



**FY2018 Full-Year Consolidated Financial Results [Japan GAAP]
(April 1, 2018 through March 31, 2019)**

May 10, 2019

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 25, 2019
Payment Date of Cash Dividends	: June 26, 2019
Scheduled Date for Submission of Financial Statements	: June 25, 2019
Supplementary Materials Prepared for Financial Results	: Yes
Holding of the Financial Results Meeting	: Yes (for analysts and institutional investors)

(Amounts are rounded to the nearest million yen)

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

(1) Consolidated Financial Results

(% of change from FY2017)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2018	38,807	18.3	4,339	13.5	4,701	8.0	2,947	4.9
FY2017	32,817	11.1	3,824	2.4	4,352	5.2	2,809	Δ17.4

(Note) Comprehensive Income: FY2018 2,141 million yen (Δ39.3%), FY2017 3,526 million yen (7.0%)

	Net Income per share - Basic		Net Income per share - Diluted		Return of Equity		Return of Asset		Operating Profit on Sales	
	Yen	%	Yen	%	%	%	%	%		
FY2018	70.62	—	—	—	10.0	9.9	—	11.2		
FY2017	67.32	—	—	—	10.1	10.1	—	11.7		

(Reference) Equity in income of affiliates FY2018 — million yen, FY2017 201 million yen

(2) Consolidated Financial Position

	Total Assets		Net Assets		Equity Ratio		Net Assets per share	
	Million Yen	%	Million Yen	%	%	Yen	%	
FY2018	47,557	62.9	33,502	62.9	62.9	716.40	62.9	
FY2017	47,277	61.4	32,777	61.4	61.4	694.94	61.4	

(Reference) Equity capital: FY2018 29,901 million yen, FY2017 29,006 million yen

(Note) Retroactive application has been made in accordance with the announcement of corporate accounting standard No. 28, "Partial Amendments to 'Accounting Standard for Tax Effect Accounting'", etc. For the period ending in March 2018, therefore, figures after the retroactive application are indicated.

(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	%
FY2018	4,848	Δ551	Δ1,848	9,858	Δ1,848	7,692	9,858	
FY2017	4,079	Δ3,485	Δ666	7,692	Δ666	7,692	7,692	

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	%	%
FY2017	—	10.00	—	10.00	20.00	834	29.7	3.0
FY2018	—	11.00	—	11.00	22.00	918	31.2	3.1
FY2019 (forecast)	—	12.00	—	12.00	24.00		32.3	

3. Forecast of Consolidated Results for FY2019 (April 1, 2019 through March 31, 2020)

(% of change from FY2018)

	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	19,800	2.5	2,400	3.5	2,600	0.0	1,750	6.0	41.93
Full-Year	40,000	3.1	4,400	1.4	4,800	2.1	3,100	5.2	74.27

* Note

(1) Changes in specified subsidiaries during FY2018: None

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

New: None

Excluded: None. 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

FY2018	41,745,505 shares	FY2017	41,745,505 shares
FY2018	6,664 shares	FY2017	6,659 shares
FY2018	41,738,844 shares	FY2017	41,738,876 shares

(Reference) Non-consolidated financial results

Non-consolidated financial results in FY2018 (April 1, 2018 through March 31, 2019)

(1) Non-consolidated Financial Results

(% of change from FY2017)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2018	17,124	1.0	1,923	Δ1.6	2,924	3.2	2,203	0.4
FY2017	16,947	3.5	1,954	1.8	2,832	22.7	2,194	22.9

	Net Income per share - Basic		Net Income per share - Diluted	
	Yen		Yen	
FY2018	52.79		—	
FY2017	52.57		—	

(2) Non-consolidated Financial Position

	Total Assets		Net Assets		Equity Ratio		Net Assets per share	
	Million Yen		Million Yen		%		Yen	
FY2018	31,757		24,681		77.7		591.33	
FY2017	30,233		23,690		78.4		567.59	

(Reference) Equity capital: FY2018 24,681 million yen, FY2017 23,690 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 Tuesday, May 28, 2019.

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

Contents of Attachment

1. Analysis of results of operations and financial condition	2
(1) Analysis of results of operations	2
(2) Analysis of financial condition	3
(3) Basic policy for profit allocation and current and next-term dividends	4
2. Conditions of the corporate group	5
3. Management policy	6
(1) Basic policy for corporate management	6
(2) Targeted management index	6
(3) Mid- to long-term corporate management strategies	6
(4) Issues that the company should address	6
4. Basic concept on choice of accounting standards	7
5. Consolidated financial statements and main notes	8
(1) Consolidated balance sheets	8
(2) Consolidated profit and loss statements and consolidated statements of comprehensive income	10
(3) Consolidated statements of changes in shareholders' equity	13
(4) Consolidated cash flow statements	15
(5) Notes on consolidated financial statements	17
(Notes on the premise of a going concern)	17
(Basic, important matters for preparing consolidated financial statements)	17
(Change of accounting policy)	17
(Changes in presentation method)	18
(Related to consolidated balance sheets)	18
(Related to consolidated profit and loss statements)	19
(Related to consolidated statements of comprehensive income)	19
(Related to consolidated statements of changes in shareholders' equity)	20
(Related to consolidated cash flow statements)	21
(Segment information, etc.)	22
(Information about items per share)	24
(Important subsequent events)	24
6. Non-consolidated financial statements and main notes	25
(1) Balance sheets	25
(2) Profit and loss statements	27
(3) Statements of changes in shareholders' equity	28

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 continued on its path to business expansion, mainly in the United States, where the equipment investment and the consumer spending remained solid due in part to the effects of tax cuts, but since the latter half of the year, uncertainty has increased due to the trade friction between the United States and China, the economic slowdown in China, the British exit from the European Union, and the political unrest in Europe, among others. The Japanese economy, while influenced by world trends, has remained steady in consumer spending and equipment investment due to its favorable employment environment and increasing need for labor saving.

In such a business environment, our group has entered the final year of the midterm business plan and continued business activities with an aim to become a "True World-Class Company", with the result that we have achieved the highest performance in net sales, operating income, and ordinary income since our foundation and successfully maintained a 2-digit ROE for six consecutive quarters. We have also developed a new midterm business plan and started activities toward further growth.

In the air compressor field, the sales of oil-free scroll air compressors and medium-size air compressors have increased in Japan due to an increasing ratio of proposal-based selling, which we have continued in the past. Overseas, the sales of medical air compressor units and incidental equipment have continued to increase in emerging countries such as India and Brazil and in Asia, mainly China. Sales of vehicle-mounted air compressor units for public transportation vehicles such as electric buses and railroad vehicles have also continued to increase not only in China but also in areas in the United States, India, and other countries. In addition, SHANGHAI SCREW COMPRESSOR Co., Ltd., a screw compressor manufacturing and selling company in China, and ANEST IWATA SPARMAX CO., LTD., an air brush and medical small-size air compressor manufacturing and selling company in Taiwan, both of which have turned into consolidated subsidiaries this year, have recorded favorable performance, contributing to the growth of our group.

In the vacuum equipment field, the sales of oil-free scroll vacuum pumps for the general industrial market have become steady thanks to promotion activities such as using the sales channels in Japan, taking part in exhibitions, and placing articles in journals, but we have continued to struggle overseas due to decreasing demand in our supply destinations, i.e., equipment manufacturers and OEM partners, in the United States and Europe.

In the coating equipment field, sales have increased especially in Europe, for which we have continued collaboration with automotive refinish paint manufacturers and put our efforts in activities for acquiring certifications for specific paints and various promotion activities, and in China, for which we have aimed to have our customers truly recognize our brand by introducing models suitable for each area. In Japan, as well as in other parts of the world in which we have failed to conduct sufficient activities for the industrial coating market, we have selected targets and developed measures suitable for each area, and we have started some activities. In the field of liquid application equipment for handling liquids other than paints, we have continued the sales promotion activities for spray guns specifically for liquid related to food, which are used mainly in bread and confectionery production, liquid supply units, and other units all over the world, and the sales have increased.

In the coating system field, sales have not increased very much in Japan, in which many of our customers are between equipment updates, but have increased in overseas markets because we have delivered coating systems to automotive parts manufacturers in North America and China and wooden product manufacturers in India. In addition, in Japan, we have established the Coating Solution Center, which is capable of measuring the effects of introducing coating systems for those customers who consider their introduction and making application proposals for each market, and have completed preparations for activities in the upcoming year.

As a result, our business performance for the current consolidated fiscal year is as follows: Sales standing at 38,807 million yen (up 18.3% from the previous consolidated fiscal year), operating income at 4,339 million yen (up 13.5%), ordinary income at 4,701 million yen (up 8.0%), and net income attributable to parent company shareholders at 2,947 million yen (up 4.9%).

(ii) Results of operations by segment

In Japan, the results of our operations declined both in terms of revenue and income, with external sales standing at 17,522 million yen (down 2.0% from the previous consolidated fiscal year) and segment income at 3,957 million yen (down 1.7%). In Europe, the results of our operations grew in revenue but declined in income, with external sales standing at 4,482 million yen (up 15.1%) and segment income at 166 million yen (down 22.2%). In Asia, the results of our operations grew both in terms of revenue and income, with external sales standing at 11,854 million yen (up 78.5%) and segment income at 1,162 million yen (up 73.9%). 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, 2017- March 31, 2018		April 1, 2018 - March 31, 2019		Amount of increase/decrease	Increase/decrease rate (%)
	Sales	Composition rate (%)	Sales	Composition rate (%)		
Air Compressors	16,283,690	49.6	21,212,820	54.7	4,929,130	30.3
Vacuum Equipment	1,850,694	5.6	1,841,386	4.7	△9,308	△0.5
Coating Equipment	12,073,690	36.8	13,107,135	33.8	1,033,445	8.6
Coating Systems	2,609,406	8.0	2,645,916	6.8	36,510	1.4
Total	32,817,481	100.0	38,807,259	100.0	5,989,777	18.3

(iv) Prospects for the upcoming year

It is estimated that in the upcoming consolidated fiscal year, while the uncertainty of the world economy is on the increase, it is necessary to carry out measures suitable for each region to minimize the risks due to the changing business situation. In such a management environment, our group will create innovative technologies and products while accurately understanding market needs and collaborating with many different businesses, and bring such technologies and products to various markets that support the livelihood of people in monozukuri and services. 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 new midterm business plan. At present, the expected results of our operations for the full-year fiscal period ending in March 2020 are such that sales will stand at 40,000 million yen (up 3.1% from the current consolidated fiscal year), operating income will be 4,400 million yen (up 1.4%), ordinary income will be 4,800 million yen (up 2.1%), and net income attributable to parent company shareholders will be 3,100 million yen (up 5.2%). The assumed exchange rates are 105 yen to the dollar, 120 yen to the euro, and 15.5 yen to the yuan.

(2) Analysis of financial condition

(i) Conditions of assets, liabilities and net assets

(a) Assets

Our current assets stood at 26,021 million yen (up 2.1% from the previous consolidated fiscal year), mainly due to an increase of 1,562 million yen in the "cash and deposits". Our noncurrent assets stood at 21,536 million yen (down 1.2%), mainly due to a decrease of 221 million yen in the "land" due to sales associated with the relocation of the Kanto branch to the premises of the head office. As a result, our total assets stood at 47,557 million yen (up 0.6%).

(b) Liabilities

Our current liabilities stood at 9,956 million yen (down 7.6%), mainly due to a decrease of 564 million yen in the "notes and accounts payable-trade". Our noncurrent liabilities stood at 4,098 million yen (up 10.2%), mainly due to an increase in the lease obligations (noncurrent), included in the "other", due to an increase in equipment investment. As a result, our total liabilities stood at 14,054 million yen (down 3.1%).

(c) Net assets

Our net assets stood at 33,502 million yen (up 2.2%), mainly due to an increase of 2,071 million yen in the "retained earnings" due to an increase in net income attributable to parent company shareholders. Our equity capital, which is calculated by subtracting the non-controlling shareholders' equity from the net assets, stood at 29,901 million yen, increasing our equity ratio by 1.5 percentage points to 62.9%, from 61.4% 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 2,166 million yen from the end of the previous consolidated fiscal year, at 9,858 million yen (up 28.2%) 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 4,848 million yen (up 18.8%), with an increase of 768 million yen in earnings from the end of the previous consolidated fiscal year, mainly due to an increase of 379 million yen in the "depreciation".

(b) Cash flow from investing activities

As a result of investing activities, the fund balance shows expenses of 551 million yen (down 84.2%), with a decrease of 2,933 million yen in expenses from the end of the previous consolidated fiscal year, mainly due to a decrease of 1,724 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 1,848 million yen (up 177.3%), with an increase of 1,181 million yen in expenses from the end of the previous consolidated fiscal year, mainly due to an increase of 622 million yen in the "repayments of long-term loans payable" and an increase of 213 million yen in the "payments for investments in capital of subsidiaries not resulting in change in scope of consolidation". Trends in the cash flow indexes for corporate groups are as described below.

(Reference) Changes in cash flow related indexes

	March 2017	March 2018	March 2019
Equity ratio	68.7	61.4	62.9
Market-base equity ratio	108.8	101.8	85.3
Cash flow-to-interest-bearing liabilities ratio	25.1	67.1	63.4
Interest coverage ratio	290.8	163.5	60.4

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

- Equity ratio: $\text{Equity capital} / \text{Total assets}$
- Market-base equity ratio: $\text{Market capitalization} / \text{Total assets}$
- Cash flow-to-interest-bearing liabilities ratio: $\text{Interest-bearing liabilities} / \text{Operating cash flow}$
- Interest coverage ratio: $\text{Operating cash flow} / \text{Interest payments}$

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.

5. Due to changes in accounting policy, retrospective application is performed. For the fiscal period ending in March 2018, values after retrospective application are indicated.

(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 shareholder expectations by actively injecting money into research and development, production capacity increase, 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 11 yen per share. Combined with the dividend of 11 yen per share at the end of the second quarter, this will translate into an annual dividend per share of 22 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 25.

(iii) Dividend for next term

At this point, the dividend to be paid at the end of the second quarter will be 12 yen per share and the year-end dividend will be 12 yen per share, giving an annual dividend per share of 24 yen.

2. Conditions of the corporate group

Our group, consisting of our company, 37 subsidiaries, and 2 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 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* AIR ENGINEERING Corporation [Europe] ANEST IWATA Deutschland GmbH ANEST IWATA Europe GmbH HARDER & STEENBECK GmbH & Co. KG ANEST IWATA STRATEGIC CENTER s.r.l. Anest Iwata Italia 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. [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* SHANGHAI SCREW COMPRESSOR Co., Ltd.* SHANGHAI GLOBE SCREW TECHNOLOGY Co., Ltd ANEST IWATA Taiwan Corporation ANEST IWATA SPARMAX Co., Ltd. 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 [Other areas] ANEST IWATA USA, Inc. ANEST IWATA-Medea, Inc. ANEST IWATA AIREENGINEERING, INC. ANEST IWATA Mexico, S.de R.L.de C.V. ANEST IWATA DO BRASILCOMERCIAL LTDA. AIRZAP-ANEST IWATA INDUSTRIA E COMERCIO LTDA. ANEST IWATA Australia Pty. Ltd. ANEST IWATA RUS LLC ANEST IWATA South Africa (Pty) Ltd.	Sale and repair of air compressors and vacuum equipment Sale and repair of coating equipment; and manufacture, sale, and repair of coating systems Repair of air compressors and incidental work Sale of coating equipment Manufacture and sale of air compressors Manufacture and sale of coating equipment Manufacture and sale of coating equipment and coating systems Sale of coating equipment Sale of air compressors, coating equipment ,and coating systems Sale of coating equipment and coating systems Sale of coating equipment Sale of coating equipment Sale of coating equipment Manufacture and sale of coating equipment Manufacture and sale of coating equipment and coating systems Sale of coating equipment Manufacture and sale of coating systems Manufacture and sale of air compressors Manufacture and sale of air compressors Manufacture and sale of air compressors Sale of air compressors and vacuum equipment, and manufacture and sale of coating equipment Manufacture and sale of air compressors 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 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
Affiliates (equity method applied) ADVANCE RIKEN Inc. Powerex-Iwata Air Technology, Inc.	Manufacture and sale of oxygen, nitrogen, and ozone gas generators Manufacture and sale of air compressors

(Notes) (Changes in subsidiaries and affiliates)

- ANEST IWATA Babatz GmbH in Germany absorbed and merged ANEST IWATA Europe GmbH and changed its name to ANEST IWATA Europe GmbH.
- Anest Iwata Italia s.r.l. in Italy, an associate accounted for using equity method, was turned into a consolidated subsidiary due to the acquisition of additional equity.
- To expand the sales of small-size air compressors, ANEST IWATA SPARMAX Co., Ltd. (former name: Ding Hwa Co., Ltd.), whose business had been taken over from a small-size air compressor manufacturer in Taiwan, was turned into a consolidated subsidiary.
- ANEST IWATA Shanghai Trading Corporation in China and ANEST IWATA MIDDLE EAST FZE in the United Arab Emirates were liquidated.

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.

(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 while the world economy continues gradual recovery, uncertainties are involved, such as the trade friction between the United States and China and the economic slowdown in other countries associated with it; and Brexit in Europe, political unrest, and other geopolitical risks. For this reason, our group, which is increasing the overseas sales ratio, 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.

- Acceptance and use of human resource diversity

To create innovative technologies and products, we endeavor to realize organizational operation whereby each and every one of our employees, who have various backgrounds, can perform at their full potential, and ideas produced from diverse values can be respected. As part of such efforts, we promote the use of the short working hour system toward childbirth/childcare support and so on and encourage all eligible employees to take childcare leave. We will improve our working environment so that diverse human resources can continue to be active for a long time, by starting a study of the introduction of telework, for example.

- 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".

- Active utilization of advanced IT technologies

Due to rapid progress in IT technologies, the social environment surrounding our group has undergone unprecedented changes. Thus far, our group has made our production lines more efficient by turning our proprietary know-how into data and using it. We are also proceeding with the development of products equipped with IoT functions. We will supply products and services with new added value by the use of ever-advancing IT technologies.

- 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)

	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
Assets		
Current assets		
Cash and deposits	*3 9,225,287	*3 10,787,387
Notes and accounts receivable-trade	7,624,339	7,336,396
Securities	500,000	—
Merchandise and finished goods	3,876,983	3,914,313
Work in process	918,367	873,703
Raw materials and supplies	2,138,244	2,231,808
Other	1,373,957	1,065,432
Allowance for doubtful account	△176,820	△187,458
Total current assets	25,480,360	26,021,583
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	*3 10,670,490	*3 10,376,487
Accumulated depreciation	△5,280,625	△5,138,609
Buildings and structures, net	5,389,865	5,237,877
Machinery, equipment and vehicles	7,804,403	7,297,478
Accumulated depreciation	△5,001,288	△4,740,931
Machinery, equipment and vehicles, net	2,803,114	2,556,546
Land	*3 2,358,609	*3 2,137,302
Lease assets	1,640,456	2,330,835
Accumulated depreciation	△836,217	△987,630
Lease assets, net	804,238	1,343,204
Construction in progress	218,671	522,237
Other	2,361,406	2,388,584
Accumulated depreciation	△1,897,310	△1,928,287
Other, net	464,095	460,296
Total property, plant and equipment	12,038,594	12,257,465
Intangible assets		
Goodwill	1,588,301	1,688,080
Software	343,079	169,019
Other	1,603,542	1,461,736
Total intangible assets	3,534,922	3,318,836
Investment and other assets		
Investment securities	*1 4,617,239	*1 4,238,656
Long-term loans receivable	62,648	23,665
Deferred tax assets	816,946	957,769
Net defined benefit assets	516,384	574,630
Long-term deposits	25,165	11,786
Other	*2 196,433	*2 164,130
Allowance for doubtful accounts	△11,095	△10,725
Total investments and other assets	6,223,722	5,959,913
Total noncurrent assets	21,797,240	21,536,214
Total assets	47,277,600	47,557,798

(Amount: thousand yen)

	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	*3 4,769,153	*3 4,204,616
Short-term loans payable	*3, *4 1,396,347	*3, *4 1,399,568
Current portion of long-term debt	*3 371,380	*3 1,201
Lease obligations	138,489	205,039
Income taxes payable	604,634	500,515
Provision for bonuses	628,046	646,434
Provision for directors' bonuses	83,896	91,759
Provision for product warranties	235,007	203,503
Other	2,552,044	2,703,490
Total current liabilities	10,778,999	9,956,130
Noncurrent liabilities		
Long-term loans payable	*3 75,897	*3 270,892
Lease obligations	754,657	1,194,754
Deferred tax liabilities	401,135	295,098
Net defined benefit liability	2,401,451	2,239,742
Other	87,720	98,282
Total noncurrent liabilities	3,720,861	4,098,770
Total liabilities	14,499,860	14,054,901
Net Assets		
Shareholders' equity		
Capital stock	3,354,353	3,354,353
Capital surplus	1,324,472	1,117,838
Retained earnings	23,307,605	25,378,817
Treasury shares	Δ5,387	Δ5,393
Total shareholders' equity	27,981,043	29,845,616
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	863,484	527,387
Foreign currency translation adjustments	416,156	Δ200,006
Remeasurements of defined benefit plans	Δ254,633	Δ271,402
Total accumulated other comprehensive income	1,025,007	55,978
Non-controlling shareholders' equity	3,771,688	3,601,303
Total net assets	32,777,739	33,502,897
Total liabilities and net assets	47,277,600	47,557,798

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

Consolidated profit and loss statements

(Amount: thousand yen)

	FY2017 (April 1, 2017 through March 31, 2018)	FY2018 (April 1, 2018 through March 31, 2019)
Net sales	32,817,481	38,807,259
Cost of sales	18,384,433	22,030,151
Gross profit	14,433,047	16,777,107
Selling, general & administrative expenses		
Sales commission	425,257	499,904
Packing and transportation expenses	797,510	899,922
Directors' compensations, salaries and allowances	3,632,013	4,250,915
Provision for bonuses	333,260	385,894
Provision for directors' bonuses	83,896	91,759
Retirement benefit expenses	47,334	100,832
Welfare expenses	857,115	1,036,612
Rent expenses	402,421	427,794
Provision of reserve for product warranties	216,660	187,672
Provision of allowance for doubtful accounts	17,151	35,566
Other	3,795,935	4,520,769
Total selling, general & administrative expenses	10,608,557	12,437,642
Operating income	3,824,490	4,339,464
Non-operating income		
Interest income	47,433	52,557
Dividend income	64,339	68,941
Exchange gain	115,984	—
Insurance income	6,112	67,842
Share of profit of entities accounted for using equity method	201,468	317,548
Other	145,177	152,255
Total non-operating income	580,514	659,144
Non-operating expenses		
Interest expenses	24,947	80,244
Foreign exchange loss	—	85,135
Retirement benefit expenses for prior periods	—	111,359
Other	27,695	20,569
Total non-operating expenses	52,642	297,308
Ordinary income	4,352,361	4,701,300

(Amount: thousand yen)

	FY2017 (April 1, 2017 through March 31, 2018)	FY2018 (April 1, 2018 through March 31, 2019)
Extraordinary income		
Gain on step acquisitions	—	2,697
Gain on sales of noncurrent assets	^{*2} 2,286	^{*2} 8,689
Insurance income	^{*3} 242,472	—
Gain on liquidation of subsidiaries	—	^{*4} 50,668
Total extraordinary income	244,759	62,055
Extraordinary losses		
Impairment loss	—	^{*5} 69,090
Loss on sales of noncurrent assets	^{*6} 5,480	^{*6} 29,440
Loss on retirement of noncurrent assets	^{*6} 20,009	^{*6} 7,063
Demolition and demobilization cost	^{*7} 35,978	^{*7} 27,996
Loss on liquidation of subsidiaries	126,065	—
Legal settlement	—	^{*8} 49,920
Total extraordinary losses	187,533	183,510
Net income before income taxes	4,409,588	4,579,845
Income taxes - current	1,260,742	1,306,711
Income taxes - deferred	43,679	△70,393
Total income taxes	1,304,422	1,236,317
Net income	3,105,165	3,343,527
Net income attributable to non-controlling shareholders	295,246	395,800
Net income attributable to parent company shareholders	2,809,919	2,947,727

Consolidated statements of comprehensive income

(Amount: thousand yen)

	FY2017 (April 1, 2017 through March 31, 2018)	FY2018 (April 1, 2018 through March 31, 2019)
Net Income	3,105,165	3,343,527
Other comprehensive income		
Valuation difference on available-for-sale securities	156,355	△336,096
Foreign currency translation adjustments	294,573	△830,069
Remeasurements of defined benefit plans	3,556	△16,769
Share of other comprehensive income of associates accounted for using equity method	△33,098	△19,488
Total comprehensive income	421,386	△1,202,423
Comprehensive income	3,526,552	2,141,103
(Comprehensive income attributable to)		
Parent company shareholders	3,163,907	1,978,698
Non-controlling shareholders	362,644	162,405

(3) Consolidated statements of changes in shareholders' equity

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
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
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

FY2018 (April 1, 2018 through March 31, 2019)

(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	23,307,605	△5,387	27,981,043
Changes of items during the period					
Dividends from surplus			△876,515		△876,515
Net income attributable to parent company shareholders			2,947,727		2,947,727
Purchase of treasury shares				△5	△5
Parent company's equity fluctuations relating to transactions with non-controlling shareholders		△206,633			△206,633
Net changes of items during the period other than shareholders' equity					
Total changes of items during the period	—	△206,633	2,071,212	△5	1,864,573
Balance at the end of current period	3,354,353	1,117,838	25,378,817	△5,393	29,845,616

	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	863,484	416,156	△254,633	1,025,007	3,771,688	32,777,739
Changes of items during the period						
Dividends from surplus						△876,515
Net income attributable to parent company shareholders						2,947,727
Purchase of treasury shares						△5
Parent company's equity fluctuations relating to transactions with non-controlling shareholders						△206,633
Net changes of items during the period other than shareholders' equity	△336,096	△616,163	△16,769	△969,029	△170,385	△1,139,414
Total changes of items during the period	△336,096	△616,163	△16,769	△969,029	△170,385	725,158
Balance at the end of current period	527,387	△200,006	△271,402	55,978	3,601,303	33,502,897

(4) Consolidated cash flow statements

(Amount: thousand yen)

	FY2017 (April 1, 2017 through March 31, 2018)	FY2018 (April 1, 2018 through March 31, 2019)
Cash flow from operating activities		
Net income before income taxes	4,409,588	4,579,845
Depreciation	1,238,657	1,618,117
Amortization of goodwill	170,500	268,347
Change in allowance for doubtful accounts (Δ for decrease)	5,598	22,394
Change in provision for bonuses (Δ for decrease)	7,868	22,935
Change in provision for product warranties (Δ for decrease)	7,513	Δ31,462
Change in net defined benefit liability (Δ for decrease)	118,562	Δ82,805
Change in net defined benefit asset (Δ for increase)	Δ189,851	Δ165,889
Change in provision for directors' bonuses (Δ for decrease)	6,406	7,862
Interest and dividend income	Δ111,772	Δ121,498
Interest expenses	24,947	80,244
Share of profit or loss of entities accounted for using equity method (Δ for profit)	Δ118,514	Δ254,688
Loss or gain on sales and retirement of noncurrent assets (Δ for gain)	23,202	27,813
Impairment loss	—	69,090
Legal settlement	—	49,920
Loss or gain on step acquisitions (Δ for gain)	—	Δ2,697
Change in notes and accounts receivables - trade (Δ for increase)	Δ13,397	96,371
Change in inventories (Δ for increase)	Δ50,773	Δ180,122
Change in notes and accounts payable - trade (Δ for decrease)	Δ377,273	Δ503,777
Other	Δ84,674	716,375
Subtotal	5,066,586	6,216,377
Interest and dividend income received	112,105	121,498
Interest expenses paid	Δ24,947	Δ80,244
Subsidy received	406,300	—
Income taxes paid	Δ1,480,331	Δ1,409,605
Cash flow from operating activities	4,079,713	4,848,026
Cash flow from investing activities		
Payments into time deposits	Δ649,259	Δ1,464,247
Proceeds from withdrawal of time deposits	498,712	2,030,531
Purchase of property, plant and equipment	Δ1,858,233	Δ1,508,227
Proceeds from sales of property, plant and equipment	14,117	426,676
Purchase of intangible assets	Δ58,277	Δ112,191
Proceeds from sales of intangible assets	—	13,121
Proceeds from sales of investment securities	—	91,050
Proceeds from redemption of investment securities	634,251	500,000
Payments of loans	Δ1,125	Δ820
Proceeds from collection of loans	5,178	39,102
Payments for investments in capital	*2 Δ1,976,305	*2 Δ252,014
Payments for investments in capital of subsidiaries resulting in change in scope of consolidation	—	Δ313,239
Payments for transfer of business	Δ86,586	—
Other	Δ8,083	Δ1,491
Cash flow from investing activities	Δ3,485,612	Δ551,750

(Amount: thousand yen)

	FY2017 (April 1, 2017 through March 31, 2018)	FY2018 (April 1, 2018 through March 31, 2019)
Cash flow from financing activities		
Net increase or decrease in short-term loans payable (Δ for decrease)	220,653	Δ 62,288
Repayments of lease obligations	Δ 145,508	Δ 172,703
Proceeds from long-term loans payable	312,780	528,990
Repayments of long-term loans payable	Δ 59,495	Δ 682,344
Purchase of treasury shares	Δ 110	Δ 5
Purchase of treasury shares of subsidiaries	—	Δ 77,548
Payments for investments in capital of subsidiaries not resulting in change in scope of consolidation	—	Δ 213,851
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	Δ 137,451
Cash dividends paid	Δ 876,581	Δ 877,163
Cash dividends paid to non-controlling shareholders	Δ 118,211	Δ 153,832
Cash flow from financing activities	Δ 666,474	Δ 1,848,200
Effect of exchange rate change on cash and cash equivalents	86,250	Δ 281,774
Changes in cash and cash equivalents (Δ for decrease)	13,877	2,166,299
Beginning cash and cash equivalents	7,678,657	7,692,535
Cash and cash equivalents at year end	**1 7,692,535	**1 9,858,835

(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: 37

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

Anest Iwata Italia s.r.l. has become a subsidiary due to the acquisition of additional equity, and is included in the scope of consolidation in the current consolidated fiscal year and after.

ANEST IWATA SPARMAX CO., LTD. has become a subsidiary due to the acquisition of shares, and is included in the scope of consolidation in the current consolidated fiscal year and after.

ANEST IWATA Shanghai Trading Corporation and ANEST IWATA MIDDLE EAST FZE have been liquidated, and are excluded in the scope of consolidation in the current consolidated fiscal year and after.

ANEST IWATA Europe GmbH has disappeared due to an absorption type merger, with the consolidated subsidiary, ANEST IWATA Babatz GmbH, as the surviving company, and is excluded from the scope of consolidation. The name of the surviving company, ANEST IWATA Babatz GmbH, has been changed to ANEST IWATA Europe GmbH.

(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: 2

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".

Anest Iwata Italia s.r.l. is included in the scope of consolidation due to the acquisition of additional equity, and is excluded from the scope of the application of the equity method.

(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)

(Changes due to the application of "Partial Amendments to "Accounting Standard for Tax Effect Accounting")

"Partial Amendments to "Accounting Standard for Tax Effect Accounting"" (ASBJ Statement No. 28, February 16, 2018) is applied at and after the beginning of the current consolidated fiscal year, so that Deferred tax assets is indicated under Investment and other assets and Deferred tax liabilities is indicated under Noncurrent liabilities.

As a result, 635,774 thousand yen as "Deferred tax assets", presented under "Current assets", and 50,213 thousand yen as deferred tax liabilities, included in "Other" under "Noncurrent liabilities", in the consolidated balance sheets for the previous consolidated fiscal year, are revised to 605,529 thousand yen as "Deferred tax assets" under "Investment and other assets" and 19,968 thousand yen as "Deferred tax liabilities" under "Noncurrent liabilities".

(Related to consolidated profit and loss statements)

"Insurance income", which was included in "Other" under "Non-operating income" 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, 6,112 thousand yen as "Other", presented under "Non-operating income" in the consolidated profit and loss statements for the previous consolidated fiscal year, is revised to 6,112 thousand yen as "Insurance income".

(Related to consolidated balance sheets)

*1 Shares of subsidiaries and affiliates in Investment securities

	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
	1,439,186 thousand yen	1,635,316 thousand yen

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

	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
	26,642 thousand yen	—

*3 Pledged assets and secured debts

Assets offered as collateral and secured debts are as below.

	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
Cash and deposits	917,367 thousand yen	293,195 thousand yen
Land and building	1,411,430 thousand yen	1,569,462 thousand yen
Total	2,328,798 thousand yen	1,862,658 thousand yen
Notes and accounts payable-trade	717,535 thousand yen	267,448 thousand yen
Short-term loans payable	1,041,350 thousand yen	953,440 thousand yen
Current portion of long-term debt	351,855 thousand yen	—
Long-term loans payable	69,160 thousand yen	252,700 thousand yen
Total	2,179,900 thousand yen	1,473,588 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.

	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
Maximum limit of overdraft and loan commitment agreement price	7,826,671 thousand yen	8,314,796 thousand yen
Balance of executed loans	—	423,673 thousand yen
Balance of unexecuted loans	7,826,671 thousand yen	7,891,122 thousand yen

*5 Notes receivable transfer by endorsement

	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
Notes receivable transfer by endorsement	736,719 thousand yen	727,443 thousand yen

(Related to consolidated profit and loss statements)

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

	FY2017 (April 1, 2017 through March 31, 2018)	FY2018 (April 1, 2018 through March 31, 2019)
	521,425 thousand yen	547,937 thousand yen

*2 Gain on sales of noncurrent assets

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

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

FY2018 (April 1, 2018 through March 31, 2019)

Mainly due to the sales of buildings, as well as tools, apparatus and equipment.

*3 Insurance income

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

Insurance paid for the damage caused by fire to the consolidated subsidiary, ANEST IWATA Taiwan Corporation.

*4 Gain on liquidation of subsidiaries

Gain on business liquidation due to the liquidation of the consolidated subsidiaries, SHANGHAI ANEST IWATA COATING MACHINERY Co. and ANEST IWATA MIDDLE EAST FZE.

*5 Impairment loss

Due to the closedown of existing facilities at the time of relocation of research facilities and product exhibition facilities, impairment loss (59,955 thousand yen as buildings and structures, 8,582 thousand yen as machinery, equipment and vehicles, and 551 thousand yen as tools, apparatus and equipment) is posted to Extraordinary losses.

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

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.

FY2018 (April 1, 2018 through March 31, 2019)

Mainly due to the sales of buildings and structures and land and the retirement of machinery and equipment.

*7 Demolition and demobilization cost

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

Mainly due to the demolition and demobilization of buildings and structures

FY2018 (April 1, 2018 through March 31, 2019)

Mainly due to the demolition and demobilization of buildings and structures

*8 Legal settlement

Regarding the lawsuit related to business transfer that was conducted by the consolidated subsidiary ANEST IWATA Australia Pty. Ltd. in October 2016, a settlement was reached. The legal expense and the settlement money are posted.

(Related to consolidated statements of comprehensive income)

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

	FY2017 (April 1, 2017 through March 31, 2018)	FY2018 (April 1, 2018 through March 31, 2019)
Valuation difference on available-for-sale securities		
Amount incurred in current period	224,971 thousand yen	△483,592 thousand yen
Recycling	—	—
Before tax effect adjustment	224,971 thousand yen	△483,592 thousand yen
Amount of tax effect	△68,616 thousand yen	147,496 thousand yen
Valuation difference on available-for-sale securities	156,355 thousand yen	△336,097 thousand yen
Foreign currency translation adjustments		
Amount incurred in current period	294,573 thousand yen	△811,876 thousand yen
Recycling	—	△18,193 thousand yen
Foreign currency translation adjustments	294,573 thousand yen	△830,069 thousand yen
Remeasurements of defined benefit plans		
Amount incurred in current period	2,350 thousand yen	△43,662 thousand yen
Recycling	2,765 thousand yen	19,533 thousand yen
Before tax effect adjustment	5,116 thousand yen	△24,129 thousand yen
Amount of tax effect	△1,560 thousand yen	7,359 thousand yen
Remeasurements of defined benefit plans	3,556 thousand yen	△16,769 thousand yen
Share of other comprehensive income of associates accounted for using equity method		
Amount incurred in current period	△33,098 thousand yen	△23,027 thousand yen
Recycling	—	3,539 thousand yen
Share of other comprehensive income of associates accounted for using equity method	△33,098 thousand yen	△19,488 thousand yen
Total comprehensive income	421,386 thousand yen	△1,202,423 thousand yen

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

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

1 Matters concerning issued shares

Class of shares	Beginning of FY2018	Increase	Decrease	End of FY2018
Common (shares)	41,745,505	—	—	41,745,505

2 Matters concerning treasury shares

Class of shares	Beginning of FY2018	Increase	Decrease	End of FY2018
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 (Note)	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

FY2018 (April 1, 2018 through March 31, 2019)

1 Matters concerning issued shares

Class of shares	Beginning of FY2018	Increase	Decrease	End of FY2018
Common (shares)	41,745,505	—	—	41,745,505

2 Matters concerning treasury shares

Class of shares	Beginning of FY2018	Increase	Decrease	End of FY2018
Common (shares)	6,659	5	—	6,664

(Overview of the cause of changes)

The breakdown of the increase is as below.

Increase due to the purchase of fractional shares 5 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 22, 2018 ordinary shareholders' meeting	Common	417,388	10.0	March 31, 2018	June 25, 2018
November 9, 2018 board of directors' meeting	Common	459,127	11.0	September 30, 2018	December 7, 2018

(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 25, 2019 ordinary shareholders' meeting	Common	Retained earnings	459,127	11.0	March 31, 2019	June 26, 2019

(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

	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
Cash and deposits	9,225,287 thousand yen	10,787,387 thousand yen
Time deposit exceeding 3 months in deposit term	△615,384 thousand yen	△635,356 thousand yen
Derivative deposit	△917,367 thousand yen	△293,195 thousand yen
Cash and cash equivalents	7,692,535 thousand yen	9,858,835 thousand yen

(Segment information, etc.)

[Segment information]

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, Taiwan, 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

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

(Amount: thousand yen)

	Report segment				Other (Note 1)	Total
	Japan	Europe	Asia	Total		
Net 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	21,625,919	3,907,381	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.

FY2018 (April 1, 2018 through March 31, 2019)

(Amount: thousand yen)

	Report segment				Other (Note 1)	Total
	Japan	Europe	Asia	Total		
Sales						
Sales to external customers	17,522,648	4,482,081	11,854,108	33,858,838	4,948,420	38,807,259
Internal sales or transfers between segments	5,273,814	274,442	1,709,299	7,257,556	161,898	7,419,455
Total	22,796,463	4,756,524	13,563,408	41,116,395	5,110,319	46,226,714
Segment income	3,957,946	166,616	1,162,112	5,286,675	196,980	5,483,656
Segment assets	23,733,400	4,101,041	13,569,957	41,404,398	3,811,639	45,216,038
Other items						
Depreciation	1,032,501	104,926	419,936	1,557,364	54,902	1,612,267
Amortization of goodwill	112,742	83,214	—	195,957	72,390	268,347
Impairment loss	69,090	—	—	69,090	—	69,090
Increase in property, plant and equipment, and intangible assets (Note 2)	1,462,522	155,953	372,214	1,990,691	89,756	2,080,447

(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	FY2017	FY2018
Report segment total	34,852,912	41,116,395
Sales from the "Other" category	4,553,858	5,110,319
Inter-segment transactions erased	△6,589,289	△7,419,455
Sales in the consolidated financial statements	32,817,481	38,807,259

(Amount: thousand yen)

Income	FY2017	FY2018
Report segment total	4,909,012	5,286,675
Income from the "Other" category	102,249	196,980
Company-wide expenses (Note)	△1,224,419	△1,240,710
Inter-segment transactions erased	37,648	96,518
Operating income in the consolidated financial statements	3,824,490	4,339,464

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

(Amount: thousand yen)

Assets	FY2017	FY2018
Report segment total	40,386,473	41,404,398
Assets from the "Other" category	3,531,906	3,811,639
Company-wide assets (Note)	5,917,327	5,094,344
Inter-segment transactions erased	△2,527,862	△2,752,583
Total assets in the consolidated financial statements	47,307,845	47,557,798

(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	
	FY2017	FY2018	FY2017	FY2018	FY2017	FY2018	FY2017	FY2018
Depreciation	1,195,558	1,557,364	40,746	54,902	2,352	5,850	1,238,657	1,618,117
Amortization of goodwill	81,772	195,957	88,727	72,390	—	—	170,500	268,347
Impairment loss	—	69,090	—	—	—	—	—	69,090
Increase in property, plant and equipment, and intangible assets	2,287,979	1,990,691	170,076	89,756	—	—	2,458,056	2,080,447

(Information about items per share)

(Amount: yen)

	FY2017	FY2018
	(April 1, 2017 through March 31, 2018)	(April 1, 2018 through March 31, 2019)
Net assets per share	694.94	716.40
Net income per share	67.32	70.62

(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.

	FY2017	FY2018
	(April 1, 2017 through March 31, 2018)	(April 1, 2018 through March 31, 2019)
Net income attributable to parent company shareholders (thousand yen)	2,809,919	2,947,727
Amount not attributable to common shareholders (thousand yen)	—	—
Net income attributable to parent company shareholders related to common shares (thousand yen)	2,809,919	2,947,727
Average number of common shares outstanding in the period (No. of shares)	41,738,876	41,738,844

(Important subsequent events)

There are no relevant matters.

6. Non-consolidated financial statements and main notes

(1) Balance sheets

(Amount: thousand yen)

	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
Assets		
Current assets		
Cash and deposits	3,281,904	4,457,711
Accounts receivable-trade	4,007,615	3,876,455
Securities	500,000	—
Merchandise and finished goods	977,790	948,903
Work in process	491,682	672,318
Raw materials and supplies	751,230	813,026
Other	253,270	276,659
Allowance for doubtful accounts	△14,936	△3,867
Total current assets	10,248,557	11,041,207
Noncurrent assets		
Property, plant and equipment		
Buildings	2,857,868	2,676,968
Structures	187,218	178,832
Machinery and equipment	1,556,768	1,386,827
Motor vehicles and transport equipment	3,005	3,726
Tools, apparatus and equipment	247,331	221,881
Land	1,443,861	1,268,453
Lease assets	804,238	1,196,544
Construction in progress	23,838	486,909
Total property, plant and equipment	7,124,131	7,420,145
Intangible assets		
Leasehold	790	790
Software	311,811	125,017
Other	25,893	23,128
Total intangible assets	338,494	148,936
Investment and other assets		
Investment securities	3,173,587	2,598,945
Shares of subsidiaries and affiliates	2,334,628	2,888,909
Investments in capital	1,200	1,200
Investments in capital of subsidiaries and affiliates	4,253,107	4,765,524
Long-term loans receivable from subsidiaries and affiliates	1,888,611	1,719,643
Long-term prepaid expenses	222	—
Prepaid pension cost	549,292	715,181
Deferred tax assets	406,188	471,312
Other	111,019	107,669
Allowance for doubtful accounts	△205,410	△120,725
Total investments and other assets	12,512,447	13,147,660
Total noncurrent assets	19,975,073	20,716,743
Total assets	30,223,631	31,757,950

(Amount: thousand yen)

	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
Liabilities		
Current liabilities		
Accounts payable-trade	1,769,480	1,977,405
Lease obligations	138,489	197,895
Accounts payable-other	922,143	939,580
Income taxes payable	177,983	169,925
Deposits received	20,464	22,689
Provision for bonuses	455,522	438,816
Provision for directors' bonuses	83,896	91,759
Provision for product warranties	233,022	200,354
Other	35,987	37,737
Total current liabilities	3,836,990	4,076,164
Noncurrent liabilities		
Lease obligations	754,657	1,107,168
Provision for retirement benefits	1,922,874	1,874,726
Other	18,588	18,588
Total noncurrent liabilities	2,696,120	3,000,484
Total liabilities	6,533,111	7,076,648
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	7,559,102	8,885,985
Total retained earnings	18,097,690	19,424,574
Treasury shares	△5,387	△5,393
Total shareholders' equity	22,827,036	24,153,913
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	863,484	527,387
Total valuation and translation adjustments	863,484	527,387
Total net assets	23,690,520	24,681,301
Total liabilities and net assets	30,223,631	31,757,950

(2) Profit and loss statements

(Amount: thousand yen)

	FY2017 (April 1, 2017 through March 31, 2018)	FY2018 (April 1, 2018 through March 31, 2019)
Net sales	16,947,602	17,124,281
Cost of sales	10,830,102	10,908,858
Gross profit	6,117,500	6,215,423
Selling, general & administrative expenses	4,163,228	4,291,899
Operating income	1,954,272	1,923,523
Non-operating income		
Interest income	27,827	21,997
Dividend income	715,995	807,730
Technical support fee	116,841	123,250
Other	155,685	142,941
Total non-operating income	1,016,350	1,095,918
Non-operating expenses		
Interest expenses	14,205	20,205
Foreign exchange loss	—	49,817
Real estate rental expenses	22,912	23,147
Provision for allowance for doubtful accounts	74,684	—
Other	26,400	2,048
Total non-operating expenses	138,203	95,219
Ordinary income	2,832,418	2,924,223
Extraordinary income		
Gain on sales of noncurrent assets	9	—
Gain on sales of shares of subsidiaries	—	14,126
Total extraordinary income	9	14,126
Extraordinary losses		
Loss on sales of noncurrent assets	—	23,673
Loss on retirement of noncurrent assets	18,658	4,129
Impairment loss	—	69,090
Demolition and demobilization cost	35,978	27,996
Loss on liquidation of subsidiaries	7,217	25,045
Total extraordinary losses	61,854	149,935
Net Income before tax	2,770,574	2,788,414
Income taxes - current	589,291	502,643
Income taxes - deferred	△13,033	82,371
Total income taxes	576,258	585,015
Net income	2,194,316	2,203,399

(3) Statements of changes in shareholders' equity
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
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	707,129	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

FY2018 (April 1, 2018 through March 31, 2019)

(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	7,559,102	18,097,690
Changes of items during the period							
Dividends from surplus						△876,515	△876,515
Net income						2,203,399	2,203,399
Purchase of treasury shares							
Net changes of items during the period other than shareholders' equity							
Total changes of items during the period	—	—	—	—	—	1,326,883	1,326,883
Balance at the end of current period	3,354,353	1,380,380	1,380,380	838,588	9,700,000	8,885,985	19,424,574

	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	△5,387	22,827,036	863,484	863,484	23,690,520
Changes of items during the period					
Dividends from surplus		△876,515			△876,515
Net income		2,203,399			2,203,399
Purchase of treasury shares	△5	△5			△5
Net changes of items during the period other than shareholders' equity			△336,096	△336,096	△336,096
Total changes of items during the period	△5	1,326,877	△336,096	△336,096	990,781
Balance at the end of current period	△5,393	24,153,913	527,387	527,387	24,681,301