more significance. To reflect this change in presentation method, we revised the consolidated financial statements for the previous consolidated fiscal year.

As a result, 10,689 thousand yen as "Other", presented under "Extraordinary losses" in the consolidated profit and loss statement for the previous consolidated fiscal year, is revised to 539 thousand yen as "Demolition and demobilization cost" and 10,150 thousand yen as "Other".

(Related to consolidated balance sheets)

*1 Shares of subsidiaries and affiliates in Investment securities

	FY2016 (As of March 31, 2017)	FY2017 (As of March 31, 2018)
	1,357,393 thousand yen	1,439,186 thousand yen

*2 Investments in capital of subsidiaries and affiliates in Other under Investment and other assets

	FY2016 (As of March 31, 2017)	FY2017 (As of March 31, 2018)
	23,019 thousand yen	26,642 thousand yen

*3 Pledged assets and secured debts

Assets offered as collateral and secured debts are as below.

	FY2016 (As of March 31, 2017)	FY2017 (As of March 31, 2018)
Cash and deposits	—	917,367 thousand yen
Land and building	81,312 thousand yen	1,411,430 thousand yen
Total	81,312 thousand yen	2,328,798 thousand yen
Notes and accounts payable-trade	—	717,535 thousand yen
Short-term loans payable	19,360 thousand yen	1,041,350 thousand yen
Current portion of long-term debt	—	351,855 thousand yen
Long-term loans payable	36,300 thousand yen	69,160 thousand yen
Total	55,660 thousand yen	2,179,900 thousand yen

*4 Overdraft facility agreement and a loan commitment agreement

To procure operating funds efficiently, our company and some consolidated subsidiaries have concluded an overdraft facility agreement and a loan commitment agreement with our bank. The balance of unexecuted loans at the end of the current consolidated fiscal year under these agreements is as below.

	FY2016 (As of March 31, 2017)	FY2017 (As of March 31, 2018)
Maximum limit of overdraft and loan commitment agreement price	7,806,164 thousand yen	7,826,671 thousand yen
Balance of executed loans	—	—
Balance of unexecuted loans	7,806,164 thousand yen	7,826,671 thousand yen

*5 Notes receivable transfer by endorsement

	FY2016 (As of March 31, 2017)	FY2017 (As of March 31, 2018)
Notes receivable transfer by endorsement	—	736,719 thousand yen

(Related to consolidated profit and loss statements)

*1 Research and development expenses included in general & administrative expenses

	FY2016 (April 1, 2016 through March 31, 2017)	FY2017 (April 1, 2017 through March 31, 2018)
	527,978 thousand yen	521,425 thousand yen

*2 Gain on sales of noncurrent assets

FY2016 (April 1, 2016 through March 31, 2017)

Mainly due to the sales of motor vehicles and transport equipment.

FY2017 (April 1, 2017 through March 31, 2018)

Mainly due to the sales of motor vehicles and transport equipment.

*3 Extraordinary income, etc.

	FY2016 (April 1, 2016 through March 31, 2017)	FY2017 (April 1, 2017 through March 31, 2018)
Gain on negative goodwill	50 thousand yen	—

*4 Loss on sales of noncurrent assets, loss on retirement of noncurrent assets

FY2016 (April 1, 2016 through March 31, 2017)

Mainly due to the sales of apparatus and equipment and the retirement of machinery and equipment.

FY2017 (April 1, 2017 through March 31, 2018)

Mainly due to the sales of motor vehicles and transport equipment and the retirement of machinery and equipment.

*5 Loss on liquidation of subsidiaries

Loss due to the reorganization of subsidiaries in China and loss due to the dissolution of consolidated subsidiaries in Middle East.

*6 Other under Extraordinary losses

	FY2016 (April 1, 2016 through March 31, 2017)	FY2017 (April 1, 2017 through March 31, 2018)
Legal specially-controlled industrial waste disposal cost	10,150 thousand yen	—

(Related to consolidated statements of comprehensive income)

* Recycling and amount of tax effect relating to other comprehensive income

	FY2016 (April 1, 2016 through March 31, 2017)	FY2017 (April 1, 2017 through March 31, 2018)
Valuation difference on available-for-sale securities		
Amount incurred in current period	459,379 thousand yen	224,971 thousand yen
Recycling	Δ26,468 thousand yen	—
Before tax effect adjustment	432,910 thousand yen	224,971 thousand yen
Amount of tax effect	Δ132,037 thousand yen	Δ68,616 thousand yen
Valuation difference on available-for-sale securities	300,872 thousand yen	156,355 thousand yen
Foreign currency translation adjustments		
Amount incurred in current period	Δ289,271 thousand yen	294,573 thousand yen
Remeasurements of defined benefit plans		
Amount incurred in current period	Δ38,438 thousand yen	2,350 thousand yen
Recycling	Δ6,651 thousand yen	2,765 thousand yen
Before tax effect adjustment	Δ45,089 thousand yen	5,116 thousand yen
Amount of tax effect	13,752 thousand yen	Δ1,560 thousand yen
Remeasurements of defined benefit plans	Δ31,336 thousand yen	3,556 thousand yen
Share of other comprehensive income of associates accounted for using equity method		
Amount incurred in current period	Δ75,566 thousand yen	Δ33,098 thousand yen
Recycling	Δ115,373 thousand yen	—
Share of other comprehensive income of associates accounted for using equity method	Δ190,939 thousand yen	Δ33,098 thousand yen
Total comprehensive income	Δ210,674 thousand yen	421,386 thousand yen

(Related to consolidated statements of changes in shareholders' equity)

FY2016 (April 1, 2016 through March 31, 2017)

1 Matters concerning issued shares

Class of shares	Beginning of FY2017	Increase	Decrease	End of FY2017
Common (shares)	41,745,505	—	—	41,745,505

2 Matters concerning treasury shares

Class of shares	Beginning of FY2017	Increase	Decrease	End of FY2017
Common (shares)	6,432	125	—	6,557

(Overview of the cause of changes)

The breakdown of the increase is as below.

Increase due to the purchase of fractional shares 125 shares

3 Matters concerning dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (thousand yen)	Dividend per share (yen)	Record date	Effective day
June 28, 2016 ordinary shareholders' meeting (Note)	Common	500,868	12.0	March 31, 2016	June 29, 2016
November 7, 2016 board of directors' meeting	Common	375,650	9.0	September 30, 2016	December 5, 2016

(Note) The dividend per share includes the commemorative dividend of 3 yen for our 90th anniversary.

(2) Of the dividends whose record dates are contained in the current consolidated fiscal year, those whose effective days are in the following consolidated fiscal year

Resolution	Class of shares	Dividend resource	Total amount of dividends (thousand yen)	Dividend per share (yen)	Record date	Effective day
June 23, 2017 ordinary shareholders' meeting	Common	Retained earnings	459,128	11.0	March 31, 2017	June 26, 2017

FY2017 (April 1, 2017 through March 31, 2018)

1 Matters concerning issued shares

Class of shares	Beginning of FY2017	Increase	Decrease	End of FY2017
Common (shares)	41,745,505	—	—	41,745,505

2 Matters concerning treasury shares

Class of shares	Beginning of FY2017	Increase	Decrease	End of FY2017
Common (shares)	6,557	102	—	6,659

(Overview of the cause of changes)

The breakdown of the increase is as below.

Increase due to the purchase of fractional shares 102 shares

3 Matters concerning dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (thousand yen)	Dividend per share (yen)	Record date	Effective day
June 23, 2017 ordinary shareholders' meeting	Common	459,128	11.0	March 31, 2017	June 26, 2017
November 10, 2017 board of directors' meeting	Common	417,388	10.0	September 30, 2017	December 8, 2017

(2) Of the dividends whose record dates are contained in the current consolidated fiscal year, those whose effective days are in the following consolidated fiscal year

Resolution	Class of shares	Dividend resource	Total amount of dividends (thousand yen)	Dividend per share (yen)	Record date	Effective day
June 22, 2018 ordinary shareholders' meeting	Common	Retained earnings	417,388	10.0	March 31, 2018	June 25, 2018

(Related to consolidated cash flow statements)

* Relations between the cash and cash equivalents at year-end and the amounts contained account titles in the consolidated balance sheets

	FY2016 (As of March 31, 2017)	FY2017 (As of March 31, 2018)
Cash and deposits	8,100,275 thousand yen	9,225,287 thousand yen
Time deposit exceeding 3 months in deposit term and derivative deposit	Δ421,617 thousand yen	Δ1,532,751 thousand yen
Cash and cash equivalents	7,678,657 thousand yen	7,692,535 thousand yen

(Segment information, etc.)

1 Overview of report segments

(1) Overview of report segments

The report segments of our group are those of the constituent units for which separate financial information is obtainable and for which the board of directors is to periodically consider to decide on the allocation of management resources and evaluate business performance.

(2) Product and service types belonging to each report segment

Our group manufactures and sells air compressors, vacuum equipment, coating equipment, and coating systems exclusively. Japan is in the charge of our company and the domestic consolidated subsidiaries. Overseas, Europe (mainly Italy, France, and Germany), Asia (mainly China, India, and Thailand), and other areas are in the charge of their respective local corporations. The local corporations are management units independent of one another. They create comprehensive strategies for the products they handle in their areas, and carry out business activities.

Thus, our group consists of segments according to location, based on the production and sale system, and regards the three areas, "Japan", "Europe", and "Asia", as report segments.

2 Method of calculating the amounts of the net sales, income, assets, and other items for each report segment

In general, the accounting method for the reported business segments is the same as that used for preparing consolidated financial statements.

3 Information about the amounts of net sales, assets, and other items for report segment
FY2016 (April 1, 2016 through March 31, 2017)

(Amount: thousand yen)

	Report segment				Other (Note 1)	Total
	Japan	Europe	Asia	Total		
Net Sales						
Sales to external customers	17,689,298	3,208,879	5,084,404	25,982,582	3,565,944	29,548,526
Internal sales or transfers between segments	4,118,223	236,767	1,158,390	5,513,380	273,819	5,787,200
Total	21,807,521	3,445,646	6,242,794	31,495,963	3,839,764	35,335,727
segment income	3,914,226	321,011	352,316	4,587,554	256,065	4,843,620
Segment assets	21,680,977	2,834,620	7,385,698	31,901,297	3,638,038	35,539,335
Other items						
Depreciation	886,823	53,656	156,322	1,096,802	27,809	1,124,611
Amortization of goodwill	33,310	—	—	33,310	29,512	62,822
Impairment loss	88,516	3,878	—	92,395	14,350	106,746
Increase in property, plant and equipment, and intangible assets (Note 2)	851,906	285,921	147,867	1,285,694	188,099	1,473,794

(Note 1) The "Other" category addresses those business segments not covered by the report segments; business activities of local corporations in the United States, Mexico, Brazil, Australia, Russia, South Africa, and the United Arab Emirates.

(Note 2) Increase in property, plant and equipment, and intangible assets does not cover any increases due to new consolidations.

FY2017 (April 1, 2017 through March 31, 2018)

(Amount: thousand yen)

	Report segment				Other (Note 1)	Total
	Japan	Europe	Asia	Total		
Sales						
Sales to external customers	17,875,396	3,892,452	6,641,736	28,409,584	4,407,896	32,817,481
Internal sales or transfers between segments	4,803,473	277,079	1,362,773	6,443,327	145,961	6,589,289
Total	22,678,869	4,169,532	8,004,510	34,852,912	4,553,858	39,406,770
Segment income	4,026,664	214,132	668,215	4,909,012	102,249	5,011,261
Segment assets	22,056,411	3,476,889	14,853,172	40,386,473	3,531,906	43,918,380
Other items						
Depreciation	931,915	75,882	187,761	1,195,558	40,746	1,236,305
Amortization of goodwill	951	80,821	—	81,772	88,727	170,500
Impairment loss	—	—	—	—	—	—
Increase in property, plant and equipment, and intangible assets (Note 2)	1,670,483	141,506	475,989	2,287,979	170,076	2,458,056

(Note 1) The "Other" category addresses those business segments not covered by the report segments; business activities of local corporations in the United States, Mexico, Brazil, Australia, Russia, South Africa, and the United Arab Emirates.

(Note 2) Increase in property, plant and equipment, and intangible assets does not cover any increases due to new consolidations.

4 Difference between the total amounts of the report segments and the amounts reported in the consolidated financial statements, as well as the main items of the difference (matters related to difference adjustment)

(Amount: thousand yen)

Sales	FY2016	FY2017
Report segment total	31,495,963	34,852,912
Sales from the "Other" category	3,839,764	4,553,858
Inter-segment transactions erased	△5,787,200	△6,589,289
Sales in the consolidated financial statements	29,548,526	32,817,481

(Amount: thousand yen)

Income	FY2016	FY2017
Report segment total	4,587,554	4,909,012
Income from the "Other" category	256,065	102,249
Company-wide expenses (Note)	△1,149,611	△1,224,419
Inter-segment transactions erased	39,165	37,648
Operating income in the consolidated financial statements	3,733,175	3,824,490

(Note) Company-wide expenses are mainly sales expenses and general administrative expenses that cannot be attributed to the report segments.

(Amount: thousand yen)

Assets	FY2016	FY2017
Report segment total	31,901,297	40,386,842
Assets from the "Other" category	3,638,038	3,531,906
Company-wide assets (Note)	5,933,648	5,917,327
Inter-segment transactions erased	△2,577,623	△2,527,862
Total assets in the consolidated financial statements	38,895,360	47,307,845

(Note) Company-wide assets are mainly the surplus funds and long-term investment funds that cannot be attributed to the report segments.

(Amount: thousand yen)

Other items	Report segment total		Other		Adjustment		Amount reported in consolidated financial statements	
	FY2016	FY2017	FY2016	FY2017	FY2016	FY2017	FY2016	FY2017
Depreciation	1,096,802	1,195,558	27,809	40,746	3,383	2,352	1,127,995	1,238,657
Amortization of goodwill	33,310	81,772	29,512	88,727	—	—	62,822	170,500
Impairment loss	92,395	—	14,350	—	—	—	106,746	—
Increase in property, plant and equipment, and intangible assets	1,285,694	2,287,979	188,099	170,076	—	—	1,473,794	2,458,056

(Information about items per share)

	FY2016 (April 1, 2016 through March 31, 2017)		FY2017 (April 1, 2017 through March 31, 2018)	
	Net assets per share	640.14		694.94
Net income per share	81.48		67.32	

(Notes) 1. The amount of Net Income per share - Diluted is not included because there are no dilutive shares such as bonds with subscription rights to shares.

2. The basis for the calculating the net income per share is as below.

	FY2016 (April 1, 2016 through March 31, 2017)	FY2017 (April 1, 2017 through March 31, 2018)
Net income attributable to parent company shareholders (thousand yen)	3,400,898	2,809,919
Amount not attributable to common shareholders (thousand yen)	—	—
Net income attributable to parent company shareholders related to common shares (thousand yen)	3,400,898	2,809,919
Average number of common shares outstanding in the period (No. of shares)	41,738,988	41,738,876

(Important subsequent events)

There are no relevant matters.

6. Non-consolidated financial statements

(1) Balance sheets

(Amount: thousand yen)

	FY2016 (As of March 31, 2017)	FY2017 (As of March 31, 2018)
Assets		
Current assets		
Cash and deposits	4,117,260	3,281,904
Accounts receivable-trade	3,215,912	4,007,615
Securities	100,000	500,000
Merchandise and finished goods	1,307,603	977,790
Work in process	482,013	491,682
Raw materials and supplies	736,264	751,230
Deferred tax assets	304,729	300,659
Other	929,409	253,270
Allowance for doubtful accounts	—	△14,936
Total current assets	11,193,193	10,549,216
Noncurrent assets		
Property, plant and equipment		
Buildings	2,098,045	2,857,868
Structures	203,618	187,218
Machinery and equipment	1,726,767	1,556,768
Motor vehicles and transport equipment	682	3,005
Tools, apparatus and equipment	109,778	247,331
Land	1,443,861	1,443,861
Lease assets	559,547	804,238
Construction in progress	35,630	23,838
Total property, plant and equipment	6,177,931	7,124,131
Intangible assets		
Leasehold	790	790
Software	533,642	311,811
Other	35,829	25,893
Total intangible assets	570,261	338,494
Investment and other assets		
Investment securities	3,983,201	3,173,587
Shares of subsidiaries and affiliates	2,334,628	2,334,628
Investments in capital	1,200	1,200
Investments in capital of subsidiaries and affiliates	1,707,708	4,253,107
Long-term loans receivable from subsidiaries and affiliates	2,185,817	1,888,611
Long-term prepaid expenses	337	222
Prepaid pension cost	359,440	549,292
Deferred tax assets	157,041	105,529
Other	116,176	111,019
Allowance for doubtful accounts	△150,725	△205,410
Total investments and other assets	10,694,826	12,211,787
Total noncurrent assets	17,443,019	19,674,414
Total assets	28,636,213	30,223,631

(Amount: thousand yen)

	FY2016 (As of March 31, 2017)	FY2017 (As of March 31, 2018)
Liabilities		
Current liabilities		
Accounts payable-trade	1,835,495	1,769,480
Lease obligations	117,401	138,489
Accounts payable-other	726,576	922,143
Income taxes payable	511,477	177,983
Deposits received	24,737	20,464
Provision for bonuses	459,805	455,522
Provision for directors' bonuses	77,490	83,896
Provision for product warranties	225,759	233,022
Other	85,615	35,987
Total current liabilities	4,064,358	3,836,990
Noncurrent liabilities		
Lease obligations	520,385	754,657
Provision for retirement benefits	1,816,403	1,922,874
Other	18,588	18,588
Total noncurrent liabilities	2,355,378	2,696,120
Total liabilities	6,419,736	6,533,111
Net Assets		
Shareholders' equity		
Capital stock	3,354,353	3,354,353
Capital surplus		
Capital reserve	1,380,380	1,380,380
Total capital surplus	1,380,380	1,380,380
Retained earnings		
Retained earnings reserve	838,588	838,588
Other retained earnings		
Other reserve	9,700,000	9,700,000
Retained earnings carried forward	6,241,303	7,559,102
Total retained earnings	16,779,891	18,097,690
Treasury shares	△5,277	△5,387
Total shareholders' equity	21,509,347	22,827,036
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	707,129	863,484
Total valuation and translation adjustments	707,129	863,484
Total net assets	22,216,476	23,690,520
Total liabilities and net assets	28,636,213	30,223,631

(2) Profit and loss statements

(Amount: thousand yen)

	FY2016 (April 1, 2016 through March 31, 2017)	FY2017 (April 1, 2017 through March 31, 2018)
Net sales	16,379,885	16,947,602
Cost of sales	10,521,635	10,830,102
Gross profit	5,858,249	6,117,500
Selling, general & administrative expenses	3,938,043	4,163,228
Operating income	1,920,205	1,954,272
Non-operating income		
Interest income	32,605	27,827
Dividend income	401,999	715,995
Technical support fee	128,005	116,841
Other	100,988	155,685
Total non-operating income	663,598	1,016,350
Non-operating expenses		
Interest expenses	5,667	14,205
Foreign exchange loss	100,278	—
Provision for allowance for doubtful accounts	130,440	74,684
Other	38,794	49,313
Total non-operating expenses	275,180	138,203
Ordinary income	2,308,623	2,832,418
Extraordinary income		
Gain on sales of noncurrent assets	—	9
Gain on sales of investment securities	49,948	—
Gain on extinguishment of tie-in shares	61,433	—
Subsidy income	406,300	—
Total extraordinary income	517,682	9
Extraordinary losses		
Loss on retirement of noncurrent assets	3,145	18,658
Loss on valuation of shares of subsidiaries and affiliates	270,167	—
Demolition and demobilization cost	539	35,978
Loss on liquidation of subsidiaries	—	7,217
Other	10,150	—
Total extraordinary losses	284,002	61,854
Net Income before tax	2,542,303	2,770,574
Income taxes - current	725,967	589,291
Income taxes - deferred	31,042	△13,033
Total income taxes	757,010	576,258
Net income	1,785,292	2,194,316

(3) Statements of changes in shareholders' equity
FY2016 (April 1, 2016 through March 31, 2017)

(Amount: thousand yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings reserve	Retained earnings		Total retained earnings
		Capital reserve	Total capital surplus		Other retained earnings	Retained earnings carried forward	
				Other reserve			
Balance at the beginning of current period	3,354,353	1,380,380	1,380,380	838,588	9,700,000	5,320,718	15,859,307
Cumulative effect of changes in accounting policies						11,811	11,811
Balance at the beginning of current period, changes in accounting policies applied	3,354,353	1,380,380	1,380,380	838,588	9,700,000	5,332,529	15,871,118
Changes of items during the period							
Dividends from surplus						△876,519	△876,519
Net income						1,785,292	1,785,292
Purchase of treasury shares							
Net changes of items during the period other than shareholders' equity							
Total changes of items during the period						908,773	908,773
Balance at the end of current period	3,354,353	1,380,380	1,380,380	838,588	9,700,000	6,241,303	16,779,891

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	△5,159	20,588,881	406,256	406,256	20,995,137
Cumulative effect of changes in accounting policies		11,811			11,811
Balance at the beginning of current period, changes in accounting policies applied	△5,159	20,600,692	406,256	406,256	21,006,948
Changes of items during the period					
Dividends from surplus		△876,519			△876,519
Net income		1,785,292			1,785,292
Purchase of treasury shares	△118	△118			△118
Net changes of items during the period other than shareholders' equity			300,872	300,872	300,872
Total changes of items during the period	△118	908,655	300,872	300,872	1,209,528
Balance at the end of current period	△5,277	21,509,347	707,129	707,129	22,216,476

FY2017 (April 1, 2017 through March 31, 2018)

(Amount: thousand yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings reserve	Retained earnings		Total retained earnings
		Capital reserve	Total capital surplus		Other retained earnings	Retained earnings carried forward	
				Other reserve			
Balance at the beginning of current period	3,354,353	1,380,380	1,380,380	838,588	9,700,000	6,241,303	16,779,891
Cumulative effect of changes in accounting policies							
Balance at the beginning of current period, changes in accounting policies applied	3,354,353	1,380,380	1,380,380	838,588	9,700,000	6,241,303	16,779,891
Changes of items during the period							
Dividends from surplus						△876,517	△876,517
Net income						2,194,316	2,194,316
Purchase of treasury shares							
Net changes of items during the period other than shareholders' equity							
Total changes of items during the period						1,317,799	1,317,799
Balance at the end of current period	3,354,353	1,380,380	1,380,380	838,588	9,700,000	7,559,102	18,097,690

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	△5,277	21,509,347	707,129	707,219	22,216,476
Cumulative effect of changes in accounting policies					—
Balance at the beginning of current period, changes in accounting policies applied	△5,277	21,509,347	707,129	707,129	22,216,476
Changes of items during the period					
Dividends from surplus		△876,517			△876,517
Net income		2,194,316			2,194,316
Purchase of treasury shares	△110	△110			△110
Net changes of items during the period other than shareholders' equity			156,355	156,355	156,355
Total changes of items during the period	△110	1,317,688	156,355	156,355	1,474,043
Balance at the end of current period	△5,387	22,827,036	863,484	863,484	23,690,520