

(Reference Translation)



May 10, 2017

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 <under Japanese GAAP>

Company name: **MIKUNI CORPORATION**
Listing: First Section of Tokyo Stock Exchange
Securities code: 7247
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Scheduled date of Ordinary General Meeting of Shareholders: June 28, 2017
Scheduled date to commence dividend payments: June 29, 2017
Scheduled date to file the Annual Securities Report: June 28, 2017
Preparation of supplementary material on financial results: Yes
Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

(Percentages indicate year-on-year changes. Figures in parentheses are negative figures.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2017	94,787	(3.2)	3,453	11.6	3,469	13.9	2,685	111.5
March 31, 2016	97,874	(0.7)	3,094	(37.0)	3,046	(29.6)	1,269	(57.6)

Note: Comprehensive income Fiscal year ended March 31, 2017: 2,966 million yen [- %]
Fiscal year ended March 31, 2016: (1,271) million yen [- %]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
March 31, 2017	79.87	-	9.6	4.0	3.6
March 31, 2016	37.67	-	4.6	3.5	3.2

Reference: Share of income (loss) of entities accounted for using equity method

Fiscal year ended March 31, 2017: 32 million yen

Fiscal year ended March 31, 2016: 58 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
March 31, 2017	89,181	30,058	32.8	868.69
March 31, 2016	85,590	27,950	31.0	789.18

Reference: Equity As of March 31, 2017: 29,207 million yen

As of March 31, 2016: 26,534 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2017	5,185	(5,270)	426	4,945
March 31, 2016	4,630	(4,746)	(384)	4,743

2. Dividends

	Annual dividends					Total dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended March 31, 2016	yen	yen	yen	yen	yen	Millions of yen	%	%
	–	5.00	–	10.00	15.00	508	39.8	1.8
Fiscal year ended March 31, 2017	–	5.00	–	7.00	12.00	406	15.0	1.4
Fiscal year ending March 31, 2018 (Forecast)	–	5.00	–	7.00	12.00		19.2	

The dividend of 5.00 yen paid at the second quarter-end of the fiscal year ended March 31, 2016 was a commemorative dividend to mark the Company's shift to the First Section of the Tokyo Stock Exchange.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year changes. Figures in parentheses are negative figures.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Six months ending September 30, 2017	48,400	6.1	1,400	9.8	1,300	6.8	600	(23.2)	17.85
Fiscal year ending March 31, 2018	100,000	5.5	3,700	7.1	3,500	0.9	2,100	(21.8)	62.46

*** Notes**

- (1) Changes in significant subsidiaries during the fiscal year under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
- a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement of prior period financial statements after error corrections: None

(3) Number of issued shares (common shares)

- a. Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2017	34,049,423 shares
As of March 31, 2016	34,049,423 shares

- b. Number of treasury shares at the end of the period

As of March 31, 2017	427,492 shares
As of March 31, 2016	426,728 shares

- c. Average number of shares during the period

Fiscal year ended March 31, 2017	33,622,381 shares
Fiscal year ended March 31, 2016	33,717,372 shares

(Note) The Company's shares held by the "Management Board Incentive Plan (BIP) Trust" are included in the number of treasury shares at the end of the period (244,500 shares as of March 31, 2017 and 244,500 shares as of March 31, 2016).

In addition, the Company's shares held by the "Management Board Incentive Plan (BIP) Trust" are included in treasury shares, which are deducted in calculating the average number of shares during the period. (244,500 shares in the fiscal year ended March 31, 2017 and 150,462 shares in the fiscal year ended March 31, 2016)

(Reference) Summary of non-consolidated financial results

**Non-consolidated financial results for the fiscal year ended March 31, 2017
(from April 1, 2016 to March 31, 2017)**

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2017	66,076	(4.3)	364	(21.2)	1,925	56.1	2,131	255.2
March 31, 2016	69,039	(1.4)	462	(57.2)	1,233	(33.3)	600	(66.3)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	yen	yen
March 31, 2017	63.39	—
March 31, 2016	17.80	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
March 31, 2017	64,199	21,169	33.0	629.62
March 31, 2016	63,802	18,633	29.2	554.19

Reference: Equity As of March 31, 2017: 21,169 million yen
As of March 31, 2016: 18,633 million yen

* Financial results reports are not required to be audited.

* Disclaimer regarding forward-looking statements

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company at the time of the release of these materials. Actual results may differ from the forecasts due to various factors.

[Attached Material]

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1. Overview of Operating Results and Others

(1) Overview of operating results for the fiscal year

In the current fiscal year (from April 1, 2016 to March 31, 2017), as for the Japanese economy, production and employment improved and consumer spending picked up, so domestic business conditions continued to be in a gradual recovery trend. In regard to overseas, economic conditions were robust in the United States and other advanced countries, and the Chinese economy appeared to pick up, so the global economy made a moderate recovery.

In this business environment, in the Automobile-related Products Business, the Group continued research and development and strategic investment with a focus on the strengthening of environmental regulations. In the area of production, quality control was thoroughly carried out, and production efficiency was improved. Mikuni Life & Auto Co., Ltd., which centers on the manufacture and sale of welfare and care devices, steadily expanded its customer base.

As a result of these initiatives, the Group's net sales amounted to 94,787 million yen (down 3.2% year-on-year). Production efficiency increased centering on products for four-wheeled automobiles, and operating margin improved. As such, operating income stood at 3,453 million yen (up 11.6% year-on-year). Net financial revenue improved, and thus, ordinary income amounted to 3,469 million yen (up 13.9% year-on-year). Compensation income was recorded as extraordinary income, so net income attributable to owners of parent amounted to 2,685 million yen (up 111.5% year-on-year).

Operating results by segment are as follows:

(i) <Automobile-related Products Business>

Sales in this business, which centers on the manufacture and sale of fuel injection systems for automobiles, motorcycles, and general purpose engines and engine-related functional components, decreased compared with the previous fiscal year. In regard to products for automobiles, while performance was robust centering on overseas, domestic minivehicle production was at a low level in the first half of the fiscal year, and partly for this reason, sales remained flat year-on-year. As for products for motorcycles, sales of models equipped with the Company's products increased in the large motorcycles market, but due to the effects of sluggish motorcycle demand in emerging markets, sales decreased. In regard to operating income, the operating margin declined slightly due to factors such as decreased sales from products for motorcycles. As a result, net sales in this business amounted to 59,011 million yen (down 1.8% year-on-year), and operating income was 2,462 million yen (down 3.0% year-on-year).

(ii) <Household Appliances Device Products Business>

Sales in this business, which centers on the manufacture and sale of control systems for gas appliances and water appliances, declined from the previous fiscal year. In the domestic market, a decrease in sales of lower-price range stove burners had an impact on the results. As for overseas, sales of gas flow control valves for hot-water heaters were robust mainly in China. The efficiency of production was increased, and thus the segment's operating margin improved compared to the previous year. As a result, net sales in this business amounted to 7,213 million yen (down 2.9% year-on-year), and operating income was 412 million yen (up 43.6% year-on-year).

(iii) <Aircraft Component Import and Sales Business>

Sales of aircraft components declined from the previous fiscal year. While the domestic aircraft industry is expected to see continued growth over the long term, a decrease in the production of existing mass-produced models had an effect on the results in the fiscal year. This business was also affected by exchange fluctuations, resulting from the fact that domestic sales are mainly on a U.S. dollar basis. As a result, net sales in this business amounted to 21,272 million yen (down 7.5% year-on-year), and operating income was 282 million yen (down 10.0% year-on-year).

(iv) <Other Businesses>

Sales in this segment, which handles the sale of turf-maintenance equipment, etc. and the manufacture and sale of vehicle heaters, welfare and care devices and other products decreased compared with the previous fiscal year. As for turf-maintenance equipment, etc., while there appeared to be a seasonal recovery toward the end of the fiscal year, the fact that the replacement

cycle of golf carts is getting longer had an effect, so sales decreased. In regard to vehicle heaters, sales increased due to the robust performance of products for tourist buses. Mikuni Life & Auto Co., Ltd., which is in the welfare and care devices business, had an increase in sales and income compared to the previous year due to an expansion of its customer base, even though the fiscal year was nine months long for part of its business. As a result, net sales in this business amounted to 7,290 million yen (down 1.4% year-on-year), while operating income was 295 million yen (compared with an operating loss of 43 million yen in the previous fiscal year).

[Comparison table of Operating results by segment]

(Millions of yen)

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017		Change in net sales		Change in operating income	
	Net sales	Operating income	Net sales	Operating income	Amount	Ratio	Amount	Ratio
Automobile-related Products Business	60,064	2,537	59,011	2,462	(1,053)	(1.8)%	(75)	(3.0)%
Household Appliances Device Products Business	7,428	287	7,213	412	(215)	(2.9)%	125	43.6%
Aircraft Component Import and Sales Business	22,987	313	21,272	282	(1,714)	(7.5)%	(31)	(10.0)%
Other Businesses	7,393	(43)	7,290	295	(103)	(1.4)%	339	—
Total	97,874	3,094	94,787	3,453	(3,086)	(3.2)%	358	11.6%
Reference: exchange rate	1 USD = 121.10 yen		1 USD = 108.78 yen		—		—	

- (Notes) 1. The figures inside parentheses in the column presenting operating income indicate the amount of operating loss.
2. Amounts less than one million yen are discarded.
3. “—” indicates a negative change in the current fiscal year or the previous fiscal year or both.

[Reference] Performance trends for each quarter from the fiscal year ended March 31, 2015 to fiscal year ended March 31, 2017

(Millions of yen)

		Fiscal year ended March 31, 2015				Fiscal year ended March 31, 2016				Fiscal year ended March 31, 2017			
		First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
Automobile-related Products Business	Net sales	14,595	15,611	15,735	17,455	15,044	15,116	14,643	15,260	13,945	13,829	14,798	16,438
	Operating income	905	948	952	1,264	598	386	330	1,222	756	321	476	908
Household Appliances Device Products Business	Net sales	1,820	1,942	1,966	1,895	1,639	1,945	1,919	1,924	1,557	1,777	1,882	1,995
	Operating income	55	19	69	41	27	48	60	150	(39)	152	79	219
Aircraft Component Import and Sales Business	Net sales	5,195	4,243	5,297	6,159	6,282	5,507	5,445	5,752	5,681	5,345	4,928	5,317
	Operating income	85	148	378	149	216	89	47	(39)	0	(52)	225	108
Other Businesses	Net sales	1,439	1,579	1,540	2,039	1,981	1,639	1,724	2,048	1,709	1,773	1,718	2,088
	Operating income	(46)	(28)	(32)	3	(6)	(112)	(19)	94	33	102	69	90
Total	Net sales	23,051	23,377	24,540	27,549	24,947	24,208	23,732	24,986	22,893	22,727	23,328	25,839
	Operating income	1,000	1,088	1,367	1,457	836	412	418	1,427	751	523	850	1,328

- (Notes) 1. The figures inside parentheses in the row presenting operating income indicate the amount of operating loss.
2. Amounts less than one million yen are discarded.

Future outlook

The business environment surrounding the Group is exposed to the influence of not only macroeconomic and political trends in Japan and overseas, but also changes in regulatory structures such as environmental regulations. Responding to these changes in the business environment, the Group aims to be a sustainable and highly profitable company underpinned by our manufacturing expertise.

Looking forward, the Group is expecting the global economy to continue on a moderate recovery but at the same time recognizes numerous uncertainties. Accordingly, we will continue our research and development with a close eye on the increasingly stricter environmental regulations and strategic investment while striving to make improvements in production efficiency. Based on the current information, our consolidated earnings forecasts for the next fiscal year (ending March 31, 2018) are as follows:

Consolidated earnings forecasts for the fiscal year ending March 31, 2018
(from April 1, 2017 to March 31, 2016)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Basic earnings per share (Yen)
Current Forecast	100,000	3,700	3,500	2,100	62.46
Results for the previous fiscal year	94,787	3,453	3,469	2,685	79.87

(Note) The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ significantly from the forecasts due to various factors.

(2) Overview of financial position for the fiscal year

a. Assets, liabilities and net assets

(Assets)

Total assets at the end of the fiscal year under review amounted to 89,181 million yen, an increase of 3,590 million yen from the previous fiscal year-end.

Current assets amounted to 41,531 million yen, an increase of 2,107 million yen from the previous fiscal year-end. This was mainly due to increases of 1,344 million yen in work in process and total 671 million yen in notes and accounts receivable-trade and electronically recorded monetary claims-operating.

Non-current assets amounted to 47,650 million yen, an increase of 1,483 million yen from the previous fiscal year-end. This was mainly due to an increase of 1,416 million yen in investment securities due to rise in share prices.

(Liabilities)

Total liabilities at the end of the fiscal year under review amounted to 59,123 million yen, an increase of 1,483 million yen from the previous fiscal year-end.

Current liabilities amounted to 39,771 million yen, an increase of 2,769 million yen from the previous fiscal year-end. This was mainly due to an increase of 3,194 million yen in current portion of long-term loans payable, partly offset by a decrease of 673 million yen in provision for product warranties.

Non-current liabilities amounted to 19,351 million yen, a decrease of 1,286 million yen from the previous fiscal year-end. This was mainly due to decreases of 843 million yen in net defined benefit liability and other non-current liabilities due to the change in retirement benefit system and of 347 million yen in current portion of long-term loans payable.

(Net assets)

Net assets amounted to 30,058 million yen, an increase of 2,107 million yen from the previous fiscal year-end. This was mainly due to the recording of 2,685 million yen and an increase of 1,006 million yen in valuation difference on available-for-sale securities, partly offset by a decrease of 956 million yen in foreign currency translation adjustment.

b. Cash flows

Cash and cash equivalents (hereinafter, "cash") for the fiscal year under review increased by 202 million yen from the previous fiscal year-end, to 4,945 million yen.

The respective cash flow positions for the fiscal year under review are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities in the fiscal year under review was 5,185 million yen (4,630 million yen was provided in the previous fiscal year). This mainly reflected increasing factors of 4,270 million yen in income before income taxes and of 4,238 million yen in depreciation, exceeding a decreasing factor of 1,252 million yen in an increase in notes and accounts receivable-trade and others.

(Cash flows from investing activities)

Net cash used in investing activities in the fiscal year under review amounted to 5,270 million yen (4,746 million yen was used in the previous fiscal year). This was mainly due to 5,834 million yen in the purchase of fixed assets.

(Cash flows from in financing activities)

Net cash used in financing activities in the fiscal year under review totaled 426 million yen (384 million yen was used in the previous fiscal year). This was mainly due to an increasing factor of 1,799 million yen in net increase in loans payable.

(3) Basic policy for distributing incomes, and dividends for the fiscal year under review and next fiscal year

The Company, taking into consideration the operating results of the fiscal year and future business development, has a basic policy regarding dividends from surplus, etc. of carrying out result-based distributions in a stable manner based on a medium- to long-term perspective.

Stable dividends and future business development, etc. were comprehensively examined, and as a result, a plan is in place to submit a proposal at the 95th Ordinary General Meeting of Shareholders, which is scheduled to be held on June 28, 2017, increasing the year-end dividend for the fiscal year by 2 yen from the initial forecast to a regular dividend of 7 yen per share of common shares of the Company.

Regarding projected dividends for the next fiscal year (ending March 31, 2018), the Company expects, based on earnings forecasts and current forecasts of the financial position, to pay a regular interim dividend of 5 yen per share of common shares, and a regular year-end dividend of 7 yen per share, giving projected annual dividends of 12 yen per share.

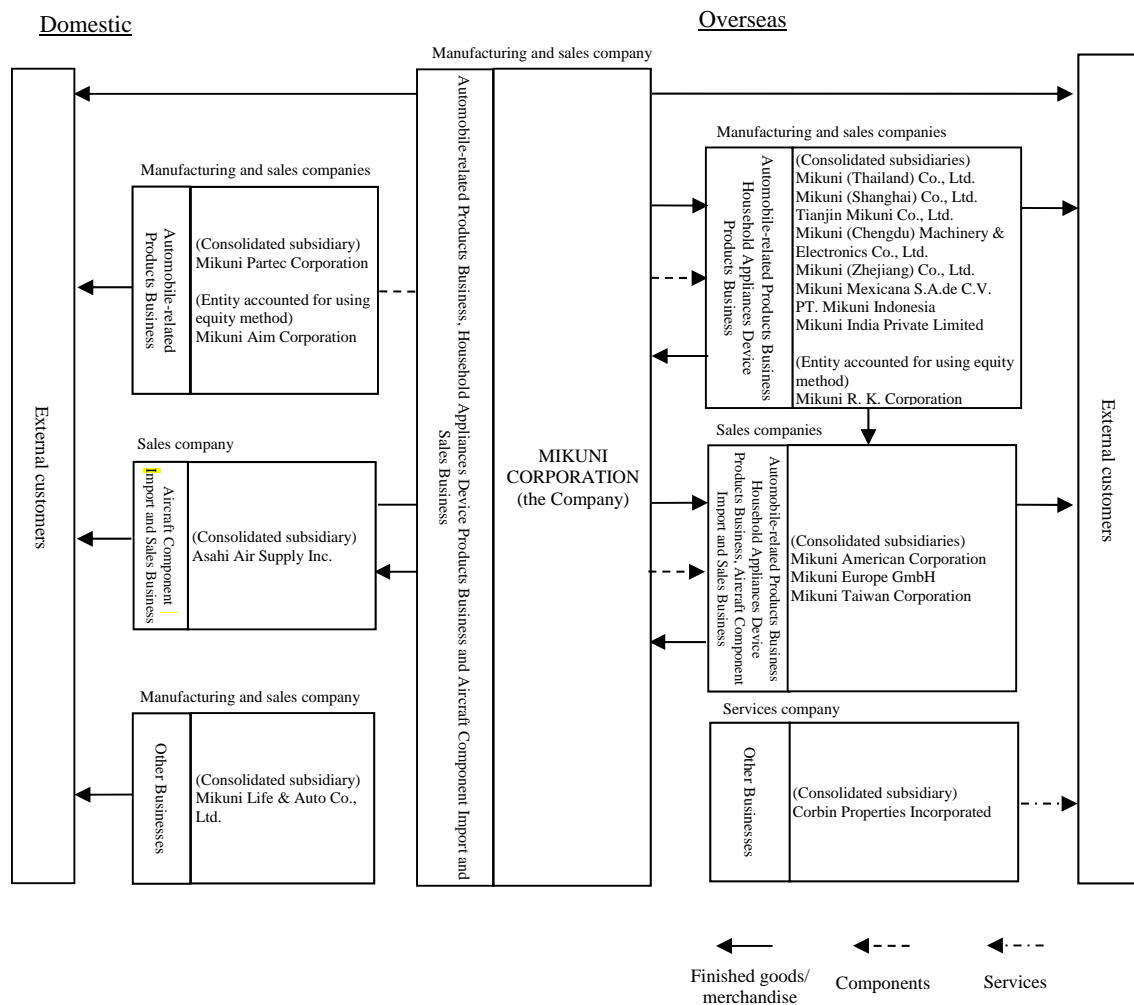
(Note) The forecasts for the next fiscal year contained in these materials are forward-looking statements including risks and uncertainties. Therefore, the actual results may differ from the forecasts stated herein due to changes of various factors.

2. Status of the Corporate Group

The Group (the Company and its affiliates) consists of the Company (MIKUNI CORPORATION), 20 subsidiaries, and six associates. The Group is engaged in manufacturing and sales of fuel injection-related products, carburetors, heaters, pumps, gas control devices, etc., the import and sales of aircraft components, and real estate leasing and other services.

Business organization chart

Reportable segments are the Automobile-related Products Business, the Household Appliances Device Products Business, and the Aircraft Component Import and Sales Business. The business organization chart of the Group as of March 31, 2017 (showing the Company and its main affiliates) is shown below.



3. Basic concept regarding selection of accounting standards

The Group has prepared the consolidated financial statements in accordance with Japanese GAAP, and there is no immediate plan to change its accounting standards. Concerning the policy for the application of IFRS, the Group will respond to this issue appropriately while giving consideration to various circumstances in Japan and overseas.

4. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	5,671	5,999
Notes and accounts receivable-trade	18,202	18,508
Electronically recorded monetary claims-operating	943	1,309
Merchandise and finished goods	7,400	6,841
Work in process	2,518	3,863
Raw materials and supplies	1,188	1,532
Deferred tax assets	1,072	818
Other	2,515	2,726
Allowance for doubtful accounts	(90)	(67)
Total current assets	39,423	41,531
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,263	10,236
Machinery, equipment and vehicles, net	9,016	10,106
Tools, furniture and fixtures, net	2,262	2,151
Land	12,050	11,888
Construction in progress	2,602	2,078
Total property, plant and equipment	36,194	36,460
Intangible assets		
Goodwill	239	207
Other	736	775
Total intangible assets	976	983
Investments and other assets		
Investment securities	5,133	6,550
Long-term loans receivable	8	16
Deferred tax assets	1,711	1,092
Other	2,342	2,752
Allowance for doubtful accounts	(200)	(205)
Total investments and other assets	8,996	10,205
Total non-current assets	46,167	47,650
Total assets	85,590	89,181

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable-trade	11,380	11,812
Short-term loans payable	15,004	13,819
Current portion of long-term loans payable	3,819	7,014
Lease obligations	455	475
Accounts payable - other and accrued expenses	3,581	4,009
Income taxes payable	167	440
Provision for bonuses	1,293	1,391
Provision for product warranties	878	204
Other	420	602
Total current liabilities	37,001	39,771
Non-current liabilities		
Long-term loans payable	10,777	10,430
Lease obligations	463	361
Deferred tax liabilities	881	875
Deferred tax liabilities for land revaluation	2,258	2,258
Net defined benefit liability	5,737	3,591
Provision for management board incentive plan trust	15	27
Other	503	1,806
Total non-current liabilities	20,638	19,351
Total liabilities	57,639	59,123
Net assets		
Shareholders' equity		
Capital stock	2,215	2,215
Capital surplus	1,700	1,937
Retained earnings	14,204	16,382
Treasury shares	(186)	(186)
Total shareholders' equity	17,934	20,348
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,806	2,813
Deferred gains or losses on hedges	(1)	1
Revaluation reserve for land	5,273	5,273
Foreign currency translation adjustment	2,217	1,261
Remeasurements of defined benefit plans	(695)	(489)
Total accumulated other comprehensive income	8,600	8,858
Non-controlling interests	1,416	850
Total net assets	27,950	30,058
Total liabilities and net assets	85,590	89,181

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

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	97,874	94,787
Cost of sales	84,051	80,590
Gross profit	13,822	14,196
Selling, general and administrative expenses	10,727	10,743
Operating income	3,094	3,453
Non-operating income		
Interest income	48	68
Dividend income	100	99
Rent income	119	216
Share of income of entities accounted for using equity method	58	32
Other	247	216
Total non-operating income	575	633
Non-operating expenses		
Interest expenses	446	359
Rent expenses	54	96
Foreign exchange losses	26	24
Other	95	136
Total non-operating expenses	623	617
Ordinary income	3,046	3,469
Extraordinary income		
Gain on sales of fixed assets	30	133
Gain on sales of investment securities	105	–
Gain on abolishment of retirement benefit plan	–	171
Compensation income	–	619
Other	0	0
Total extraordinary income	135	924
Extraordinary losses		
Loss on sales and retirement of fixed assets	55	75
Loss on valuation of investment securities	0	27
Impairment loss	148	9
Provision for product warranties	802	–
Special retirement expenses	120	–
Other	21	11
Total extraordinary losses	1,148	123
Income before income taxes	2,033	4,270
Income taxes - current	841	1,050
Income taxes - deferred	(239)	378
Total income taxes	602	1,428
Net income	1,431	2,841
Net income attributable to non-controlling interests	161	156
Net income attributable to owners of parent	1,269	2,685

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net income	1,431	2,841
Other comprehensive income		
Valuation difference on available-for-sale securities	(758)	1,006
Deferred gains or losses on hedges	(11)	2
Revaluation reserve for land	119	–
Foreign currency translation adjustment	(1,792)	(1,071)
Remeasurements of defined benefit plans, net of tax	(238)	205
Share of other comprehensive income of entities accounted for using equity method	(21)	(18)
Total other comprehensive income	(2,702)	124
Comprehensive income	(1,271)	2,966
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,226)	2,943
Comprehensive income attributable to non- controlling interests	(44)	22

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,215	1,700	13,442	(54)	17,303
Changes of items during period					
Dividends of surplus			(508)		(508)
Net income attributable to owners of parent			1,269		1,269
Purchase of treasury shares				(131)	(131)
Capital increase of consolidated subsidiaries		-			-
Change in ownership interest of parent due to transactions with non-controlling interests		-			-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	761	(131)	630
Balance at end of current period	2,215	1,700	14,204	(186)	17,934

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,565	9	5,154	3,825	(456)	11,097	1,633	30,033
Changes of items during period								
Dividends of surplus								(508)
Net income attributable to owners of parent								1,269
Purchase of treasury shares								(131)
Capital increase of consolidated subsidiaries								-
Change in ownership interest of parent due to transactions with non-controlling interests								-
Net changes of items other than shareholders' equity	(758)	(11)	119	(1,608)	(238)	(2,496)	(216)	(2,713)
Total changes of items during period	(758)	(11)	119	(1,608)	(238)	(2,496)	(216)	(2,083)
Balance at end of current period	1,806	(1)	5,273	2,217	(695)	8,600	1,416	27,950

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,215	1,700	14,204	(186)	17,934
Changes of items during period					
Dividends of surplus			(508)		(508)
Net income attributable to owners of parent			2,685		2,685
Purchase of treasury shares				(0)	(0)
Capital increase of consolidated subsidiaries		(51)			(51)
Change in ownership interest of parent due to transactions with non-controlling interests		289			289
Net changes of items other than shareholders' equity					
Total changes of items during period	–	237	2,177	(0)	2,414
Balance at end of current period	2,215	1,937	16,382	(186)	20,348

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,806	(1)	5,273	2,217	(695)	8,600	1,416	27,950
Changes of items during period								
Dividends of surplus								(508)
Net income attributable to owners of parent								2,685
Purchase of treasury shares								(0)
Capital increase of consolidated subsidiaries								(51)
Change in ownership interest of parent due to transactions with non-controlling interests								289
Net changes of items other than shareholders' equity	1,006	2	–	(956)	205	258	(565)	(307)
Total changes of items during period	1,006	2	–	(956)	205	258	(565)	2,107
Balance at end of current period	2,813	1	5,273	1,261	(489)	8,858	850	30,058

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Income before income taxes	2,033	4,270
Depreciation	4,343	4,238
Amortization of goodwill	36	67
Impairment loss	148	9
Special retirement payment	120	–
Compensation income	–	(619)
Interest and dividend income	(149)	(167)
Interest expenses	446	359
Share of (income) loss of entities accounted for using equity method	(58)	(32)
Increase (decrease) in net defined benefit liability	(268)	(1,903)
Increase (decrease) in provision for product warranties	642	(673)
Decrease (increase) in notes and accounts receivable -trade	224	(1,252)
Decrease (increase) in inventories	1,865	(1,088)
Increase (decrease) in notes and accounts payable - trade	(2,122)	1,049
Increase (decrease) in accounts payable - other	(251)	1,460
Other, net	(1,034)	489
Subtotal	5,977	6,207
Interest and dividend income received	181	163
Interest expenses paid	(424)	(346)
Special retirement payments	(100)	(17)
Income taxes paid	(1,002)	(822)
Net cash provided by (used in) operating activities	4,630	5,185
Cash flows from investing activities		
Decrease (increase) in time deposits	(885)	(122)
Purchase of fixed assets	(4,718)	(5,834)
Proceeds from sales of fixed assets	735	820
Purchase of investment securities	(7)	(7)
Proceeds from sales of investment securities	183	–
Purchase of shares of subsidiaries and associates	(149)	(45)
Proceeds from reduction of capital of subsidiaries and affiliates	93	–
Payments of loans receivable	(22)	(57)
Collection of loans receivable	106	24
Other, net	(81)	(49)
Net cash provided by (used in) investing activities	(4,746)	(5,270)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	940	(1,081)
Proceeds from long-term loans payable	4,204	7,367
Repayments of long-term loans payable	(4,284)	(4,486)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(341)
Cash dividends paid	(506)	(504)
Dividends paid to non-controlling interests	(95)	(63)
Other, net	(641)	(463)
Net cash provided by (used in) financing activities	(384)	426
Effect of exchange rate change on cash and cash equivalents	(401)	(139)
Net increase (decrease) in cash and cash equivalents	(902)	202
Cash and cash equivalents at beginning of period	5,646	4,743
Cash and cash equivalents at end of period	4,743	4,945

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

Not applicable.

(Significant matters forming the basis of preparing the consolidated financial statements)

Disclosure omitted because there have been no significant changes from the items stated in the recent Annual Securities Report (filed on June 28, 2016) except for the changes described in (Changes in accounting policies).

(Changes in accounting policies)

(Application of Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016)

Following the revision to the Corporation Tax Act, the Company has applied the “Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016” (ASBJ PITF No. 32, June 17, 2016) from the fiscal year ended March 31, 2017, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

As a result, the impact of this change on operating income, ordinary income and income before income taxes for the fiscal year ended March 31, 2017 is immaterial.

(Segment information)

[Segment information]

1. Outline of reportable segments

The reportable segments of the Group are components of the Group that have separate financial information available and are periodically examined to enable the Board of Directors to make decisions on the allocation of management resources and evaluate the results of business performance.

The Company establishes comprehensive domestic and overseas strategies for each product and service, and undertakes business activities in cooperation with group companies.

The Group accordingly consists of segments by product and service, with three reportable segments: Automobile Products-related Business, Household Appliances Device Products Business, and Aircraft Component Import and Sales Business.

The Automobile Products-related Business mainly manufactures and sells fuel injection systems for automobiles, motorcycles, and general purpose engines and engine-related functional components. The Household Appliances Device Products Business mainly manufactures and sells control systems for gas appliances and water appliances. The Aircraft Component Import and Sales Business mainly imports and sells aircraft components.

2. Calculation method for the amounts of net sales, income/loss, assets and other items by reportable segment

The accounting method for reportable segments is generally the same as the method described in “Significant matters forming the basis of preparing the consolidated financial statements.”

Segment profit (loss) of reportable segments is provided on an operating income (loss) basis.

(Application of Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016)

As described in “Changes in accounting policies”, the Company has applied the “Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016” from the fiscal year ended March 31, 2017, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

The effect of this change on segment profit/loss for the fiscal year ended March 31, 2017 is immaterial.

3. Information regarding the amounts of net sales, income/loss, assets and other items by reportable segment

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

(Millions of yen)

	Reportable segment				Other Businesses (Note)	Total	Adjustments	Amounts reported in the consolidated financial statements
	Automobile Products-related	Household Appliances Device Products	Aircraft Component Import and Sales	Total				
Net sales								
To external customers	60,064	7,428	22,987	90,481	7,393	97,874	–	97,874
Inter-segment sales or transfers	–	–	–	–	–	–	–	–
Total	60,064	7,428	22,987	90,481	7,393	97,874	–	97,874
Segment profit (loss)	2,537	287	313	3,138	(43)	3,094	–	3,094
Segment assets	64,740	6,444	9,466	80,652	4,938	85,590	–	85,590
Other items								
Depreciation	3,857	284	61	4,204	139	4,343	–	4,343
Amortization of goodwill and negative goodwill	–	–	7	7	29	36	–	36
Investments in entities accounted for using equity method	206	296	–	502	–	502	–	502
Increase in property, plant and equipment and intangible assets	4,981	295	51	5,328	106	5,434	–	5,434

(Note) The “Other Businesses” category refers to a business segment not included in reportable segments including such businesses as sales of turf-maintenance equipment, etc. and manufacturing and sales of vehicle heaters and welfare and care devices, etc.

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

(Millions of yen)

	Reportable segment				Other Businesses (Note)	Total	Adjustments	Amounts reported in the consolidated financial statements
	Automobile Products-related	Household Appliances Device Products	Aircraft Component Import and Sales	Total				
Net sales								
To external customers	59,011	7,213	21,272	87,497	7,290	94,787	–	94,787
Inter-segment sales or transfers	–	–	–	–	–	–	–	–
Total	59,011	7,213	21,272	87,497	7,290	94,787	–	94,787
Segment profit (loss)	2,462	412	282	3,157	295	3,453	–	3,453
Segment assets	67,403	6,376	10,077	83,857	5,324	89,181	–	89,181
Other items								
Depreciation	3,842	230	63	4,137	101	4,238	–	4,238
Amortization of goodwill and negative goodwill	–	–	39	39	27	67	–	67
Investments in entities accounted for using equity method	216	280	–	496	–	496	–	496
Increase in property, plant and equipment and intangible assets	5,367	374	27	5,768	103	5,872	–	5,872

(Note) The “Other Businesses” category refers to a business segment not included in reportable segments including such businesses as sales of turf-maintenance equipment, etc. and manufacturing and sales of vehicle heaters and welfare and care devices, etc.

(Per share information)

Item	Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Net assets per share	789.18 yen	868.69 yen
Basic earnings per share	37.67 yen	79.87 yen

(Notes) 1. Diluted earnings per share is not presented since no potential shares exist.

2. The shares of the Company owned by the trust account of the “Management Board Incentive Plan (BIP) Trust” have been excluded from the average number of shares during the period and the number of shares at the end of the period, both of which are the basis of the calculation of per share information.

Number of treasury shares at end of period deducted in calculating net assets per share

Fiscal year ended March 31, 2016 244,500 shares

Fiscal year ended March 31, 2017 244,500 shares

Average number of treasury shares during period deducted in calculating the basic earnings per share

Fiscal year ended March 31, 2016 150,462 shares

Fiscal year ended March 31, 2017 244,500 shares

3. The basis of the calculation of basic earnings per share is as follows:

Item	Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Net income attributable to owners of parent (million yen)	1,269	2,685
Amounts not attributable to common shareholders (million yen)	–	–
Net income attributable to owners of parent available to common shares (million yen)	1,269	2,685
Average number of shares during the period (shares)	33,717,372	33,622,381

(Significant subsequent events)

Not applicable.

5. Others

(1) Changes in Directors and Audit & Supervisory Board members

- (i) Change in representative

Not applicable.

- (ii) Other changes

With regards to the changes in Directors and Audit & Supervisory Board members, please refer to the “Notice concerning the Appointment of Directors and Audit & Supervisory Board Members, etc.” released on March 31, 2017 in Japanese only.