

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018
[Japanese GAAP]

Company name: NITTOKU ENGINEERING CO., LTD. Listing: Tokyo Stock Exchange (JASDAQ)
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Scheduled date of Annual General Meeting of Shareholders: June 27, 2018
 Scheduled date of filing of Annual Securities Report: June 28, 2018
 Scheduled date of payment of dividend: June 28, 2018
 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 11, 2018, at 15:10 (GMT +9).

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (Apr. 1, 2017 – Mar. 31, 2018)

(1) Consolidated results of operations (Percentages 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, 2018	30,691	31.8	4,020	39.9	4,061	35.6	3,201	43.6
Fiscal year ended Mar. 31, 2017	23,283	6.0	2,873	55.6	2,994	48.7	2,229	41.5

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2018: 3,785 (up57.8%)
 Fiscal year ended Mar. 31, 2017: 2,398 (up 142.7%)

	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, 2018	177.17	-	13.0	11.3	13.1
Fiscal year ended Mar. 31, 2017	123.40	-	10.1	9.7	12.3

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2018: - Fiscal year ended Mar. 31, 2017: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets
	Million yen	Million yen	%	Yen
As of Mar. 31, 2018	37,891	26,284	69.2	1,451.27
As of Mar. 31, 2017	33,695	23,006	68.1	1,270.10

Reference: Shareholders' equity (million yen) As of Mar. 31, 2018: 26,221 As of Mar. 31, 2017: 22,948

(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, 2018	889	(886)	(506)	9,686
Fiscal year ended Mar. 31, 2017	4,777	(1,835)	(508)	10,143

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, 2017	Yen -	Yen 14.00	Yen -	Yen 14.00	Yen 28.00	Million yen 505	% 22.7	% 2.3
Fiscal year ended Mar. 31, 2018	-	14.00	-	16.00	30.00	542	16.9	2.2
Fiscal year ending Mar. 31, 2019 (forecast)	-	15.00	-	15.00	30.00		16.7	

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2019 (Apr. 1, 2018 – Mar. 31, 2019)

(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	15,600	2.0	1,600	(34.9)	1,610	(34.4)	1,050	(39.0)	58.11
Full year	33,000	7.5	4,450	10.7	4,480	10.3	3,250	1.5	179.88

*** 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: None

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, 2018: 18,098,923 shares As of Mar. 31, 2017: 18,098,923 shares

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

As of Mar. 31, 2018: 31,244 shares As of Mar. 31, 2017: 30,969 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2018: 18,067,865 shares Fiscal year ended Mar. 31, 2017: 18,068,093 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (Apr. 1, 2017 – Mar. 31, 2018)

(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, 2018	27,431	29.0	2,937	22.1	2,977	19.3	1,962	4.9
Fiscal year ended Mar. 31, 2017	21,262	7.1	2,405	39.5	2,496	38.6	1,870	30.9

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2018	108.60	-
Fiscal year ended Mar. 31, 2017	103.55	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2018	31,455	21,346	67.9	1,181.49
As of Mar. 31, 2017	29,906	19,404	64.9	1,073.97

Reference: Shareholders' equity (million yen) As of Mar. 31, 2018: 21,346 As of Mar. 31, 2017: 19,404

2. Non-consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2019 (Apr. 1, 2018 – Mar. 31, 2019)

(Percentages represent year-on-year changes)

	Net sales		Ordinary profit		Profit		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	13,400	(6.2)	1,400	(28.8)	1,000	(27.9)	55.35
Full year	28,100	2.4	3,300	10.8	2,300	17.2	127.30

* The current financial report is not subject to audit procedures by certified public accountants or auditing firms.

* 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 June 1, 2018. 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

The world economy for the fiscal year ended March 31, 2018 saw a gradual recovery in Europe and the United States, and a continued firmness in China and Southeast Asia. Many corporations and individuals have enjoyed benefits from a borderless world or successfully localized their activities while the governments of major economies are struggling how to deal with trade imbalances.

Two factors have become increasingly important in the business environment surrounding the Nittoku Engineering Group (hereinafter, “the Group”).

The first is a rapidly increasing demand for high-precision coils and motors to contribute to advancement of the fields such as IoT, robots, advanced automobiles and AI. The other is the needs for more sophisticated production facilities and factory automation that envision Industry 4.0 and Smart Factory.

The most contributing factor to a year-on-year increase in consolidated sales for the current fiscal year is development and delivery of the advanced and integrated FA production lines as the needs toward Smart Factory grow. A year-on-year increase in profits is due to an increased sales volume and a tighter cost control. In addition, an increase in net profit attributable to owners of parent could be the result of increased composition ratio of sales from overseas countries with lower income tax rates compared with the one in Japan.

As a result, net sales increased 31.8% year on year to 30,691 million yen with operating profit of 4,020 million yen (up 39.9% year on year), ordinary profit of 4,061 million yen (up 35.6% year on year), and profit attributable to owners of parent of 3,201 million yen (up 43.6% year on year).

Results by business segment were as follows.

Winding System & Mechatronics Business

Given increasingly diversified specifications of products such as coils, motors, wires and films, and electric modules as well, technologies for developing integrated FA production lines for these products and modules are getting rapidly more sophisticated. On top of deepening and developing the existing technologies, the Group has successfully increased orders by incorporating technologies required for peripheral business domains through actively pursuing open innovation, and thereby allowing us to make proposals to manufacturers in a wide variety of industries and business categories for realizing Smart Factory.

In the current fiscal year, the information & communications sector reported sales of 12.7 billion yen (on a non-consolidated basis) including a large 6 billion yen contract (on a non-consolidated basis) for providing module production facilities for speakers and receivers, which we received orders in the previous fiscal year. While this sector has so far been depend primarily on the demand for smartphones, it is now lead by an emerging demand from electronic device manufacturers including our customers for production facilities to make in-vehicle components and modules, given the surging demand for electronic devices for automobiles and other products. In addition, the information & communications sector received orders of 9 billion yen (on a non-consolidated basis) for the current fiscal year.

We also have progress in development and order receipt of integrated FA production lines for motors with an increased number of in-vehicle motors per unit production and with a rapidly growing demand for servomotors mainly used for home appliance, robots or industrial equipment. For the current fiscal year, the automobile sector, the AV & home appliance sector and the other industrial equipment sector reported sales of 6.2 billion yen, 2.4 billion yen, and 2.4 billion yen, respectively (all on a non-consolidated basis). Comparatively, these sectors received orders of 10.4 billion yen, 3.3 billion yen, and 3.5 billion yen, respectively (all on a non-consolidated basis). The combined sales of all these three sectors amounted to 11.1 billion yen while the combined orders reached 17.3 billion yen (both on a non-consolidated basis). In particular, we enjoyed surging demand for production facilities for advanced inverter motors and those that enable line production.

On the other hand, the personal computer & office automation sector reported sales of 0.7 billion yen and orders received of 1.3 billion yen (both on a non-consolidated basis). The components (services) sector reported sales of 1.5 billion yen and orders received of 1.7 billion yen (both on a non-consolidated basis).

As a result of the above, the segment, which accounts for about 96% of the Group's total sales, reported net sales of 29,389 million yen (up 36.7% year on year) and segment profit (operating profit) of 4,688 million yen (up 36.9%) on a consolidated basis. On a non-consolidated basis, the segment reported orders received of 29,447 million yen (up 18.9%), net sales of 26,128 million yen (up 34.1%) and the order backlog at the end of the fiscal year of 16,786 million yen (up 24.6%).

Contactless IC Tag & Card Business

In the current fiscal year, the segment reported decreased orders and sales of RFID tags for production control because of a delay in a production capacity increase project scheduled by one of our major customers. This decrease in orders and sales was partially offset by our efforts to develop an intelligent tag and a high-performance reader/writer equipped with long-life and mass storage memory that is compatible with Smart Factory in the future, and to promote sales of a microchip for pets.

As a result, the segment reported net sales of 1,302 million yen (down 27.0% year on year) and segment profit (operating profit) of 311 million yen (down 16.8%) on a consolidated basis. On a non-consolidated basis, the segment reported orders received of 1,091 million yen (down 42.9%), net sales of 1,302 million yen (down 27.0%) and the order backlog at the end of the fiscal year of 186 million yen (down 53.2%).

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

1) Assets

Current assets increased 3,283 million yen from the end of the previous fiscal year to 29,722 million yen. This was mainly due to increases of 1,041 million yen in notes and accounts receivable-trade and 1,695 million yen in work in process.

Non-current assets increased 913 million yen from the end of the previous fiscal year to 8,169 million yen. This was mainly attributable to an increase of 899 million yen in investment securities.

As a result, total assets increased 4,196 million yen from the end of the previous fiscal year to 37,891 million yen.

2) Liabilities

Current liabilities increased 640 million yen from the end of the previous fiscal year to 10,814 million yen. This was mainly attributable to increases of 414 million yen in electronically recorded obligations-operating and 266 million yen in advances received.

Non-current liabilities increased 277 million yen from the end of the previous fiscal year to 793 million yen. This was mainly attributable to an increase of 224 million yen in deferred tax liabilities.

As a result, total liabilities increased 918 million yen from the end of the previous fiscal year to 11,607 million yen.

3) Net assets

Total net assets increased 3,278 million yen from the end of the previous fiscal year to 26,284 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 decreased 457 million yen from the end of the previous fiscal year to 9,686 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 889 million yen (compared with 4,777 million yen provided for the previous fiscal year). Main factors include profit before income taxes of 4,079 million yen and depreciation of 414 million yen, which were partially offset by increases of 995 million yen in notes and accounts receivable-trade and 197 million yen in inventories, as well as income taxes paid of 829 million yen.

Cash flows from investing activities

Net cash used in investing activities was 886 million yen (compared with 1,835 million yen used for the previous fiscal year). Main factors include payments into time deposits of 5,013 million yen, purchase of property, plant and equipment of 390 million yen, and purchase of investment securities of 573 million yen, which were partially offset by proceeds from withdrawal of time deposits of 5,104 million yen.

Cash flows from financing activities

Net cash used in financing activities was 506 million yen (compared with 508 million yen used for the previous fiscal year), which was caused by the payment of cash dividends of 505 million yen.

(4) Outlook

Society is moving toward building a poverty-free, safe, secure and comfortable civilization for people by evolving and utilizing computers, the Internet, electronization, electric operation, decarbonization, EV, IoT, robots and AI. Today, companies projecting such future developments are racing in the global business arena, standing at the dawn of a new civilization.

The Nittoku Engineering Group expects the coming of an era that allows people all over the world to live without feeling any inconvenience by utilizing various devices in a society with clean and systemized infrastructure built by leveraging the above technologies.

The Group's vision is stated as supplying facilities and systems to automatically produce hardware and devices indispensable for such a society, establishing global service systems, and proposing facilities and systems for more advanced hardware and devices to the entire world.

One of the urgent issues faced by the Group is how to expand our production capacity. As our facilities production system is characterized by cellular manufacturing in which minimum facilities and equipment are used, the flexible expandability of our factory depends on whether we can secure space available for expansion. In particular, a larger space will be required with the increasing needs of integrated production lines. As we officially made an announcement on November 29, 2017 (and partially amended it on March 30, 2018), we started expansion of Fukushima Factory and Nagasaki Factory although we have to wait for these factories to contribute to our earnings until the fiscal year ending March 31, 2020. Securing human resources is another issue. In addition to actively recruiting new graduates and experienced hires, we seek for talents who may not live in areas of our factories by, for example, opening Shikoku Technical Center as a satellite operation base as officially announced on January 19, 2018. We will also secure human resources in an integrated manner from not only domestic market but also global market bearing the development of global production and global service network in mind.

The above situation has led us to the forecasts for the next fiscal year ending on March 31, 2019 consisting of consolidated sales of 33,000 million yen (up 7.5% year on year), operating profit of 4,450 million yen (up 10.7%), ordinary profit of 4,480 million yen (up 10.3%), and profit attributable to owners of parent of 3,250 million yen (up 1.5%).

(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, and 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 a precision FA 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 500 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 16 yen per share. Added to the interim dividend of 14 yen per share, this would result in an annual dividend of 30 yen per share.

For the fiscal year ending on March 31, 2019, we plan to pay a dividend of 30 yen per share, the sum of a 15 yen interim dividend and also a 15 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)	
	FY3/17 (As of Mar. 31, 2017)	FY3/18 (As of Mar. 31, 2018)
Assets		
Current assets		
Cash and deposits	13,467,653	12,929,681
Notes and accounts receivable-trade	6,321,167	7,363,066
Securities	-	400,120
Work in process	5,128,043	6,823,799
Raw materials and supplies	600,158	724,903
Consumption taxes receivable	557,086	701,341
Deferred tax assets	261,728	364,205
Other	147,009	455,778
Allowance for doubtful accounts	(43,741)	(40,630)
Total current assets	26,439,105	29,722,266
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,846,683	1,954,232
Machinery, equipment and vehicles, net	546,344	564,735
Land	691,468	700,297
Other, net	506,470	370,608
Total property, plant and equipment	3,590,966	3,589,873
Intangible assets		
Goodwill	33,926	18,848
Other	158,289	150,063
Total intangible assets	192,215	168,911
Investments and other assets		
Investment securities	2,616,369	3,516,251
Insurance funds	624,660	622,302
Other	231,780	272,277
Total investments and other assets	3,472,810	4,410,831
Total non-current assets	7,255,992	8,169,616
Total assets	33,695,098	37,891,883

	(Thousands of yen)	
	FY3/17 (As of Mar. 31, 2017)	FY3/18 (As of Mar. 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,126,182	2,850,385
Electronically recorded obligations-operating	3,777,497	4,192,111
Deferred tax liabilities	-	416
Income taxes payable	558,465	668,724
Advances received	1,496,269	1,763,054
Provision for bonuses	459,060	512,853
Other	756,131	826,549
Total current liabilities	10,173,608	10,814,095
Non-current liabilities		
Deferred tax liabilities	212,331	437,205
Net defined benefit liability	98,402	151,289
Other	204,706	204,941
Total non-current liabilities	515,440	793,436
Total liabilities	10,689,048	11,607,531
Net assets		
Shareholders' equity		
Capital stock	6,884,928	6,884,928
Capital surplus	2,542,054	2,542,054
Retained earnings	12,602,186	15,297,353
Treasury shares	(23,937)	(25,267)
Total shareholders' equity	22,005,232	24,699,068
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	571,936	1,059,398
Foreign currency translation adjustment	424,857	519,290
Remeasurements of defined benefit plans	(53,869)	(56,666)
Total accumulated other comprehensive income	942,924	1,522,022
Non-controlling interests	57,893	63,261
Total net assets	23,006,049	26,284,352
Total liabilities and net assets	33,695,098	37,891,883

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

(Thousands of yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Net sales	23,283,753	30,691,962
Cost of sales	16,467,201	22,496,603
Gross profit	6,816,552	8,195,359
Selling, general and administrative expenses	3,943,499	4,175,032
Operating profit	2,873,053	4,020,326
Non-operating income		
Interest income	34,361	42,291
Dividend income	34,723	34,172
Subsidy income	5,120	37,139
Other	69,353	45,026
Total non-operating income	143,558	158,629
Non-operating expenses		
Foreign exchange losses	-	61,112
Loss on sales of non-current assets	1,673	15,045
Loss on retirement of non-current assets	8,659	19,822
Other	11,534	21,658
Total non-operating expenses	21,867	117,639
Ordinary profit	2,994,744	4,061,317
Extraordinary income		
Gain on sales of investment securities	12,773	66,376
Total extraordinary income	12,773	66,376
Extraordinary losses		
Loss on valuation of investment securities	-	47,998
Total extraordinary losses	-	47,998
Profit before income taxes	3,007,518	4,079,695
Income taxes-current	563,345	981,656
Income taxes-deferred	210,325	(105,881)
Total income taxes	773,671	875,774
Profit	2,233,847	3,203,920
Profit attributable to non-controlling interests	4,312	2,852
Profit attributable to owners of parent	2,229,534	3,201,068

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Profit	2,233,847	3,203,920
Other comprehensive income		
Valuation difference on available-for-sale securities	285,846	487,461
Foreign currency translation adjustment	(180,534)	96,948
Remeasurements of defined benefit plans, net of tax	59,311	(2,796)
Total other comprehensive income	164,623	581,613
Comprehensive income	2,398,470	3,785,534
Comprehensive income attributable to:		
Owners of parent	2,392,763	3,780,166
Non-controlling interests	5,707	5,367

(3) Consolidated Statement of Changes in Equity

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

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(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	12,602,186	(23,937)	22,005,232
Changes of items during period					
Dividends of surplus			(505,901)		(505,901)
Profit attributable to owners of parent			3,201,068		3,201,068
Purchase of treasury shares				(1,330)	(1,330)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,695,166	(1,330)	2,693,836
Balance at end of current period	6,884,928	2,542,054	15,297,353	(25,267)	24,699,068

(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	571,936	424,857	(53,869)	942,924	57,893	23,006,049
Changes of items during period						
Dividends of surplus						(505,901)
Profit attributable to owners of parent						3,201,068
Purchase of treasury shares						(1,330)
Net changes of items other than shareholders' equity	487,461	94,432	(2,796)	579,097	5,367	584,465
Total changes of items during period	487,461	94,432	(2,796)	579,097	5,367	3,278,302
Balance at end of current period	1,059,398	519,290	(56,666)	1,522,022	63,261	26,284,352

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Cash flows from operating activities		
Profit before income taxes	3,007,518	4,079,695
Depreciation	428,027	414,796
Amortization of goodwill	15,078	15,078
Increase (decrease) in allowance for doubtful accounts	17,435	(3,112)
Increase (decrease) in provision for bonuses	65,416	52,237
Increase (decrease) in net defined benefit liability	102,575	48,931
Interest and dividend income	(69,317)	(76,463)
Loss (gain) on sales of property, plant and equipment	-	14,775
Loss (gain) on sales of investment securities	(12,773)	(66,376)
Loss (gain) on valuation of investment securities	-	47,998
Decrease (increase) in notes and accounts receivable-trade	(92,982)	(995,288)
Decrease (increase) in inventories	(1,932,662)	(1,907,548)
Increase (decrease) in notes and accounts payable-trade	2,448,008	104,995
Subsidy income	(5,120)	(37,139)
Decrease (increase) in consumption taxes refund receivable	(258,835)	(125,810)
Increase (decrease) in advances received	792,270	251,347
Other, net	71,111	(236,113)
Subtotal	4,575,750	1,582,002
Interest and dividend income received	70,803	74,858
Income taxes paid	(152,131)	(829,922)
Income taxes refund	278,021	-
Proceeds from subsidy income	5,120	62,887
Net cash provided by (used in) operating activities	4,777,564	889,826
Cash flows from investing activities		
Payments into time deposits	(4,421,127)	(5,013,003)
Proceeds from withdrawal of time deposits	3,664,431	5,104,235
Purchase of securities	-	(300,000)
Purchase of property, plant and equipment	(463,475)	(390,370)
Proceeds from sales of property, plant and equipment	46,869	33,783
Purchase of intangible assets	(122,269)	(23,685)
Purchase of investment securities	(859,586)	(573,179)
Proceeds from sales of investment securities	311,750	314,745
Purchase of insurance funds	(71,762)	(78,164)
Proceeds from maturity of insurance funds	79,402	81,227
Other, net	-	(41,850)
Net cash provided by (used in) investing activities	(1,835,768)	(886,262)
Cash flows from financing activities		
Purchase of treasury shares	(333)	(1,330)
Cash dividends paid	(507,983)	(505,604)
Net cash provided by (used in) financing activities	(508,317)	(506,934)
Effect of exchange rate change on cash and cash equivalents	(101,524)	45,663
Net increase (decrease) in cash and cash equivalents	2,331,954	(457,707)
Cash and cash equivalents at beginning of period	7,811,802	10,143,756
Cash and cash equivalents at end of period	10,143,756	9,686,048

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Reclassifications

Consolidated balance sheet

“Accounts payable-other” under “Current liabilities” presented as a separate line item in the previous fiscal year, has been included in “Other” in the current fiscal year due to a decrease in its monetary materiality. To reflect this change in the presentation method, the consolidated financial statements for the previous fiscal year have been reclassified. As a result, “Accounts payable-other” (416,037 thousand yen) presented under “Current liabilities” in the consolidated balance sheet for the previous fiscal year has been reclassified and included in “Other.”

Consolidated statement of income

“Subsidy income” included in “Other” under “Non-operating income” in the previous fiscal year has been presented as a separate line item in the current fiscal year due to an increase in its monetary materiality. To reflect this change in the presentation method, the consolidated financial statements for the previous fiscal year have been reclassified. As a result, “Other” (74,473 thousand yen) presented under “Non-operating income” in the consolidated statements of income for the previous fiscal year has been reclassified into “Subsidy income” (5,120 thousand yen) and “Other” (69,353 thousand yen).

“Loss on transfer of receivables” and “Depreciation” under “Non-operating expenses” in the previous fiscal year, have been included in “Other” in the current fiscal year due to a decrease in its monetary materiality. On the contrary, “Loss on sales of non-current assets” included in “Other” has been presented as a separate line item in the current fiscal year due to an increase in its monetary materiality. To reflect this change in the presentation method, the consolidated financial statements for the previous fiscal year have been reclassified. As a result, “Loss on transfer of receivables” (2,244 thousand yen) and “Depreciation” (5,633 thousand yen) presented under “Non-operating expenses” in the consolidated statement of income for the previous fiscal year have been reclassified into “Other,” and “Other” (5,330 thousand yen) presented in the same statement has been reclassified into “Loss on sales of non-current assets” (1,673 thousand yen) and “Other” (11,534 thousand yen).

Consolidated statement of cash flows

“Subsidy income” included in “Other, net” of “Cash flows from operating activities” in the previous fiscal year has been presented as a separate line item in the current fiscal year due to an increase in its monetary materiality. Accordingly, “Proceeds from subsidy income” has been presented as a separate line item below “Subtotal” of “Cash flows from operating activities.” To reflect this change in the presentation method, the consolidated financial statements for the previous fiscal year have been reclassified. As a result, “Subsidy income” (minus 5,120 thousand yen) and “Proceeds from subsidy income” (5,120 thousand yen) have been presented in the consolidated statement of cash flows for the previous fiscal year.

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. The two segments are the Winding System & Mechatronics Business and the Contactless IC Tag & Card Business.

(2) Products and services by each reportable segment

The Winding System & Mechatronics Business segment involves the manufacture and sale of coil winding machines, winding systems and peripheral equipment and the provision of maintenance services. The Contactless IC Tag & Card Business segment involves the manufacture and sale of IC tags, cards and inlets.

(3) Information related to revision to reportable segments

From the first quarter of the current fiscal year, the Coil Winding Machine Business segment was renamed to the Winding System & Mechatronics Business segment. The change is only nominal and does not influence the segment information. The segment information for the previous fiscal year is prepared and disclosed using the new segment name.

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

The accounting methods for reportable segments are largely the same as those described in "Basis of Preparing the Consolidated Financial Statements."

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

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Thousands of yen)

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & 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

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Net sales			
External sales	29,389,101	1,302,861	30,691,962
Inter-segment sales and transfers	-	-	-
Total	29,389,101	1,302,861	30,691,962
Segment profit	4,688,217	311,743	4,999,960
Segment assets	22,812,246	929,785	23,742,031
Other items			
Depreciation	-	49,587	49,587
Change in property, plant and equipment and intangible assets	933,713	14,089	947,802

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

(Thousands of yen)

Profit	FY3/17	FY3/18
Total for reportable segments	3,799,355	4,999,960
Corporate expenses (Note)	(926,302)	(979,633)
Operating profit on the consolidated financial statements	2,873,053	4,020,326

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

(Thousands of yen)

Assets	FY3/17	FY3/18
Total for reportable segments	19,422,393	23,742,031
Corporate assets (Note)	14,272,705	14,149,851
Total assets on the consolidated financial statements	33,695,098	37,891,883

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	
	FY3/17	FY3/18	FY3/17	FY3/18	FY3/17	FY3/18
Depreciation	408,935	49,587	19,091	17,358	428,027	66,945
Change in property, plant and equipment and intangible assets	657,529	947,802	70,952	78,695	728,482	1,026,497

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

Related information

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.

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

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
11,411,290	17,959,160	546,452	775,058	30,691,962

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.

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

Not applicable.

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

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Thousands of yen)

	Reportable segment			Elimination or corporate	Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	Subtotal		
Goodwill amortization	15,078	-	15,078	-	15,078
Balance at the end of the period	33,926	-	33,926	-	33,926

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

	Reportable segment			Elimination or corporate	Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	Subtotal		
Goodwill amortization	15,078	-	15,078	-	15,078
Balance at the end of the period	18,848	-	18,848	-	18,848

Information related to negative goodwill profits for each reportable segment

Not applicable.

Per-share Information

(Yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Net assets per share	1,270.10	1,451.27
Net income per share	123.40	177.17

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, unless otherwise stated)

Item	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Net income per share		
Profit attributable to owners of parent	2,229,534	3,201,068
Amount not attributable to common shareholders	-	-
Profit attributable to common shareholders of parent	2,229,534	3,201,068
Average number of common stock shares outstanding during the period (Shares)	18,068,093	18,067,865

Material Subsequent Events

Not applicable.

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

	(Thousands of yen)	
	FY3/17 (As of Mar. 31, 2017)	FY3/18 (As of Mar. 31, 2018)
Assets		
Current assets		
Cash and deposits	10,155,004	8,556,005
Notes receivable-trade	967,096	1,363,620
Accounts receivable-trade	4,773,312	5,188,553
Securities	-	400,120
Work in process	4,739,187	5,243,290
Raw materials and supplies	478,715	482,529
Consumption taxes receivable	557,086	701,341
Deferred tax assets	202,182	285,939
Short-term loans receivable from subsidiaries and associates	-	500,000
Current portion of long-term loans receivable from subsidiaries and associates	22,438	64,755
Other	137,734	187,334
Allowance for doubtful accounts	(43,280)	(40,080)
Total current assets	21,989,477	22,933,410
Non-current assets		
Property, plant and equipment		
Buildings	1,483,878	1,630,192
Structures	53,884	54,050
Machinery and equipment	297,456	316,142
Vehicles	990	4,523
Tools, furniture and fixtures	111,641	106,563
Land	475,682	484,512
Construction in progress	325,533	188,450
Total property, plant and equipment	2,749,067	2,784,434
Intangible assets		
Software	79,253	65,302
Other	46,363	48,019
Total intangible assets	125,617	113,322
Investments and other assets		
Investment securities	2,455,874	3,372,046
Shares of subsidiaries and associates	678,486	751,773
Investments in capital of subsidiaries and associates	1,045,443	555,585
Long-term loans receivable from subsidiaries and associates	78,533	140,132
Insurance funds	624,120	621,666
Other	160,006	182,663
Total investments and other assets	5,042,463	5,623,868
Total non-current assets	7,917,148	8,521,625
Total assets	29,906,626	31,455,036

	(Thousands of yen)	
	FY3/17	FY3/18
	(As of Mar. 31, 2017)	(As of Mar. 31, 2018)
Liabilities		
Current liabilities		
Notes payable-trade	888,617	755,389
Accounts payable-trade	2,277,745	1,684,349
Electronically recorded obligations-operating	3,777,497	4,192,111
Accounts payable-other	788,813	572,649
Income taxes payable	449,166	499,344
Advances received	1,340,914	962,196
Provision for bonuses	364,884	405,931
Other	211,784	367,634
Total current liabilities	10,099,424	9,439,606
Non-current liabilities		
Long-term accounts payable-other	194,261	194,261
Provision for retirement benefits	7,190	53,648
Deferred tax liabilities	190,948	410,105
Other	10,445	10,680
Total non-current liabilities	402,845	668,696
Total liabilities	10,502,270	10,108,302
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	7,026,011	8,482,258
Total retained earnings	9,428,791	10,885,039
Treasury shares	(23,937)	(25,267)
Total shareholders' equity	18,832,418	20,287,335
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	571,936	1,059,398
Total valuation and translation adjustments	571,936	1,059,398
Total net assets	19,404,355	21,346,733
Total liabilities and net assets	29,906,626	31,455,036

(2) Statement of Income

(Thousands of yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Net sales	21,262,966	27,431,344
Cost of sales	15,338,505	20,883,404
Gross profit	5,924,461	6,547,940
Selling, general and administrative expenses	3,518,829	3,610,738
Operating profit	2,405,631	2,937,202
Non-operating income		
Interest and dividend income	40,704	41,574
Subsidy income	5,120	37,139
Other	63,356	29,563
Total non-operating income	109,180	108,276
Non-operating expenses		
Loss on transfer of receivables	2,228	9,475
Foreign exchange losses	-	17,753
Loss on sales of non-current assets	495	13,881
Loss on retirement of non-current assets	8,149	19,745
Other	7,293	6,930
Total non-operating expenses	18,167	67,787
Ordinary profit	2,496,644	2,977,691
Extraordinary income		
Gain on sales of investment securities	12,773	66,376
Total extraordinary income	12,773	66,376
Extraordinary losses		
Loss on valuation of investment securities	-	47,998
Loss on valuation of shares of subsidiaries and associates	40,166	489,857
Total extraordinary losses	40,166	537,856
Profit before income taxes	2,469,252	2,506,211
Income taxes-current	369,191	638,731
Income taxes-deferred	229,185	(94,668)
Total income taxes	598,376	544,062
Profit	1,870,875	1,962,149

(3) Statement of Changes in Equity

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

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(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	7,026,011	9,428,791
Changes of items during period							
Dividends of surplus						(505,901)	(505,901)
Profit						1,962,149	1,962,149
Purchase of treasury shares							
Net changes of items other than shareholders' equity							
Total changes of items during period	-	-	-	-	-	1,456,247	1,456,247
Balance at end of current period	6,884,928	2,542,635	2,542,635	202,780	2,200,000	8,482,258	10,885,039

(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	(23,937)	18,832,418	571,936	571,936	19,404,355
Changes of items during period					
Dividends of surplus		(505,901)			(505,901)
Profit		1,962,149			1,962,149
Purchase of treasury shares	(1,330)	(1,330)			(1,330)
Net changes of items other than shareholders' equity			487,461	487,461	487,461
Total changes of items during period	(1,330)	1,454,916	487,461	487,461	1,942,378
Balance at end of current period	(25,267)	20,287,335	1,059,398	1,059,398	21,346,733

5. Others

(1) Production, Orders and Sales

The Nittoku Engineering Group (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 Corporate Auditors

1) Changes in Representative Directors

Not applicable.

2) Changes in Other Directors and Corporate Auditors (To be effective June 27, 2018)

Candidate for Newly Appointed Director

Director: Noboru Usami

(Note) Mr. Noboru Usami is a candidate for Outside Director.

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.