

SANDEN HOLDINGS CORPORATION

May 9, 2018

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2018

Fiscal year ended March 31, 2018

SANDEN HOLDINGS CORPORATION

20 Kotobuki-cho, Isesaki-shi, Gunma, Japan 372-8502
(URL: <http://www.sanden.co.jp/english/index.html>)

Code No: 6444
Shares listed: Tokyo Stock Exchange
Representative Director & President: Kinei Kanda
For further information, please contact
Toru Akima
Corporate Officer
Accounting Division
Contact Number: +81-3-5209-3341

Date of general meeting of stockholders for the annual operation results: June 21, 2018

Date of registration of statutory accounts (Yukashokenhoukokusho): June 21, 2018

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, 2017- March 31, 2018)

(1) Results of operations

(%: percentage change from previous fiscal year)

	Net Sales (Millions of ¥, %)		Operating income (Millions of ¥, %)		Income before extraordinary items (Millions of ¥, %)		Net income (Millions of ¥, %)	
Fiscal year ended March 31, 2018	287,609	2.0	5,469	245.7	4,411	-	4,255	-
Fiscal year ended March 31, 2017	282,061	(4.1)	1,582	(71.2)	(2,262)	-	(22,488)	-

Notes: Equity in Comprehensive Income: March 31, 2018 ¥1,884million, (—)% March 31, 2017 (¥24,232million), (—) %

	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, 2018	154.00	-	9.6	1.6	1.9
Fiscal year ended March 31, 2017	(814.10)	-	(39.6)	(0.8)	0.6

Notes: Equity in earnings (losses) of affiliates: March 31, 2018 ¥2,667million March 31, 2017 ¥3,385million

Note: Sanden Holdings carried out the share consolidation at the ratio of 5 shares to 1 share effective October 1, 2017. Net income per share is calculated on the assumption that this stock consolidation was implemented at the beginning of the previous fiscal year.

(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, 2018	276,289	50,957	16.4	1,633.99
Fiscal year ended March 31, 2017	280,194	49,159	15.5	1,576.34

Notes: Equity capital March 31, 2018 ¥45,185million March 31, 2017 ¥43,549million

Note: Sanden Holdings carried out the share consolidation at the ratio of 5 shares to 1 share effective October 1, 2017. Net assets per share is calculated on the assumption that this stock consolidation was implemented at the beginning of the previous fiscal year.

(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, 2018	7,140	4,093	(6,536)	18,776
Fiscal year ended March 31, 2017	10,048	(10,371)	(2,479)	14,040

2. Dividends

	Dividend per share (¥)					Total annual dividends (Million of ¥)	Dividend payout ratio (Consolidated) (%)	Ratio of dividend payout over net assets (Consolidated) (%)
	1Q	2Q	3Q	4Q	Total			
Fiscal year ended March 31, 2018	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended March 31, 2017	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending March 31, 2019 (Forecast)	-	0.00	-	20.00	20.00		13.8	

Sanden Holdings carried out the share consolidation at the ratio of 5 shares to 1 share effective October 1, 2017.

3. Forecast of business results for the next fiscal year (April 1, 2018-March 31, 2019)

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

	Net 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, 2019	295,000	2.6	7,000	28.0	7,000	58.7	4,000	(6.0)	144.74

*** 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, 2018:	28,066,313	As of March 31, 2017:	28,066,313
(b) Treasury shares	As of March 31, 2018:	413,024	As of March 31, 2017:	439,448
(c) Average number of shares outstanding	As of March 31, 2018:	27,635,774	As of March 31, 2017:	27,624,211

Note: Sanden Holdings carried out the share consolidation at the ratio of 5 shares to 1 share effective October 1, 2017.

Outstanding shares, Treasury shares and Average number of shares outstanding are calculated on the assumption that this stock consolidation was implemented at the beginning of the previous fiscal year.

Individual business results

1. Individual Financial Results for current fiscal year (April 1, 2017- March 31, 2018)

(1) Individual results of operations

	Net 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, 2018	15,583	20.2	6,819	81.9	2,876	—	3,692	—
Fiscal year ended March 31, 2017	12,961	(25.3)	3,748	(16.0)	(3,642)	—	(24,495)	—

	Net income per share basic (yen)	Net income per share diluted(yen)
Fiscal year ended March 31, 2018	133.05	—
Fiscal year ended March 31, 2017	(883.05)	—

Note: Sanden Holdings carried out the share consolidation at the ratio of 5 shares to 1 share effective October 1, 2017. Net income per share is calculated on the assumption that this stock consolidation was implemented at the beginning of the previous fiscal year.

(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, 2018	100,332	14,333	14.3	516.42
Fiscal year ended March 31, 2017	118,026	13,922	11.8	501.83

Notes: Equity capital March 31, 2018 14,333 million yen March 31, 2017 13,922 million yen

Note: Sanden Holdings carried out the share consolidation at the ratio of 5 shares to 1 share effective October 1, 2017. Net assets per share is calculated on the assumption that this stock consolidation was implemented at the beginning of the previous fiscal year.

*Summary of financial statements is exempt from audit procedures of Certified Public Accountant and Audit Corporation.

*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.

Index for Supplementary Information

1. Overview on Results of Operations and Financial Condition	2
(1) Overview on Results of Operations	2
(2) Overview of Financial Condition.....	3
(3) Overview of Cash Flows.....	3
(4) Outlook	4
(5) Fundamental policy for allocation of earnings and dividends for the current fiscal year and next fiscal year.....	4
2. Basic Position concerning Selection of Accounting Standards	4
3. Consolidated Financial Statements and Important Notes	5
(1) Consolidated balance sheets.....	5
(2) Statements of consolidated income and consolidated comprehensive income	7
Consolidated statement of income	7
Consolidated statement of comprehensive income	8
(3) Consolidated statement of changes in equity	9
(4) Consolidated statement of cash flows	11
(5) Notes to the consolidated financial statements.....	13
(Notes to going concern assumptions)	13
(Segment information, etc.)	13
(Per-share information).....	14
(Subsequent events)	14

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 2018, the global economy continued steady growth, primarily in industrialized countries although there are economic uncertainties because of the U.S. government policies and rising geopolitical risk. In Japan, corporate earnings remain steady as a whole. Therefore, there were improvements of employment and income conditions as well as economic recovery at a moderate pace.

In consideration of the management environment, we have started the four-year Corporate Mid-Term Plan that will end in March 2021 to ensure revitalization of the Sanden Group. The plan establishes the following financial targets and has four key initiatives in order to reach these targets.

<Financial targets>

Net Sales : 320 billion yen

Ordinary Income Ratio : 5%

Equity Ratio : 25%

<4 Key initiatives>

- (1) Comprehensive cost transformation to improve profitability
- (2) Asset efficiency enhancement to strengthen the overall financial structure
- (3) Optimization of business portfolio to create corporate value
- (4) Management system reforms to achieve sustained growth

Due to activities based on this plan, net sales increased 2.0% to 287,609 million yen with higher sales in the automotive systems business and other factors. Operating income improved 245.7% to a profit of 5,469 million yen. Although the cost of raw materials increased, earnings improved mainly because of profitability improvement resulting from the comprehensive structural reforms that began in the previous fiscal year. Ordinary income was 4,411 million yen compared with a loss of 2,262 million yen one year earlier and profit attributable to owners of parent was 4,255 million yen compared with a loss of 22,488 million yen one year earlier.

B. Results for business segments are as follows.

[Automotive Systems Business]

The Sanden Group continued to develop innovative products that reflect the environmental interests of customers. Group companies sold many products that provided value for customers, mainly by compact, lightweight and energy saving. As a result, sales were higher than one year earlier, due in part to growth in sales in Europe and benefit from foreign exchange rates. Earnings also increased. The main reasons were the higher sales in Europe and profitability improvement resulting from the comprehensive structural reforms. As a result, segment sales increased 4.9% to 208,855 million yen and operating income increased 49.6% to 6,610 million yen.

[Commercial Store Systems Business]

In the retail store systems sector, sales increased as the Sanden Group continued to provide comprehensive ideas and solutions encompassing products, systems and services linked to customers' growth strategies and needs involving environmental issues. In the vending systems sector, there were activities for business expansion that were centered on the development of environmentally friendly products and the launch of new products. However, sales decreased mainly because of the declining trend in the vending machines market in Japan. Segment earnings were higher than one year earlier because of the profitability improvement resulting from the comprehensive structural reforms and for other reasons. As a result, segment sales decreased 4.4% to 68,147 million yen and operating income was 285 million yen compared with a 370 million yen loss one year earlier.

(2) Overview of Financial Condition

Total assets were 276,289 million yen at the end of the fiscal year, 3,904 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 investment securities.

Liabilities decreased 5,702 million yen to 225,332 million yen mainly because of decreases in accounts payable-other and interest-bearing liabilities.

Net assets increased 1,797 million yen to 50,957 million yen mainly because of the fiscal year profit attributable to owners of parent.

(3) Overview of Cash Flows

There was a net increase of 4,736 million yen in cash and cash equivalents to 18,776 million yen at the end of the fiscal year.

Net cash provided by operating activities decreased 2,908 million yen to 7,140 million yen. Major sources of cash were profit before income taxes of 5,867 million yen and a 6,092 million yen decrease in notes and accounts receivable-trade. A major use of cash was the 5,674 million yen decrease in the account payable associated with the loss on antitrust act posted in the previous fiscal year.

Net cash provided by investing activities was 4,093 million yen compared with a negative cash flow of 10,371 million yen one year earlier. The purchase of property, plant and equipment was 8,859 million yen and there were proceeds of 8,725 million yen from sales of investment securities and 4,028 million yen from sales of property, plant and equipment.

Net cash used in financing activities increased 4,056 million yen to 6,536 million yen. Although there were proceeds of 36,368 million yen from long-term loans payable and the issuance of bonds, repayments of short-term and long-term loans payable totaled 40,677 million yen.

Cash flow indicators are as follows.

Fiscal years ended March 31	FY/2017	FY/2018
Equity ratio (%)	15.5	16.4
Market cap equity ratio (%)	18.2	15.3
Cash flow/interest-bearing debt ratio (X)	13.5	18.8
Interest coverage ratio (X)	4.5	3.3

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 2019 is as follows.

(Consolidated)

(Million yen)

	Fiscal year ended March 2018 (Results)	Fiscal year ending March 2019 (Forecast)	Change (%)
Net sales	287,609	295,000	2.6
Operating income	5,469	7,000	28.0
Ordinary income	4,411	7,000	58.7
Profit attributable to owners of parent	4,255	4,000	(6.0)

(Note) This forecast assumes exchange rates of 105 yen to the U.S. dollar and 130 yen to the euro.

(Business segments)

(Million yen)

	Automotive Systems	Commercial Store Systems	Others	Total
Fiscal year ended March 2018 (Results)				
Net sales	208,855	68,147	10,605	287,609
Operating income	6,610	285	(1,426)	5,469
Fiscal year ending March 2019 (Forecast)				
Net sales	215,000	70,000	10,000	295,000
Operating income	7,000	700	(700)	7,000

(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.

After taking into account consolidated results of operations, the financial condition and the outlook for the next fiscal year and afterward, based on this dividend policy, we have made the decision to pay no year-end dividend for the fiscal year that ended on March 31, 2018.

Based on the outlook for our results of operations and financial condition in the fiscal year ending on March 31, 2019, we plan to pay a dividend of 20 yen per share for the fiscal year.

2. 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.

3. Consolidated Financial Statements and Important Notes

(1) Consolidated balance sheets

(Million yen)

	Fiscal year ended March 2017 (As of March 31, 2017)	Fiscal year ended March 2018 As of March 31, 2018
ASSETS		
Current assets		
Cash and deposits	14,040	18,776
Notes and accounts receivable-trade	79,964	74,204
Merchandise and furnished goods	23,200	21,895
Work in process	10,547	12,089
Raw materials	10,026	10,065
Other inventories	3,406	3,438
Deferred tax assets	2,372	2,590
Accounts receivable-other	4,840	5,876
Consumption taxes receivable	3,246	4,527
Other	6,241	9,167
Allowance for doubtful accounts	(753)	(678)
Total current assets	157,132	161,954
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	21,776	21,351
Machinery, equipment and vehicles, net	23,788	23,642
Tools, furniture and fixtures, net	5,238	5,019
Land	17,717	16,883
Lease assets, net	7,166	8,144
Construction in progress	5,562	6,699
Total property, plant and equipment	81,250	81,741
Intangible assets		
Goodwill	142	73
Lease assets	156	177
Other	4,122	3,618
Total intangible assets	4,422	3,869
Investments and other assets		
Investment securities	31,867	22,960
Net defined benefit asset	90	118
Deferred tax assets	2,621	2,691
Other	6,026	6,018
Allowance for doubtful accounts	(3,216)	(3,064)
Total investments and other assets	37,389	28,724
Total noncurrent assets	123,062	114,335
Total assets	280,194	276,289

(Million yen)

	Fiscal year ended March 2017 (As of March 31, 2017)	Fiscal year ended March 2018 As of March 31, 2018
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	53,005	53,483
Short-term loans payable	54,518	45,011
Current portion of bonds	-	712
Current portion of long-term loans payable	29,789	18,299
Accounts payable-other	14,714	11,039
Lease obligations	1,900	2,018
Income taxes payable	993	699
Provision for bonuses	3,793	3,759
Provision for sales rebates	1,083	935
Provision for product warranties	4,736	3,253
Provision for loss on compensation for damage	-	986
Deferred tax liabilities	7	29
Other	8,852	10,027
Total current liabilities	173,396	150,257
Noncurrent liabilities		
Bonds payable	-	5,987
Long-term loans payable	44,181	56,134
Lease obligations	5,247	6,113
Deferred tax liabilities	1,724	815
Net defined benefit liability	3,257	3,376
Provision for directors' retirement benefits	112	-
Provision for environmental measures	360	273
Provision for share-based compensation	138	187
Other	2,616	2,185
Total noncurrent liabilities	57,637	75,075
Total liabilities	231,034	225,332
NET ASSETS		
Shareholders' equity		
Capital stock	11,037	11,037
Capital surplus	3,747	3,731
Retained earnings	29,447	33,703
Treasury shares	(1,203)	(1,126)
Total shareholders' equity	43,028	47,346
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,618	292
Deferred gains or losses on hedges	(16)	(16)
Foreign currency translation adjustment	(2,048)	(1,484)
Remeasurements of defined benefit plans	(1,032)	(954)
Total accumulated other comprehensive income	520	(2,161)
Non-controlling interests	5,610	5,772
Total net assets	49,159	50,957
Total liabilities and net assets	280,194	276,289

(2) Statements of consolidated income and consolidated comprehensive income

Consolidated statement of income

(Million yen)

	Fiscal year ended March 31, 2017 (Apr. 1, 2016 – Mar. 31, 2017)	Fiscal year ended March 31, 2018 (Apr. 1, 2017 – Mar. 31, 2018)
Net sales	282,061	287,609
Cost of sales	232,742	234,955
Gross profit	49,319	52,654
Selling, general and administrative expenses	47,737	47,185
Operating profit	1,582	5,469
Non-operating income		
Interest income	63	54
Dividends income	185	191
Share of profit of entities accounted for using equity method	3,385	2,667
Other	725	1,064
Total non-operating income	4,359	3,978
Non-operating expenses		
Interest expenses	2,218	2,180
Foreign exchange losses	2,838	1,437
Other	3,147	1,419
Total non-operating expenses	8,204	5,036
Ordinary profit (loss)	(2,262)	4,411
Extraordinary income		
Gain on sales of noncurrent assets	2,685	690
Insurance income	539	106
Gain on sales of investment securities	38	5,488
Gain on sales of investments in capital of subsidiaries and associates	-	572
Other	131	163
Total extraordinary income	3,394	7,020
Extraordinary loss		
Loss on disposal of noncurrent assets	299	557
Market-related measures expenses	3,410	-
Loss on antitrust act	7,777	-
Restructuring expenses	7,803	2,884
Provision for loss on compensation for damage	-	1,901
Other	808	221
Total extraordinary loss	20,099	5,564
Profit (loss) before income taxes	(18,966)	5,867
Income taxes-current	1,812	1,269
Income taxes-deferred	1,071	139
Total income taxes	2,884	1,409
Profit (loss)	(21,850)	4,458
Profit attributable to non-controlling interests	638	202
Profit (loss) attributable to owners of parent	(22,488)	4,255

Consolidated statement of comprehensive income

(Million yen)

	Fiscal year ended March 31, 2017 (Apr. 1, 2016 – Mar. 31, 2017)	Fiscal year ended March 31, 2018 (Apr. 1, 2017 – Mar. 31, 2018)
Profit (loss)	(21,850)	4,458
Other comprehensive income		
Valuation difference on available-for-sale securities	1,116	(3,323)
Deferred gains or losses on hedges	131	0
Foreign currency translation adjustment	(2,406)	1,001
Remeasurements of defined benefit plans, net of tax	266	78
Share of other comprehensive income of entities accounted for using equity method	(1,490)	(331)
Total other comprehensive income	(2,381)	(2,573)
Comprehensive income	(24,232)	1,884
Comprehensive income attributable to owners of parent	(24,481)	1,574
Comprehensive income attributable to non- controlling interests	249	310

(3) Consolidated statement of changes in equity

Previous 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

Current fiscal year (Apr. 1, 2017 –Mar. 31, 2018)

(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	29,447	(1,203)	43,028
Changes of items during period					
Dividends of surplus			-		-
Profit (loss) attributable to owners of parent			4,255		4,255
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares		(15)		83	67
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(15)	4,255	76	4,317
Balance at end of current period	11,037	3,731	33,703	(1,126)	47,346

	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	3,618	(16)	(2,048)	(1,032)	520	5,610	49,159
Changes of items during period							
Dividends of surplus							-
Profit (loss) attributable to owners of parent							4,255
Purchase of treasury shares							(6)
Disposal of treasury shares							67
Net changes of items other than shareholders' equity	(3,325)	0	564	78	(2,681)	161	(2,520)
Total changes of items during period	(3,325)	0	564	78	(2,681)	161	1,797
Balance at end of current period	292	(16)	(1,484)	(954)	(2,161)	5,772	50,957

(4) Consolidated statement of cash flows

(Million yen)

	Fiscal year ended March 31, 2017 (Apr. 1, 2016 – Mar. 31, 2017)	Fiscal year ended March 31, 2018 (Apr. 1, 2017 – Mar. 31, 2018)
Cash flows from operating activities		
Profit (loss) before income taxes	(18,966)	5,867
Depreciation	12,076	11,079
Amortization of goodwill	283	71
Increase (decrease) in provision for bonuses	(415)	(34)
Increase (decrease) in net defined benefit liability	90	226
Increase (decrease) in allowance for doubtful accounts	1,934	(221)
Increase (decrease) in provision for product warranties	2,990	(1,516)
Increase (decrease) in provision for environmental measures	(9)	(71)
Increase (decrease) in provision for loss on compensation for damage	-	986
Interest and dividends income	(248)	(246)
Insurance income	(539)	(106)
Interest expenses	2,218	2,180
Share of (profit) loss of entities accounted for using equity method	(3,385)	(2,667)
Gain on sales of noncurrent assets	(2,685)	(690)
Loss on disposal of noncurrent assets	299	557
Loss (gain) on sales of investment securities	(38)	(5,478)
Loss (gain) on sales of investments in capital of subsidiaries and associates	-	(572)
Restructuring expenses	7,803	2,884
Decrease (increase) in notes and accounts receivable-trade	1,148	6,092
Decrease (increase) in inventories	2,280	755
Decrease (increase) in accounts receivable-other	1,089	(558)
Decrease (increase) in consumption taxes refund receivable	824	(1,556)
Increase (decrease) in other noncurrent liabilities	113	(729)
Increase (decrease) in notes and accounts payable-trade	(3,466)	(1)
Increase (decrease) in accounts payable-other	6,066	(5,674)
Increase (decrease) in accrued expenses	360	(618)
Decrease (increase) in other current assets	497	(311)
Increase (decrease) in other current liabilities	327	1,449
Other, net	1,966	(122)
Subtotal	12,613	10,974
Interest and dividends income received	4,530	1,187
Interest expenses paid	(2,209)	(2,187)
Proceeds from insurance income	567	0
Contribution paid on transfer to defined contribution pension plans	(1,287)	-
Extra retirement payments	(1,987)	-
Income taxes paid	(2,177)	(2,833)
Net cash provided by (used in) operating activities	10,048	7,140

(Million yen)

	Fiscal year ended March 31, 2017 (Apr. 1, 2016 – Mar. 31, 2017)	Fiscal year ended March 31, 2018 (Apr. 1, 2017 – Mar. 31, 2018)
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,476)	(8,859)
Proceeds from sales of property, plant and equipment	6,388	4,028
Purchase of intangible assets	(257)	(374)
Purchase of investment securities	(18)	(22)
Proceeds from sales of investment securities	125	8,725
Purchase of shares of subsidiaries	-	(99)
Payments for investments in capital of subsidiaries and associates	(3,024)	-
Proceeds from sales of investments in capital of subsidiaries and associates	-	1,054
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	166	-
Other	(275)	(359)
Net cash provided by (used in) investing activities	<u>(10,371)</u>	<u>4,093</u>
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,271	(10,294)
Proceeds from long-term loans payable	18,930	29,814
Repayment of long-term loans payable	(19,830)	(30,382)
Proceeds from issuance of bonds	-	6,554
Repayments of lease obligations	(1,746)	(2,065)
Purchase of treasury shares	(5)	(6)
Proceeds from sales of treasury shares	23	48
Cash dividends paid	(2,085)	-
Dividends paid to non-controlling interests	(37)	(210)
Proceeds from share issuance to non-controlling shareholders	-	6
Net cash provided by (used in) financing activities	<u>(2,479)</u>	<u>(6,536)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(638)</u>	<u>37</u>
Net increase (decrease) in cash and cash equivalents	<u>(3,440)</u>	<u>4,736</u>
Cash and cash equivalents at beginning of period	<u>17,482</u>	<u>14,040</u>
Cash and cash equivalents at end of period	<u>14,040</u>	<u>18,776</u>

- (5) Notes 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, freezing and refrigerating showcases, large open showcases and other products

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

Previous 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.

Current fiscal year (April 1, 2017 - March 31, 2018)

(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)	208,855	68,147	277,003	10,605	287,609	-	287,609
(of which inter-segment and transfers)	-	-	-	-	-	-	-
Total	208,855	68,147	277,003	10,605	287,609	-	287,609
Segment income (loss)	6,610	285	6,895	(1,426)	5,469	-	5,469

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, 2017)	Current fiscal year (For the year ended March 31, 2018)
Net assets per share	1,576.34	1,633.99
Earnings (loss) per share (basic)	(814.10)	154.00

- Notes: 1. Diluted earnings per share for previous fiscal year is not presented since earnings per share for previous fiscal year is a negative figure and the company has no potential shares. Diluted earnings per share for current fiscal year is not presented since the company has no potential shares.
2. Stock held by the Executive Compensation Board Incentive Plan (BIP) Trust is included in treasury stock which is excluded from the average number of shares in each fiscal year used to calculate the earnings or loss per share, and is included in treasury stock which is excluded from the number of shares at the end of the each fiscal year used to calculate the net assets per share. The average number of shares held by this trust was 163,095 shares in the previous fiscal year and 149,662 shares in the current fiscal year. This trust held 159,541 shares on March 31, 2017 and 142,695 shares on March 31, 2018.
3. There was a five-to-one common stock consolidation on October 1, 2017. Net assets per share and the earnings or loss per share are calculated as if this consolidation had taken place at the beginning of the previous fiscal year.
4. The basis for calculating earnings (loss) per share is as follows.

	Previous fiscal year (For the year ended March 31, 2017)	Current fiscal year (For the year ended March 31, 2018)
Profit (loss) attributable to owners of parent (million yen)	(22,488)	4,255
Profit not attributable to common shareholders (million yen)	-	-
Profit (loss) attributable to owners of parent of common shareholders (million yen)	(22,488)	4,255
Average number of shares outstanding (shares)	27,624,211	27,635,774

(Subsequent events)

None