



May 12, 2017

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2017**[Japanese GAAP]**

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Listing: Tokyo Stock Exchange (JASDAQ)
 URL: <http://www.nittoku.co.jp>

Scheduled date of Annual General Meeting of Shareholders: June 28, 2017
 Scheduled date of filing of Annual Securities Report: June 29, 2017
 Scheduled date of payment of dividend: June 29, 2017
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

Note: The original disclosure in Japanese was released on May 12, 2017, at 18:30 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (Apr. 1, 2016 – Mar. 31, 2017)

(1) Consolidated results of operations (Percentages shown for net sales and profits represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2017	23,283	6.0	2,873	55.6	2,994	48.7	2,229	41.5
Fiscal year ended Mar. 31, 2016	21,956	6.0	1,846	(18.1)	2,013	-	1,575	(34.5)

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2017: 2,398 (up 142.7%)
 Fiscal year ended Mar. 31, 2016: 988 (down 68.8%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2017	123.40	-	10.1	9.7	12.3
Fiscal year ended Mar. 31, 2016	87.18	-	7.6	7.2	8.4

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2017: - Fiscal year ended Mar. 31, 2016: -

Notes for consolidated results of operations:

Effective from the fiscal year ended March 31, 2017, “loss on sales of non-current assets” and “loss on retirement of non-current assets,” which were previously presented under the “extraordinary losses” section, have been presented in the “non-operating expenses” section. The year-on-year change of ordinary profit for the fiscal year ended March 31, 2016 is not presented because these figures have been retrospectively restated.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	33,695	23,006	68.1	1,270.10
As of Mar. 31, 2016	27,832	21,113	75.7	1,165.68

Reference: Shareholders' equity (million yen) As of Mar. 31, 2017: 22,948 As of Mar. 31, 2016: 21,061

(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
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2017	4,777	(1,835)	(508)	10,143
Fiscal year ended Mar. 31, 2016	830	2,606	(507)	7,811

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2016	Yen -	Yen 14.00	Yen -	Yen 14.00	Yen 28.00	Million yen 505	% 32.1	% 2.4
Fiscal year ended Mar. 31, 2017	Yen -	Yen 14.00	Yen -	Yen 14.00	Yen 28.00	Million yen 505	% 22.7	% 2.3
Fiscal year ending Mar. 31, 2018 (forecast)	Yen -	Yen 14.00	Yen -	Yen 14.00	Yen 28.00		% 22.0	

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2018 (Apr. 1, 2017 – Mar. 31, 2018)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	13,500	22.9	1,800	44.9	1,830	36.4	1,300	42.1	71.95
Full year	25,500	9.5	3,150	9.6	3,200	6.9	2,300	3.2	127.30

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Mar. 31, 2017: 18,098,923 shares As of Mar. 31, 2016: 18,098,923 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2017: 30,969 shares As of Mar. 31, 2016: 30,750 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2017: 18,068,093 shares Fiscal year ended Mar. 31, 2016: 18,068,216 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (Apr. 1, 2016 – Mar. 31, 2017)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2017	21,262	7.1	2,405	39.5	2,496	38.6	1,870	30.9
Fiscal year ended Mar. 31, 2016	19,850	5.3	1,724	(9.2)	1,801	-	1,429	(34.3)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2017	103.55	-
Fiscal year ended Mar. 31, 2016	79.12	-

Notes for non-consolidated results of operations:

Effective from the fiscal year ended March 31, 2017, “loss on sales of non-current assets” and “loss on retirement of non-current assets,” which were previously presented under the “extraordinary losses” section, have been presented in the “non-operating expenses” section. The year-on-year change of ordinary profit for the fiscal year ended March 31, 2016 is not presented because these figures have been retrospectively restated.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	29,906	19,404	64.9	1,073.97
As of Mar. 31, 2016	24,107	17,753	73.6	982.60

Reference: Shareholders' equity (million yen) As of Mar. 31, 2017: 19,404 As of Mar. 31, 2016: 17,753

2. Non-consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2018 (Apr. 1, 2017 – Mar. 31, 2018)

(Percentages represent year-on-year changes)

	Net sales		Ordinary profit		Profit		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	12,000	20.4	1,450	40.9	1,000	40.8	55.35
Full year	22,500	5.8	2,600	4.1	1,800	(3.8)	99.62

* The current financial report is not subject to audit procedures.

* Explanation of appropriate use of earnings forecasts, and other special items

- Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 4 of the attachments “1. Overview of Results of Operations, (1) Overview of Results of Operations for the Current Fiscal Year and (4) Outlook.”

- Nittoku Engineering plans to hold a results presentation for institutional investors and analysts on May 26, 2017. Materials to be distributed at this event will be available on the Company's website immediately thereafter.

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1. Overview of Results of Operations

(1) Overview of Results of Operations for the Current Fiscal Year

Uncertainty about the future persisted in the global economy in the current fiscal year. Nonetheless, many countries, research institutions and companies expanded their initiatives for investing in innovations such as IoT, Industry 4.0 or AI aiming to realize so called Smart Society.

Our group invested various resources to build the position as a leading FA integrator who is capable of not just developing FA equipment that enables the development and evolution of devices and electric/electronic components that support these innovations, but also providing services on a global scale.

Our FA equipment produces a wide range of products: sensors, electronic terminals, communication devices, digital components, various motors, charging systems, car electronics, cameras, acoustic equipment, smart home appliances, medical equipment, industrial equipment, connectors, wire cables, and IC tags. Our customers expect our FA equipment to provide (1) modularization by proprietary control systems, (2) multi-product, flexible volume production system which can also meet the needs for mass production, (3) product quality assurance, inspection and adjustment during production processes, and (4) traceability. To accommodate these various needs both in volume and type, we have been engaged in positive efforts for agile research and development as well as continuous development of human resources. These efforts target development of element, technology and control as well as enhancement of material knowledge and mechanical skills. We have actively sought new orders from our customers.

As a result, net sales increased 6.0% year on year to 23,283 million yen with operating profit of 2,873 million yen (up 55.6% year on year), ordinary profit of 2,994 million yen (up 48.7% year on year), and profit attributable to owners of parent of 2,229 million yen (up 41.5% year on year).

Results by business segment were as follows.

Coil Winding Machine Business

Aiming to realize Smart Society, competition among countries has intensified. This includes the development of various devices and components such as high-function, high-quality electrical equipment, communication equipment, electric and electronic components. In particular, manufacturing of products with small/micro sized, high quality and high function requires precise FA equipment. Also, the needs for automated line equipment rapidly increased due to the rise in personnel expenses.

As a prompt response to these environmental changes, our group has developed its proprietary control system; and robotized transportation equipment, processing machines, and inspection machines. In addition, we have worked on developing full-line control equipment using these modules, and expanding the product portfolio to include FA robots that produce the target items on an integrated manner.

As stated above, we feature robot manufacturing technology. So, our involvement from as early as the development stage enables manufacturers of devices and electric/electronic components to establish optimized production processes accurately and quickly based on the value chain analysis covering manufacturing methods, manufacturing costs, quality assurance, process monitoring, and maintenance cost. This innovative system helps users to decide on capital investment quickly and boldly. The fact that we received a large order with a contract amount of 6 billion yen in the third quarter of the current fiscal year shows a good example of our contribution. Furthermore, the introduction of our FA system allows users to improve and enhance productivity, control manufacturing processes, control quality of products, ensure traceability, perform maintenance and explore next solutions at one central operating headquarters.

We have globally proposed a proprietary motor manufacturing process which we acquired through the processes of design and construction of motor plants. These efforts brought us a joint EV drive motor development project

with an automobile manufacturer. In addition, we have begun research on contactless power supply leveraging our electric, electromagnetic and coil know-hows. We have strengthened the “visionary” developments based on our future forecasts from the standpoint of an FA equipment maker.

This segment accounts for about 92% of total sales. For the reasons explained earlier, consolidated sales were 21,499 million yen (up 4.2% year on year) and segment profit (operating profit) was 3,424 million yen (up 44.0%). On a non-consolidated basis, segment orders received were 24,776 million yen (up 35.9%), sales (production) were 19,479 million yen (up 5.1%) and the order backlog was 13,466 million yen (up 64.7%) at the end of the current fiscal year.

Contactless IC Tag and Card Business

In the current consolidated fiscal year, sales of ID cards and amusement-use tags performed well. Major electrical manufacturers have actively adopted our patented RFID tags for their production control systems. We have also started the research and development for production using control tags and above-mentioned FA robots to form a core of IoT and M2M connections in Smart Factory.

In this segment, consolidated sales were 1,783 million yen (up 35.2% year on year) and segment profit (operating profit) was 374 million yen (up 39.8%) because of the effect of our investment in proprietary automated equipment. On a non-consolidated basis, segment orders received were 1,909 million yen (up 40.8%), sales (production) were 1,783 million yen (up 35.2%) and the order backlog was 398 million yen (up 46.0%).

(Note) Effective from the next fiscal year ending March 31, 2018, the Coil Winding Machine Business will be renamed as the FA Business due to an increase in FA lines with the coil winding process and also an increase in FA equipment and FA lines without the coil winding process.

(2) Overview of Financial Position for the Current Fiscal Year

1) Assets

Current assets increased 4,687 million yen from the end of the previous fiscal year to 26,439 million yen. This was mainly due to increases of 3,048 million yen in cash and deposits and 1,818 million yen in work in process.

Non-current assets increased 1,175 million yen from the end of the previous fiscal year to 7,255 million yen. This was mainly attributable to an increase of 948 million yen in investment securities.

As a result, total assets increased 5,863 million yen from the end of the previous fiscal year to 33,695 million yen.

2) Liabilities

Current liabilities increased 3,837 million yen from the end of the previous fiscal year to 10,173 million yen. This was mainly attributable to an increase of 2,959 million yen in electronically recorded obligations-operating.

Non-current liabilities increased 133 million yen from the end of the previous fiscal year to 515 million yen. This was mainly attributable to an increase of 115 million yen in deferred tax liabilities.

As a result, total liabilities increased 3,970 million yen from the end of the previous fiscal year to 10,689 million yen.

3) Net assets

Total net assets increased 1,892 million yen from the end of the previous fiscal year to 23,006 million yen.

(3) Overview of Cash Flows for the Current Fiscal Year

Cash and cash equivalents (hereinafter “net cash”) at the end of the current fiscal year increased 2,331 million yen from the end of the previous fiscal year to 10,143 million yen. The cash flow components during the current fiscal year and the main reasons for changes are as described below.

Cash flows from operating activities

Net cash provided by operating activities was 4,777 million yen (up 475.3% year on year). Main factors include profit before income taxes of 3,007 million yen and increases of 2,448 million yen in notes and accounts payable-trade and 792 million yen in advances received, which were partially offset by an increase of 1,932 million yen in inventories.

Cash flows from investing activities

Net cash used in investing activities was 1,835 million yen (compared with 2,606 million yen provided for the previous fiscal year). Main factors include payments into time deposits of 4,421 million yen and purchase of investment securities of 859 million yen, which were partially offset by proceeds from withdrawal of time deposits of 3,664 million yen.

Cash flows from financing activities

Net cash used in financing activities was 508 million yen (up 0.1% year on year), which was caused by payment of cash dividends of 507 million yen.

(4) Outlook

The evolution of science and technology such as computers, ICs, Internet, AI has entered the era of “Smart Big Bang.” We believe this evolution will not stop even though economic and political movements would more or less affect them. The infrastructure and devices required for explosive evolution also progress rapidly, and the momentum will continue to gain speed.

Such evolution always requires electric and electromagnetic elements. As we started our business as a coil winding machine manufacturer, we have in-depth industrial knowledge of these elements. As a production equipment manufacturer, we will strive to develop our business in the peripheral fields and eventually evolve into an FA robot manufacturer who can provide FA full line equipment and ensure services on a global scale. By promoting these strategies, we believe we can disseminate de facto standards formulated by our group. We aspire to become the world's No. 1 FA robot manufacturer.

We will continue to devote resources to various areas such as material and device research, element development, control and technology development, open innovation, alliance with single unit manufacturers, M&A, industry-university collaboration, and human resource development. We will strive to contribute to society as well as to increase our corporate value.

The above situation has led us to the forecasts for the next fiscal year ending on March 31, 2018 consisting of consolidated sales of 25,500 million yen (up 9.5% year on year), operating profit of 3,150 million yen (up 9.6%), ordinary profit of 3,200 million yen (up 6.9%), and profit attributable to owners of parent of 2,300 million yen (up 3.2%).

(5) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

The basic policy for profit distributions is to make substantial distributions to shareholders while retaining sufficient earnings to increase financial soundness. Our goals are to make profit distributions based on results of operations while increasing earnings in order to build a solid foundation that can generate benefits for shareholders. We will determine the dividend payment by taking account of measures to make our operations stronger and to maintain long-term ties based on trust with all stakeholders.

We believe our contribution to society and the resulting increase in corporate value will come from the development of FA robots with full line equipment that fits the progress of scientific technology such as IoT, AI, Industry 4.0. We will map out de fact standards to provide solutions and these efforts will lead to an increase in corporate value. We continue to acquire and accumulate knowledge, experience, know-how as an FA robot manufacturer capable of responding to manufacturing innovation by utilizing our internal R&D and external industry-academia-government collaboration, open innovation, alliance with other organizations, and M&A. To these activities, we will aggressively invest funds and other necessary resources. Research and development expenses included in selling, general and administrative expenses for the current fiscal year was 507 million yen.

Taking into account the above-mentioned policy and investments aimed for future increase in corporate value, we plan to pay a year-end dividend for the current fiscal year of 14 yen per share. Added to the interim dividend of 14 yen per share, this would result in an annual dividend of 28 yen per share.

For the fiscal year ending on March 31, 2018, we plan to pay a dividend of 28 yen per share, the sum of a 14 yen interim dividend and a 14 yen year-end dividend.

2. Basic Approach to the Selection of Accounting Standards

Nittoku Engineering currently uses Japanese accounting standards for its financial statements. To prepare for the voluntary application in the future of International Financial Reporting Standards, Nittoku Engineering is preparing manuals and policies and considering the proper timing to start using these standards. Actions concerning these standards will be taken in an appropriate manner.

3. Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheet**

(Thousands of yen)

	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
Assets		
Current assets		
Cash and deposits	10,419,549	13,467,653
Notes and accounts receivable-trade	6,255,786	6,321,167
Work in process	3,309,222	5,128,043
Raw materials and supplies	602,862	600,158
Income taxes receivable	248,763	-
Consumption taxes receivable	308,273	557,086
Deferred tax assets	486,518	261,728
Other	146,632	147,009
Allowance for doubtful accounts	(26,295)	(43,741)
Total current assets	21,751,313	26,439,105
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,898,138	1,846,683
Machinery, equipment and vehicles, net	600,727	546,344
Land	667,893	691,468
Other, net	285,455	506,470
Total property, plant and equipment	3,452,214	3,590,966
Intangible assets		
Goodwill	49,004	33,926
Other	95,722	158,289
Total intangible assets	144,727	192,215
Investments and other assets		
Investment securities	1,667,653	2,616,369
Insurance funds	630,747	624,660
Deferred tax assets	1,997	-
Other	183,353	231,780
Total investments and other assets	2,483,752	3,472,810
Total non-current assets	6,080,695	7,255,992
Total assets	27,832,008	33,695,098
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,654,689	3,126,182
Electronically recorded obligations-operating	818,328	3,777,497
Accounts payable-other	356,793	416,037
Income taxes payable	50,125	558,465
Advances received	717,341	1,496,269
Provision for bonuses	395,063	459,060
Other	343,502	340,094
Total current liabilities	6,335,845	10,173,608
Non-current liabilities		
Deferred tax liabilities	97,070	212,331
Net defined benefit liability	80,794	98,402
Other	204,476	204,706
Total non-current liabilities	382,341	515,440
Total liabilities	6,718,187	10,689,048

	(Thousands of yen)	
	FY3/16	FY3/17
	(As of Mar. 31, 2016)	(As of Mar. 31, 2017)
Net assets		
Shareholders' equity		
Capital stock	6,884,928	6,884,928
Capital surplus	2,542,054	2,542,054
Retained earnings	10,878,560	12,602,186
Treasury shares	(23,603)	(23,937)
Total shareholders' equity	20,281,939	22,005,232
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	286,090	571,936
Foreign currency translation adjustment	606,786	424,857
Remeasurements of defined benefit plans	(113,181)	(53,869)
Total accumulated other comprehensive income	779,695	942,924
Non-controlling interests	52,186	57,893
Total net assets	21,113,821	23,006,049
Total liabilities and net assets	27,832,008	33,695,098

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

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Net sales	21,956,397	23,283,753
Cost of sales	16,287,104	16,467,201
Gross profit	5,669,292	6,816,552
Selling, general and administrative expenses	3,822,394	3,943,499
Operating profit	1,846,898	2,873,053
Non-operating income		
Interest income	53,841	34,361
Dividend income	31,007	34,723
Other	99,533	74,473
Total non-operating income	184,383	143,558
Non-operating expenses		
Loss on transfer of receivables	2,470	2,244
Loss on insurance cancellation	2,283	-
Depreciation	6,387	5,633
Loss on retirement of non-current assets	1,072	8,659
Other	5,484	5,330
Total non-operating expenses	17,697	21,867
Ordinary profit	2,013,584	2,994,744
Extraordinary income		
Gain on sales of non-current assets	387,244	-
Gain on sales of investment securities	15,178	12,773
Total extraordinary income	402,422	12,773
Extraordinary losses		
Impairment loss	16,208	-
Total extraordinary losses	16,208	-
Profit before income taxes	2,399,798	3,007,518
Income taxes-current	109,646	563,345
Income taxes for prior periods	22,730	-
Income taxes-deferred	687,487	210,325
Total income taxes	819,863	773,671
Profit	1,579,934	2,233,847
Profit attributable to non-controlling interests	4,662	4,312
Profit attributable to owners of parent	1,575,272	2,229,534

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY3/16	FY3/17
	(Apr. 1, 2015 – Mar. 31, 2016)	(Apr. 1, 2016 – Mar. 31, 2017)
Profit	1,579,934	2,233,847
Other comprehensive income		
Valuation difference on available-for-sale securities	(190,657)	285,846
Foreign currency translation adjustment	(368,200)	(180,534)
Remeasurements of defined benefit plans, net of tax	(32,896)	59,311
Total other comprehensive income	(591,754)	164,623
Comprehensive income	988,180	2,398,470
Comprehensive income attributable to:		
Owners of parent	989,924	2,392,763
Non-controlling interests	(1,743)	5,707

(3) Consolidated Statement of Changes in Equity

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,884,928	2,542,054	9,809,199	(23,418)	19,212,763
Changes of items during period					
Dividends of surplus			(505,911)		(505,911)
Profit attributable to owners of parent			1,575,272		1,575,272
Purchase of treasury shares				(185)	(185)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,069,360	(185)	1,069,175
Balance at end of current period	6,884,928	2,542,054	10,878,560	(23,603)	20,281,939

(Thousands of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	476,748	968,579	(80,285)	1,365,043	53,929	20,631,736
Changes of items during period						
Dividends of surplus						(505,911)
Profit attributable to owners of parent						1,575,272
Purchase of treasury shares						(185)
Net changes of items other than shareholders' equity	(190,657)	(361,793)	(32,896)	(585,347)	(1,743)	(587,091)
Total changes of items during period	(190,657)	(361,793)	(32,896)	(585,347)	(1,743)	482,084
Balance at end of current period	286,090	606,786	(113,181)	779,695	52,186	21,113,821

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,884,928	2,542,054	10,878,560	(23,603)	20,281,939
Changes of items during period					
Dividends of surplus			(505,907)		(505,907)
Profit attributable to owners of parent			2,229,534		2,229,534
Purchase of treasury shares				(333)	(333)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,723,626	(333)	1,723,292
Balance at end of current period	6,884,928	2,542,054	12,602,186	(23,937)	22,005,232

(Thousands of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	286,090	606,786	(113,181)	779,695	52,186	21,113,821
Changes of items during period						
Dividends of surplus						(505,907)
Profit attributable to owners of parent						2,229,534
Purchase of treasury shares						(333)
Net changes of items other than shareholders' equity	285,846	(181,928)	59,311	163,228	5,707	168,936
Total changes of items during period	285,846	(181,928)	59,311	163,228	5,707	1,892,228
Balance at end of current period	571,936	424,857	(53,869)	942,924	57,893	23,006,049

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Cash flows from operating activities		
Profit before income taxes	2,399,798	3,007,518
Depreciation	447,027	428,027
Impairment loss	16,208	-
Amortization of goodwill	15,078	15,078
Increase (decrease) in allowance for doubtful accounts	21,020	17,435
Increase (decrease) in provision for bonuses	39,829	65,416
Increase (decrease) in net defined benefit liability	(63,272)	102,575
Interest and dividend income	(84,849)	(69,317)
Loss (gain) on sales of property, plant and equipment	(388,860)	-
Loss (gain) on sales of investment securities	(15,178)	(12,773)
Decrease (increase) in notes and accounts receivable-trade	(478,341)	(92,982)
Decrease (increase) in inventories	(362,027)	(1,932,662)
Increase (decrease) in notes and accounts payable-trade	(40,651)	2,448,008
Decrease (increase) in consumption taxes refund receivable	147,937	(258,835)
Increase (decrease) in advances received	114,668	792,270
Other, net	(51,592)	71,111
Subtotal	1,716,794	4,580,870
Interest and dividend income received	85,137	70,803
Income taxes paid	(976,185)	(152,131)
Income taxes refund	4,645	278,021
Net cash provided by (used in) operating activities	830,392	4,777,564
Cash flows from investing activities		
Payments into time deposits	(3,309,485)	(4,421,127)
Proceeds from withdrawal of time deposits	4,211,935	3,664,431
Purchase of property, plant and equipment	(227,019)	(463,475)
Proceeds from sales of property, plant and equipment	1,788,067	46,869
Purchase of intangible assets	(33,110)	(122,269)
Purchase of investment securities	(272,270)	(859,586)
Proceeds from sales of investment securities	552,335	311,750
Purchase of insurance funds	(96,294)	(71,762)
Proceeds from maturity of insurance funds	30,355	79,402
Other, net	(37,720)	-
Net cash provided by (used in) investing activities	2,606,792	(1,835,768)
Cash flows from financing activities		
Purchase of treasury shares	(185)	(333)
Cash dividends paid	(507,565)	(507,983)
Net cash provided by (used in) financing activities	(507,750)	(508,317)
Effect of exchange rate change on cash and cash equivalents	(199,959)	(101,524)
Net increase (decrease) in cash and cash equivalents	2,729,475	2,331,954
Cash and cash equivalents at beginning of period	5,082,327	7,811,802
Cash and cash equivalents at end of period	7,811,802	10,143,756

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Changes in Accounting Policies

Following the revision of the Corporation Tax Act, the Company has applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 32, June 17, 2016) from the current fiscal year, and changed the method for the depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

The impact of this change on the consolidated financial statements for the current fiscal year is insignificant.

Reclassifications

(Consolidated balance sheet)

“Electronically recorded obligations-operating” (818,328 thousand yen at the previous fiscal year end) included in “Notes and accounts payable-trade” under “Current liabilities” up to the previous fiscal year has been reclassified and presented as a separate line item from the current fiscal year due to an increase in its materiality.

(Consolidated statement of income)

“Foreign exchange gains” (10,130 thousand yen for the current fiscal year) under “Non-operating income” presented as a separate line item in the previous fiscal year has been included in “Other” under “Non-operating income” from the current fiscal year due to a decrease in its materiality.

“Gain on sales of securities” (15,178 thousand yen for the previous fiscal year) included in “Other” under “Extraordinary income” up to the previous fiscal year has been reclassified and presented as a separate line item in the current fiscal year because the amount has exceeded 10% of the total amount of extraordinary income.

(Consolidated statement of cash flows)

“Loss (gain) on sales of investment securities” included in “Other, net” of “Cash flows from operating activities” in the previous fiscal year has been reclassified and presented as a separate line item from the current fiscal year to improve the clarity of presentation. To reflect this change in the presentation method, minus 66,771 thousand yen included in “Other, net” of “Cash flows from operating activities” for the previous fiscal year has been reclassified into minus 15,178 thousand yen in “Loss (gain) on sales of investment securities” and minus 51,592 thousand yen in “Other, net.”

“Purchase of intangible assets” included in “Other, net” of “Cash flows from investing activities” in the previous fiscal year has been reclassified and presented as a separate line item from the current fiscal year due to an increase in its materiality. To reflect this change in the presentation method, minus 70,830 thousand yen included in “Other, net” of “Cash flows from investing activities” for the previous fiscal year has been reclassified into minus 33,110 thousand yen in “Purchase of intangible assets” and minus 37,720 thousand yen in “Other, net.”

Additional Information

Effective from the current fiscal year under review, the Company has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, March 28, 2016).

Segment and Other Information

Segment Information

1. Overview of reportable segment

(1) Method of determining the reportable segments

Segments used for financial reporting are the Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The two reportable segments that the Nittoku Engineering Group uses are based on the products and services provided by these business divisions. They include: coil winding machine business, and contactless IC tag and card business.

(2) Products and services by each reportable segment

The coil winding machine business involves the manufacture and sale of coil winding machines, winding systems and peripheral equipment and the provision of maintenance services. The contactless IC tag and card business involves the manufacture and sale of IC tags, cards and inlets.

2. Calculation methods for net sales, profits/losses, assets, and other items for each reportable segment

The accounting methods used for reportable segments are generally the same as those adopted for preparation of the consolidated financial statements.

3. Information related to net sales, profit/losses, assets, and other items for each reportable segment

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Thousands of yen)

	Reportable segment		Total
	Coil winding machine business	Contactless IC tag and card business	
Net sales			
External sales	20,636,515	1,319,882	21,956,397
Inter-segment sales and transfers	-	-	-
Total	20,636,515	1,319,882	21,956,397
Segment profit	2,377,409	268,225	2,645,634
Segment assets	16,578,007	1,062,967	17,640,974
Other items			
Depreciation	354,515	69,321	423,836
Change in property, plant and equipment and intangible assets	359,075	135,776	494,852

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Thousands of yen)

	Reportable segment		Total
	Coil winding machine business	Contactless IC tag and card business	
Net sales			
External sales	21,499,901	1,783,852	23,283,753
Inter-segment sales and transfers	-	-	-
Total	21,499,901	1,783,852	23,283,753
Segment profit	3,424,471	374,883	3,799,355
Segment assets	18,071,770	1,350,622	19,422,393
Other items			
Depreciation	347,029	61,906	408,935
Change in property, plant and equipment and intangible assets	640,635	16,894	657,529

4. Reconciliation of reported consolidated financial statements with total for reportable segments

(Reconciliation items)

(Thousands of yen)

Profit	FY3/16	FY3/17
Total for reportable segments	2,645,634	3,799,355
Corporate expenses (Note)	(798,735)	(926,302)
Operating profit on the consolidated financial statements	1,846,898	2,873,053

Note: Corporate expenses mainly include general and administrative expenses that cannot be attributed to reportable segments.

(Thousands of yen)

Assets	FY3/16	FY3/17
Total for reportable segments	17,640,974	19,422,393
Corporate assets (Note)	10,191,034	14,272,705
Total assets on the consolidated financial statements	27,832,008	33,695,098

Note: Corporate assets mainly include cash and deposits and investment securities that cannot be attributed to reportable segments.

(Thousands of yen)

Other items	Total for reportable segments		Adjustment		Amounts shown on consolidated financial statements	
	FY3/16	FY3/17	FY3/16	FY3/17	FY3/16	FY3/17
Depreciation	423,836	408,935	23,191	19,091	447,027	428,027
Change in property, plant and equipment and intangible assets	494,852	657,529	15,893	70,952	510,745	728,482

Note: Adjustment to change in property, plant and equipment and intangible assets represents head office facilities.

Related information

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

(Thousands of yen)

Japan	Asia	America	Europe	Total
9,732,826	10,378,172	587,604	1,257,793	21,956,397

Note: Classification of net sales by regions is based on the location of the client and categorized by country or region.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceed 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client

This information is omitted because no specific external client accounts for more than 10% of net sales on the consolidated statements of income.

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

(Thousands of yen)

Japan	Asia	America	Europe	Total
9,067,583	12,706,764	961,202	548,203	23,283,753

Note: Classification of net sales by regions is based on the location of the client and categorized by country or region.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceed 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client

This information is omitted because no specific external client accounts for more than 10% of net sales on the consolidated statements of income.

Information related to impairment of non-current assets for each reportable segment

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Thousands of yen)

	Reportable segment			Elimination or corporate	Total
	Coil winding machine business	Contactless IC tag and card business	Subtotal		
Impairment loss	5,819	-	5,819	10,389	16,208

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Thousands of yen)

	Reportable segment			Elimination or corporate	Total
	Coil winding machine business	Contactless IC tag and card business	Subtotal		
Impairment loss	-	-	-	-	-

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Thousands of yen)

	Reportable segment			Elimination or corporate	Total
	Coil winding machine business	Contactless IC tag and card business	Subtotal		
Goodwill amortization	15,078	-	15,078	-	15,078
Balance at the end of the period	49,004	-	49,004	-	49,004

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Thousands of yen)

	Reportable segment			Elimination or corporate	Total
	Coil winding machine business	Contactless IC tag and card business	Subtotal		
Goodwill amortization	15,078	-	15,078	-	15,078
Balance at the end of the period	33,926	-	33,926	-	33,926

Information related to negative goodwill profits for each reportable segment

Not applicable.

Per-share Information

(Yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Net assets per share	1,165.68	1,270.10
Net income per share	87.18	123.40

Notes: 1. Diluted net income per share is not presented since the Company has no outstanding dilutive securities.

2. The following is a reconciliation of net income per share.

(Thousands of yen)

Item	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Net income per share		
Profit attributable to owners of parent	1,575,272	2,229,534
Amount not attributable to common shareholders	-	-
Profit attributable to common shareholders of parent	1,575,272	2,229,534
Average number of common stock shares outstanding during the period (Shares)	18,068,216	18,068,093

Material Subsequent Events

Not applicable.

4. Non-consolidated Financial Statements and Notes**(1) Balance Sheet**

	(Thousands of yen)	
	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
Assets		
Current assets		
Cash and deposits	6,739,323	10,155,004
Notes receivable-trade	1,161,834	967,096
Accounts receivable-trade	4,524,617	4,773,312
Work in process	2,929,446	4,739,187
Raw materials and supplies	460,472	478,715
Income taxes receivable	248,763	-
Consumption taxes receivable	308,273	557,086
Deferred tax assets	452,179	202,182
Current portion of long-term loans receivable from subsidiaries and associates	50,000	22,438
Other	121,147	137,734
Allowance for doubtful accounts	(24,490)	(43,280)
Total current assets	16,971,569	21,989,477
Non-current assets		
Property, plant and equipment		
Buildings	1,677,956	1,483,878
Structures	31,240	53,884
Machinery and equipment	431,321	297,456
Vehicles	1,878	990
Tools, furniture and fixtures	112,739	111,641
Land	511,755	475,682
Construction in progress	101,190	325,533
Total property, plant and equipment	2,868,081	2,749,067
Intangible assets		
Software	55,737	79,253
Other	11,956	46,363
Total intangible assets	67,693	125,617
Investments and other assets		
Investment securities	1,505,168	2,455,874
Shares of subsidiaries and associates	718,652	678,486
Investments in capital of subsidiaries and associates	1,045,443	1,045,443
Long-term loans receivable from subsidiaries and associates	100,000	78,533
Insurance funds	630,303	624,120
Other	200,876	160,006
Total investments and other assets	4,200,443	5,042,463
Total non-current assets	7,136,219	7,917,148
Total assets	24,107,788	29,906,626

	(Thousands of yen)	
	FY3/16	FY3/17
	(As of Mar. 31, 2016)	(As of Mar. 31, 2017)
Liabilities		
Current liabilities		
Notes payable-trade	482,592	888,617
Accounts payable-trade	3,158,126	2,277,745
Electronically recorded obligations-operating	818,328	3,777,497
Accounts payable-other	565,846	788,813
Income taxes payable	-	449,166
Advances received	465,906	1,340,914
Provision for bonuses	327,412	364,884
Other	225,140	211,784
Total current liabilities	6,043,353	10,099,424
Non-current liabilities		
Long-term accounts payable-other	194,261	194,261
Provision for retirement benefits	-	7,190
Deferred tax liabilities	106,082	190,948
Other	10,215	10,445
Total non-current liabilities	310,559	402,845
Total liabilities	6,353,912	10,502,270
Net assets		
Shareholders' equity		
Capital stock	6,884,928	6,884,928
Capital surplus		
Legal capital surplus	2,542,635	2,542,635
Total capital surpluses	2,542,635	2,542,635
Retained earnings		
Legal retained earnings	202,780	202,780
Other retained earnings		
General reserve	2,200,000	2,200,000
Retained earnings brought forward	5,661,044	7,026,011
Total retained earnings	8,063,824	9,428,791
Treasury shares	(23,603)	(23,937)
Total shareholders' equity	17,467,785	18,832,418
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	286,090	571,936
Total valuation and translation adjustments	286,090	571,936
Total net assets	17,753,875	19,404,355
Total liabilities and net assets	24,107,788	29,906,626

(2) Statement of Income

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Net sales		
Net sales	19,850,129	21,262,966
Total net sales	19,850,129	21,262,966
Cost of sales		
Cost of sales	15,113,874	15,338,505
Total cost of sales	15,113,874	15,338,505
Gross profit	4,736,255	5,924,461
Selling, general and administrative expenses	3,011,605	3,518,829
Operating profit	1,724,649	2,405,631
Non-operating income		
Interest and dividend income	41,049	40,704
Other	52,164	68,476
Total non-operating income	93,214	109,180
Non-operating expenses		
Loss on transfer of receivables	2,392	2,228
Foreign exchange losses	2,727	-
Loss on insurance cancellation	2,283	-
Depreciation	6,387	5,633
Loss on retirement of non-current assets	1,056	8,149
Other	1,134	2,155
Total non-operating expenses	15,982	18,167
Ordinary profit	1,801,882	2,496,644
Extraordinary income		
Gain on sales of non-current assets	387,244	-
Gain on sales of investment securities	15,178	12,773
Total extraordinary income	402,422	12,773
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	30,254	40,166
Impairment loss	10,389	-
Total extraordinary losses	40,643	40,166
Profit before income taxes	2,163,661	2,469,252
Income taxes-current	24,859	369,191
Income taxes for prior periods	22,730	-
Income taxes-deferred	686,594	229,185
Total income taxes	734,183	598,376
Profit	1,429,478	1,870,875

(3) Statement of Changes in Equity

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Thousands of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of current period	6,884,928	2,542,635	2,542,635	202,780	2,200,000	4,737,477	7,140,257
Changes of items during period							
Dividends of surplus						(505,911)	(505,911)
Profit						1,429,478	1,429,478
Purchase of treasury shares							
Net changes of items other than shareholders' equity							
Total changes of items during period	-	-	-	-	-	923,566	923,566
Balance at end of current period	6,884,928	2,542,635	2,542,635	202,780	2,200,000	5,661,044	8,063,824

(Thousands of yen)

	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 beginning of current period	(23,418)	16,544,403	476,748	476,748	17,021,151
Changes of items during period					
Dividends of surplus		(505,911)			(505,911)
Profit		1,429,478			1,429,478
Purchase of treasury shares	(185)	(185)			(185)
Net changes of items other than shareholders' equity			(190,657)	(190,657)	(190,657)
Total changes of items during period	(185)	923,381	(190,657)	(190,657)	732,723
Balance at end of current period	(23,603)	17,467,785	286,090	286,090	17,753,875

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Thousands of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of current period	6,884,928	2,542,635	2,542,635	202,780	2,200,000	5,661,044	8,063,824
Changes of items during period							
Dividends of surplus						(505,907)	(505,907)
Profit						1,870,875	1,870,875
Purchase of treasury shares							
Net changes of items other than shareholders' equity							
Total changes of items during period	-	-	-	-	-	1,364,967	1,364,967
Balance at end of current period	6,884,928	2,542,635	2,542,635	202,780	2,200,000	7,026,011	9,428,791

(Thousands of yen)

	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 beginning of current period	(23,603)	17,467,785	286,090	286,090	17,753,875
Changes of items during period					
Dividends of surplus		(505,907)			(505,907)
Profit		1,870,875			1,870,875
Purchase of treasury shares	(333)	(333)			(333)
Net changes of items other than shareholders' equity			285,846	285,846	285,846
Total changes of items during period	(333)	1,364,633	285,846	285,846	1,650,479
Balance at end of current period	(23,937)	18,832,418	571,936	571,936	19,404,355

5. Others

(1) Production, Orders and Sales

The Nittoku Engineering Group (the Nittoku Engineering Co., Ltd. and its affiliated companies) manufactures and sells a diverse array of products. Even similar products frequently differ in terms of their capacity, structure, style and other specifications. Since the Company believes these characteristics make it inappropriate to use monetary or volume units to report the volume of production and orders in each segment, non-consolidated figures are presented.

Due to this change, with regard to production and orders received, the segment results of operations in “1. Overview of Results of Operations, (1) Overview of Results of Operations for the Current Fiscal Year” are non-consolidated figures. However, sales figures in this section are consolidated figures as in prior fiscal years for consistency with the segment results of operations in “1. Overview of Results of Operations, (1) Overview of Results of Operations for the Current Fiscal Year.”

(2) Changes in Directors and Auditors

1) Changes in Representatives

Not applicable.

2) Changes in Other Directors and Auditors (To be effective June 28, 2017)

1. Candidates for Auditor

Standing Auditor: Hisanori Ozaki

Auditor: Koichiro Yamashita

2. Retiring Auditors

Standing Auditor: Satoshi Takubo

Auditor: Tsutomu Okudaira

(Note) Mr. Koichiro Yamashita is a candidate for Outside Auditor.

This summary report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.