

SANDEN HOLDINGS CORPORATION

May 9, 2017

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2017 (UNAUDITED)

Fiscal year ending March 31, 2017

SANDEN HOLDINGS CORPORATION

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(URL: <http://www.sanden.co.jp/english/index.html>)

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Shares listed: Tokyo Stock Exchange
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Date of general meeting of stockholders for the annual operation results: June 22, 2017

Date of registration of statutory accounts (Yukashokenhoukokusho): June 22, 2017

Planned date of dividend payment: -

Supplementary briefing materials created for the quarterly report: Yes

Briefing sessions held on quarterly results: Yes (for securities analysts and institutional investors)

(Fractions less than ¥1 million omitted)

1. Consolidated Financial Results for current fiscal year (April 1, 2016- March 31, 2017)

(1) Results of operations

(%: percentage change from previous fiscal year)

	Sales (Millions of ¥, %)		Operating income (Millions of ¥, %)		Income before extraordinary items (Millions of ¥, %)		Net income (Millions of ¥, %)	
Fiscal year ended March 31, 2017	282,061	(4.1)	1,582	(71.2)	(2,262)	-	(22,488)	-
Fiscal year ended March 31, 2016	294,237	(4.2)	5,494	(41.6)	6,138	(40.5)	6,965	24.8

Notes: Equity in Comprehensive Income: March 31, 2017 (¥24,232million), (—)%
March 31, 2016 ¥2,044million, (82.5) %

	Net income per share basic (¥)	Net income per share diluted (¥)	Net income over equity ratio (%)	Net income before extraordinary items over total assets ratio (%)	Operating income over sales ratio (%)
Fiscal year ended March 31, 2017	(162.82)	-	(39.6)	(0.8)	0.6
Fiscal year ended March 31, 2016	50.43	-	9.9	2.0	1.9

Notes: Equity in earnings (losses) of affiliates: March 31, 2017 ¥3,385million
March 31, 2016 ¥4,147million

(2) Financial positions

(Fractions less than ¥1 million omitted)

	Total assets (Millions of ¥)	Net assets (Millions of ¥)	Equity Ratio of equity over total assets(%)	Net assets per share (¥)
Fiscal year ended March 31, 2017	280,194	49,159	15.5	315.27
Fiscal year ended March 31, 2016	301,325	75,503	23.3	507.56

Notes: Equity capital March 31, 2017 ¥43,549million
March 31, 2016 ¥70,098million

(3) Cash flows

(Millions of ¥; Fractions less than ¥1 million omitted)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended March 31, 2017	10,048	(10,371)	(2,479)	14,040
Fiscal year ended March 31, 2016	6,304	(14,932)	6,066	17,482

2. Dividends

	Dividend per share (¥)			Total annual dividends (Million of ¥)	Dividend payout ratio (Consolidated) (%)	Ratio of dividend payout over net assets (Consolidated) (%)
	Interim	Year end	Total			
Fiscal year ended March 31, 2016	0.00	15.00	15.00	2,092	29.7	2.9
Fiscal year ended March 31, 2017	0.00	0.00	0.00	-	-	-
Fiscal year ending March 31, 2018 (Forecast)	0.00	0.00	0.00	-	-	-

3. Forecast of business results for the next fiscal year (April 1, 2017-March 31, 2018)

(%: percentage change from the same period of the previous fiscal year)

	Sales (Millions of ¥, %)		Operating income (Millions of ¥, %)		Income before extraordinary items (Millions of ¥, %)		Net income (Millions of ¥, %)		Net income per share basic (¥)
Fiscal year ending March 31, 2018	285,000	1.0	5,000	216.0	4,000	-	2,000	-	14.48

*** Notes**

(1) Changes in significant subsidiaries during the current fiscal year (Changes in specific subsidiaries accompanied by changes in the scope of consolidation)
None

(2) Changes in accounting principles and estimates, and retrospective restatement

(a) Changes due to revision of accounting standards: None

(b) Changes other than in (a): None

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

(3) Number of outstanding shares (common stock, shares)

(a) Outstanding shares (including treasury shares)	As of March 31, 2017:	140,331,565	As of March 31, 2016:	140,331,565
(b) Treasury shares	As of March 31, 2017:	2,197,243	As of March 31, 2016:	2,222,736
(c) Average number of shares outstanding	As of March 31, 2017:	138,121,055	As of March 31, 2016:	138,114,721

Individual business results

1. Individual Financial Results for current fiscal year (April 1, 2016- March 31, 2017)

(1) Individual results of operations

	Sales (Millions of yen, %)		Operating income (Millions of yen, %)		Income before extraordinary items (Millions of yen, %)		Net income (Millions of yen, %)	
Fiscal year ended March 31, 2017	12,655	(27.1)	3,748	(16.0)	(3,642)	—	(24,495)	—
Fiscal year ended March 31, 2016	17,351	(89.4)	4,463	26.8	2,809	(64.7)	4,332	(16.4)

	Net income per share basic (yen)	Net income per share diluted(yen)
Fiscal year ended March 31, 2017	(176.61)	—
Fiscal year ended March 31, 2016	31.24	—

(2) Individual financial positions

	Total assets (Millions of yen)	Net assets (Millions of yen)	Equity Ratio of equity over total assets (%)	Net assets per share (yen)
Fiscal year ended March 31, 2017	118,026	13,922	11.8	100.37
Fiscal year ended March 31, 2016	130,577	39,380	30.2	283.95

Notes: Equity capital March 31, 2017 13,922 million yen
March 31, 2016 39,380 million yen

*Summary of financial statements is exempt from audit procedures

*Cautionary statement regarding forecasts of operating results and special notes

(Note regarding the forward-looking statements)

The forward-looking statements contained in this report are based on information currently available to the Company and certain assumptions which are regarded as legitimate. These statements are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts due to various factors. For information about the forecasts, please see "1. Overview on Results of Operations and Financial Condition-(4) Outlook" on page 4 of Supplementary Information.

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1. Overview on Results of Operations and Financial Condition

(1) Overview on Results of Operations

A. General business overview

In the fiscal year that ended in March 2017, world economy showed a gradual recovery trend, especially in developed countries. In the United States, steady economic recovery continued as employment and personal consumption continued to improve. In Europe, the impact on the economy accompanying the withdrawal of the UK from the European Union (EU) remained limited and a moderate economic recovery was sustained. Meanwhile, in the Japanese economy, the situation remained a source of concern due to the appreciation of the yen, the slowdown in the economies of emerging nations, and other factors.

Under these circumstances, the Sanden Group took many actions for achieving three key strategic goals: sales growth driven by environmental technologies, a stronger competitive position backed by operational reforms and improvements to management by enacting management systems reforms, leveraging the core management policy “Create corporate value based on “environment” utilizing our global strength and quality capabilities.”

Moreover, in order to further strengthen our global competitiveness in the future, we have been working together in an initiative across the whole company on a drastic structural reforms policy which we announced on August 5, 2016.

In the fiscal year that ended in March 2017, consolidated net sales decreased 4.1% to 282,061 million yen due to sales declines in the commercial store systems business in Japan and the impact of foreign exchange rates, although sales volume of overseas automotive systems increased.

With regard to profit and loss, operating profit decreased 71.2% to 1,582 million yen due to partial delays in the rate of improvement in the productivity of the overseas automotive systems business, sales declines in the commercial store systems business in Japan, and exchange rate effects, etc. The ordinary loss was 2,262 million yen (ordinary income of 6,138 million yen in the previous fiscal year). In addition, due to the radical implementation of structural reforms aimed at future business growth, impairment losses and restructuring expenses resulting from the integration and consolidation of operations etc. have been posted as extraordinary losses, and the loss attributable to owners of parent is 22,488 million yen (profit attributable to owners of parent of 6,965 million yen in the previous fiscal year.)

B. Business segments

Automotive Systems

In the automotive systems business, we have promoted cutting-edge product development that accurately captures our customers' environmental-related needs, and offered valuable products centering on compact, lightweight and energy saving. As a result, sales in Europe and China remained steady and sales volume in the automotive systems business as a whole increased, but overall sales were almost the same as in the previous year due to the impact of foreign exchange and other factors.

Regarding profit and loss, although we made efforts to take parts manufacturing in-house and to reform the procurement structure for global parts, profit declined compared to the previous year due to an investment in environmental technology development for the future, a partial delay to improvement in overseas productivity, and impacts of foreign exchange and other factors.

As a result, segment sales increased 0.4% to 199,180 million yen and operating profit decreased 32.3% to 4,418 million yen.

Commercial Store Systems

In the retail store systems sector we continued to create comprehensive proposals combining products, systems and services that reflect changes in customers' interest in environmental issues and their growth strategies. Despite these activities, due to industry reorganization in Japan and other changes in the market environment caused this sector's sales to decrease.

In the vending systems sector, there were extensive measures to develop environmentally friendly products, chiefly vending machines incorporating our exclusive CO₂ heat pump. We also intended to expand business by developing other environmental and new products. However, sales decreased primarily because of lower demand in Japan associated with capital expenditures.

Although we continued to use a variety of actions for improving operations in this segment, chiefly by cutting costs and boosting productivity, the decline in sales caused earnings to fall.

As a result, segment sales decreased 15.1% to 71,311 million yen and operating loss was 370 million yen (1,894 million yen operating income in the previous fiscal year.)

Others

Based on our core strategies for future growth, we are promoting, in addition to a heat pump water heater that uses the natural CO₂ refrigerant, global expansion for our heat pump for space heating and other items that use environmental technologies, and we are also working on expanding to other new business areas.

(2) Overview on Financial Condition

Total assets were 280,194 million yen at the end of the fiscal year, 21,130 million yen lower than at the end of the previous fiscal year. This was mainly the result of decreases in notes and accounts receivable-trade and other factors.

Liabilities increased 5,212 million yen to 231,034 million yen. Major changes included an increase in accounts payable-other and other factors.

Net assets decreased 26,343 million yen to 49,159 million yen mainly because of loss attributable to owners of parent and other factors.

(3) Overview on Cash Flows

There was a net decrease of 3,450 million yen in cash and cash equivalents to 14,040 million yen at the end of the fiscal year. Net cash provided by operating activities increased 3,744 million yen to 10,048 million yen. This was mainly the net result of decrease in inventories and other factors.

Net cash used in investing activities decreased 4,561 million yen to 10,371 million yen. This was mainly the net result of 13,476 million yen for the purchase of property, plant and equipment, 2,334 million yen more than in the previous fiscal year, and the proceeds of 6,388 million yen from sales of property, plant and equipment and other factors.

Net cash used in financing activities increased 8,546 million yen to 2,479 million yen. Although there was a 18,930 million yen of proceeds from long-term loans payable (increased 4,970 million yen from the previous year), there was a 19,830 million yen of repayment of long-term loans payable (increased 9,313 million yen).

Cash flow indicators are as follows.

Fiscal years ended March 31	FY2016	FY2017
Equity ratio (%)	23.3	15.5
Market cap equity ratio (%)	14.8	18.2
Cash flow/interest-bearing debt ratio (X)	21.5	13.5
Interest coverage ratio (X)	2.4	4.5

Notes: Equity ratio is shareholders' equity divided by total assets.

Market cap equity ratio is market capitalization divided by total assets.

Cash flow/ interest-bearing debt ratio is interest-bearing debt divided by operating cash flows.

Interest coverage ratio is operating cash flows divided by interest expenses.

*1 All figures are based on consolidated financial data.

*2 Market capitalization is calculated based on the number of shares issued after deducting treasury shares.

*3 Cash flows are operating cash flows in the consolidated statements of cash flows.

*4 Debt is the sum of all interest-bearing liabilities on the consolidated balance sheets.

*5 Interest expenses are interest expenses paid as shown in the consolidated statements of cash flows.

(4) Outlook

The forecast for consolidated sales and earnings in the fiscal year ending in March 2018 is as follows.

(Consolidated)

(Million yen)

	Fiscal year ended March 2017 (Results)	Fiscal year ending March 2018 (Forecast)	Change
Net sales	282,061	285,000	1.0%
Operating income	1,582	5,000	216.0%
Ordinary income	(2,262)	4,000	-%
Profit attributable to owners of parent	(22,488)	2,000	-%

(Note) This forecast assumes exchange rates of 105 yen to the U.S. dollar and 115 yen to the euro.

(Business segments)

(Million yen)

	Automotive Systems	Commercial Store Systems	Others	Total
Fiscal year ended March 2017 (Results)				
Net sales	199,180	71,311	11,569	282,061
Operating income	4,418	(370)	(2,466)	1,582
Fiscal year ending March 2018 (Forecast)				
Net sales	203,000	72,000	10,000	285,000
Operating income	6,000	500	(1,500)	5,000

(5) Fundamental policy for allocation of earnings and dividends for the current fiscal year and next fiscal year

Distributing earnings to shareholders is one of the highest priorities of Sanden Holdings. Based on our policy of making earnings distributions in accordance with consolidated results of operations, our goal is to pay a stable and consistent dividend with a consolidated payout ratio of about 30%.

In addition, we plan to use retained earnings to maximize shareholder value, making products more competitive for global growth, investing in the development of next-generation technologies as well as new businesses, and take other actions for future growth as improving constitution of enterprise.

Regarding the year-end dividends for the current fiscal year, having comprehensively considered our consolidated business performance, financial condition, and business outlook for the next fiscal year and afterward based on the abovementioned policy, we truly regret that no dividend will be paid. As for our forecast for the dividend for the next term, in consideration of the urgent need for improving the financial strength we anticipate that no dividend will be paid.

1. Basic Position concerning Selection of Accounting Standards

A study is under way concerning the establishment of accounting principles for adopting International Financial Reporting Standards (IFRS) in the future and the timing of the application of IFRS.

2. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	Fiscal year ended March 2016 (As of March 31, 2016)	Fiscal year ended March 2017 As of March 31, 2017
ASSETS		
Current assets		
Cash and deposits	17,491	14,040
Notes and accounts receivable-trade	85,403	79,964
Merchandise and furnished goods	25,225	23,200
Work in process	8,563	10,547
Raw materials	13,968	10,026
Other inventories	2,828	3,406
Deferred tax assets	2,359	2,372
Accounts receivable-other	6,062	4,840
Consumption taxes receivable	4,581	3,246
Other	8,340	6,241
Allowance for doubtful accounts	(1,863)	(753)
Total current assets	172,961	157,132
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	22,713	21,776
Machinery, equipment and vehicles, net	27,495	23,788
Tools, furniture and fixtures, net	6,371	5,238
Land	18,697	17,717
Lease assets, net	6,334	7,166
Construction in progress	7,943	5,562
Total property, plant and equipment	89,555	81,250
Intangible assets		
Goodwill	401	142
Lease assets	115	156
Other	4,389	4,122
Total intangible assets	4,906	4,422
Investments and other assets		
Investment securities	29,203	31,867
Net defined benefit asset	115	90
Deferred tax assets	2,765	2,621
Other	1,994	6,026
Allowance for doubtful accounts	(177)	(3,216)
Total investments and other assets	33,901	37,389
Total noncurrent assets	128,363	123,062
Total assets	301,325	280,194

(Million yen)

	Fiscal year ended March 2016 (As of March 31, 2016)	Fiscal year ended March 2017 (As of March 31, 2017)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	56,107	53,005
Short-term loans payable	52,873	54,518
Current portion of long-term loans payable	20,447	29,789
Accounts payable-other	11,206	14,864
Lease obligations	1,551	1,900
Income taxes payable	681	993
Provision for bonuses	4,279	3,793
Provision for sales rebates	863	1,083
Provision for product warranties	1,793	4,736
Deferred tax liabilities	6	7
Other	8,783	8,702
Total current liabilities	158,593	173,396
Noncurrent liabilities		
Long-term loans payable	55,621	44,181
Lease obligations	4,800	5,247
Deferred tax liabilities	305	1,724
Net defined benefit liability	3,452	3,257
Provision for directors' retirement benefits	179	112
Provision for environmental measures	372	360
Provision for share-based compensation	49	138
Other	2,445	2,616
Total noncurrent liabilities	67,228	57,637
Total liabilities	225,821	231,034
NET ASSETS		
Shareholder's equity		
Capital stock	11,037	11,037
Capital surplus	3,747	3,747
Retained earnings	54,021	29,447
Treasury shares	(1,221)	(1,203)
Total shareholder's equity	67,584	43,028
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,496	3,618
Deferred gains or losses on hedges	(147)	(16)
Foreign currency translation adjustment	1,464	(2,048)
Remeasurements of defined benefit plans	(1,299)	(1,032)
Total accumulated other comprehensive income	2,513	520
Non-controlling interests	5,405	5,610
Total net assets	75,503	49,159
Total liabilities and net assets	301,325	280,194

(2) Statements of consolidated income and consolidated comprehensive income

Consolidated statement of income

(Million yen)

	Fiscal year ended March 31, 2016 (Apr. 1, 2015 – Mar. 31, 2016)	Fiscal year ended March 31, 2017 (Apr. 1, 2016 – Mar. 31, 2017)
Net sales	294,237	282,061
Cost of sales	240,926	232,742
Gross profit	53,311	49,319
Selling, general and administrative expenses	47,816	47,737
Operating income	5,494	1,582
Non-operating income		
Interest income	26	63
Dividends income	211	185
Share of profit of entities accounted for using equity method	4,147	3,385
Other	1,104	725
Total non-operating income	5,489	4,359
Non-operating expenses		
Interest expenses	2,585	2,218
Foreign exchange losses	1,248	2,838
Other	1,011	3,147
Total non-operating expenses	4,845	8,204
Ordinary income (loss)	6,138	(2,262)
Extraordinary income		
Gain on sales of noncurrent assets	620	2,685
Insurance income	-	539
Gain on sales of investment securities	1,531	38
Other	99	131
Total extraordinary income	2,252	3,394
Extraordinary loss		
Loss on disposal of noncurrent assets	402	299
Market-related measures expenses	-	3,410
Loss on antitrust act	-	7,777
Restructuring expenses	-	7,803
Other	83	808
Total extraordinary loss	485	20,099
Profit (loss) before income taxes	7,905	(18,966)
Income taxes-current	1,196	1,812
Income taxes-deferred	(987)	1,071
Total income taxes	208	2,884
Profit (loss)	7,696	(21,850)
Profit attributable to non-controlling interests	731	638
Profit (loss) attributable to owners of parent	6,965	(22,488)

Consolidated statement of comprehensive income

(Million yen)

	Fiscal year ended March 31, 2016 (Apr. 1, 2015 – Mar. 31, 2016)	Fiscal year ended March 31, 2017 (Apr. 1, 2016 – Mar. 31, 2017)
Profit (loss)	7,696	(21,850)
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,111)	1,116
Deferred gains or losses on hedges	(44)	131
Foreign currency translation adjustment	(2,831)	(2,406)
Remeasurements of defined benefit plans, net of tax	343	266
Share of other comprehensive income of entities accounted for using equity method	(1,007)	(1,490)
Total other comprehensive income	(5,652)	(2,381)
Comprehensive income	2,044	(24,232)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,664	(24,481)
Comprehensive income attributable to non- controlling interests	380	249

(3) Consolidated statement of changes in equity

Previous fiscal year (Apr. 1, 2015 –Mar. 31, 2016)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,037	4,453	48,438	(1,190)	62,739
Changes of items during period					
Dividends of surplus			(1,381)		(1,381)
Profit (loss) attributable to owners of parent			6,965		6,965
Purchase of treasury shares				(488)	(488)
Disposal of treasury shares		24		456	481
Change in ownership interest of parent due to transactions with non-controlling interests		(731)			(731)
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	(706)	5,583	(31)	4,845
Balance at end of current period	11,037	3,747	54,021	(1,221)	67,584

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Re-measurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	4,625	(102)	4,934	(1,642)	7,814	5,123	75,677
Changes of items during period							
Dividends of surplus							(1,381)
Profit attributable to owners of parent							6,965
Purchase of treasury shares							(488)
Disposal of treasury shares							481
Change in ownership interest of parent due to transactions with non-controlling interests							(731)
Net changes of items other than shareholders' equity	(2,128)	(44)	(3,470)	343	(5,301)	281	(5,020)
Total changes of items during period	(2,128)	(44)	(3,470)	343	(5,301)	281	(174)
Balance at end of current period	2,496	(147)	1,464	(1,299)	2,513	5,405	75,503

Current fiscal year (Apr. 1, 2016 –Mar. 31, 2017)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,037	3,747	54,021	(1,221)	67,584
Changes of items during period					
Dividends of surplus			(2,085)		(2,085)
Profit (loss) attributable to owners of parent			(22,488)		(22,488)
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		(0)		23	23
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(0)	(24,574)	18	(24,555)
Balance at end of current period	11,037	3,747	29,447	(1,203)	43,028

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Re-measurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,496	(147)	1,464	(1,299)	2,513	5,405	75,503
Changes of items during period							
Dividends of surplus							(2,085)
Profit (loss) attributable to owners of parent							(22,488)
Purchase of treasury shares							(5)
Disposal of treasury shares							23
Net changes of items other than shareholders' equity	1,121	131	(3,512)	266	(1,992)	205	(1,787)
Total changes of items during period	1,121	131	(3,512)	266	(1,992)	205	(26,343)
Balance at end of current period	3,618	(16)	(2,048)	(1,032)	520	5,610	49,159

(4) Consolidated statement of cash flows

(Million yen)

	Fiscal year ended March 31, 2016 (Apr. 1, 2015 – Mar. 31, 2016)	Fiscal year ended March 31, 2017 (Apr. 1, 2016 – Mar. 31, 2017)
Cash flows from operating activities		
Profit before income taxes	7,905	(18,966)
Depreciation	12,374	12,076
Amortization of goodwill	166	156
Increase (decrease) in provision for bonuses	(165)	(415)
Increase (decrease) in net defined benefit liability	200	90
Increase (decrease) in allowance for doubtful accounts	10	1,934
Increase (decrease) in provision for product warranties	(276)	2,990
Increase (decrease) in provision for environmental measures	(106)	(9)
Interest and dividends income	(237)	(248)
Insurance income	-	(539)
Interest expenses	2,585	2,218
Share of (profit) loss of entities accounted for using equity method	(4,147)	(3,385)
Gain on sales of noncurrent assets	(620)	(2,685)
Loss on disposal of noncurrent assets	402	299
Loss (gain) on sales of investment securities	(1,531)	(38)
Restructuring expenses	-	5,815
Decrease (increase) in notes and accounts receivable-trade	(1,147)	1,148
Decrease (increase) in inventories	(5,045)	2,280
Decrease (increase) in accounts receivable-other	(1,043)	1,089
Decrease (increase) in consumption taxes refund receivable	(540)	824
Increase (decrease) in other noncurrent liabilities	180	113
Increase (decrease) in notes and accounts payable-trade	(592)	(3,466)
Increase (decrease) in accounts payable-other	(874)	6,066
Increase (decrease) in accrued expenses	1,016	360
Decrease (increase) in other current assets	109	497
Increase (decrease) in other current liabilities	(830)	327
Other, net	1,182	2,093
Subtotal	8,974	10,625
Interest and dividends income received	3,061	4,530
Interest expenses paid	(2,574)	(2,209)
Proceeds from insurance income	-	567
Contribution paid on transfer to defined contribution pension plans	(1,394)	(1,287)
Income taxes paid	(1,762)	(2,177)
Net cash provided by (used in) operating activities	6,304	10,048

(Million yen)

	Fiscal year ended March 31, 2016 (Apr. 1, 2015 – Mar. 31, 2016)	Fiscal year ended March 31, 2017 (Apr. 1, 2016 – Mar. 31, 2017)
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,141)	(13,476)
Proceeds from sales of property, plant and equipment	1,690	6,388
Purchase of intangible assets	(950)	(257)
Purchase of investment securities	(23)	(18)
Proceeds from sales of investment securities	3,190	121
Payments for investments in capital of subsidiaries and associates	(4,427)	(3,024)
Purchase of shares of subsidiaries and associates	(3,026)	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	166
Other	(242)	(272)
Net cash provided by (used in) investing activities	(14,932)	(10,371)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	6,528	2,271
Proceeds from long-term loans payable	13,960	18,930
Repayment of long-term loans payable	(10,516)	(19,830)
Repayments of lease obligations	(1,713)	(1,746)
Purchase of treasury shares	(488)	(5)
Proceeds from sales of treasury shares	480	23
Cash dividends paid	(1,381)	(2,085)
Dividends paid to non-controlling interests	(157)	(37)
Payments for investments in capital of subsidiaries and associates that do not result in change in scope of consolidation	(645)	-
Net cash provided by (used in) financing activities	6,066	(2,479)
Effect of exchange rate changes on cash and cash equivalents	(544)	(638)
Net increase (decrease) in cash and cash equivalents	(3,106)	(3,440)
Cash and cash equivalents at beginning of period	20,588	17,482
Cash and cash equivalents at end of period	17,482	14,040

- (5) Note to the consolidated financial statements
 (Notes to going concern assumptions)
 None

(Segment information, etc.)

1. Overview of reportable segment information

Segments used for financial reporting are the constituent units of Sanden for which separate financial information is available and for which the board of directors performs regular reviews for the purposes of determining the distribution of resources and evaluating results of operations.

Sanden uses its products, systems and services to establish comprehensive strategies for operations in Japan and overseas and conduct these business activities. Consequently, there are two reportable segments that are divided according to these products, systems and services: automotive systems and commercial store systems.

Segment	Major products, systems and services
Automotive systems	Automobile air conditioning systems, automobile air conditioning compressors and other automotive parts
Commercial store systems	Vending machines, freezer and refrigerated showcases, large open showcases and other products

2. Information concerning sales and earnings/losses for reportable segments

Previous fiscal year (April 1, 2015 - March 31, 2016)

(Million yen)

	Reportable segments			Others (Note 1)	Total	Adjustment	Amount on consolidated financial statements (Note 2)
	Automotive systems	Commercial store systems	Total				
Net sales (of which to outside customers)	198,385	83,988	282,373	11,863	294,237	-	294,237
(of which inter-segment and transfers)	-	-	-	-	-	-	-
Total	198,385	83,988	282,373	11,863	294,237	-	294,237
Segment income (loss)	6,523	1,894	8,417	(2,922)	5,494	-	5,494

Notes: 1. Others includes vehicle sales, living & environment systems, electronics and other activities.

2. The sum of segment income (loss) matches operating income (loss) in the consolidated income statement.

Current fiscal year (April 1, 2016 - March 31, 2017)

(Million yen)

	Reportable segments			Others (Note 1)	Total	Adjustment	Amount on consolidated financial statements (Note 2)
	Automotive systems	Commercial store systems	Total				
Net sales (of which to outside customers)	199,180	71,311	270,492	11,569	282,061	-	282,061
(of which inter-segment and transfers)	-	-	-	-	-	-	-
Total	199,180	71,311	270,492	11,569	282,061	-	282,061
Segment income (loss)	4,418	(370)	4,048	(2,466)	1,582	-	1,582

Notes: 1. Others includes vehicle sales, living & environment systems, electronics and other activities.

2. The sum of segment income (loss) matches operating income (loss) in the consolidated income statement.

(Per-share information)

(Yen)

	Previous fiscal year (For the year ended March 31, 2016)	Current fiscal year (For the year ended March 31, 2017)
Net assets per share	507.56	315.27
Earnings (loss) per share (basic)	50.43	(162.82)

Notes: 1. Diluted earnings per share is not presented since the company has no potential shares.

2. The Company established an 'Executive Compensation Board Incentive Plan (BIP) Trust' in the previous consolidated fiscal year, and the average number of shares of common stock during the fiscal year includes the shares held by BIP Trust to be deducted as treasury shares in this calculation. The average number of shares held in such trust was 488,887 shares in the previous consolidated period and 815,476 shares in the current consolidated period. The number of shares at the end of fiscal year was 837,411 shares for the previous consolidated fiscal year and 797,707 shares for the current consolidated fiscal year.

3. The basis for calculating earnings (loss) per share is as follows.

	Previous fiscal year (For the year ended March 31, 2016)	Current fiscal year (For the year ended March 31, 2017)
Profit (loss) attributable to owners of parent (million yen)	6,965	(22,488)
Profit not attributable to common shareholders (million yen)	-	-
Profit (loss) attributable to owners of parent of common shareholders (million yen)	6,965	(22,488)
Average number of shares outstanding (shares)	138,114,721	138,121,055

(Subsequent events)

None