

Summary of Consolidated Business Results for Fiscal 2017

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Scheduled date of convention of ordinary general meeting of shareholders: : August 28, 2018
 Scheduled date of commencement of dividend payments: : August 29, 2018
 Scheduled date of submission of financial report: : August 29, 2018
 Preparation of financial report's supplemental explanatory materials: : Yes
 Holding of financial results briefing: : Yes (for institutional investors and analysts)
 (Fractions of ¥1 million are rounded off)

1. Consolidated Performance for Fiscal 2017 (June 1, 2017 to May 31, 2018)

(1) Consolidated Operating Results

(In millions of yen, except where noted; percentage figures show year-on-year increase or decrease.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
Fiscal 2017	42,527	4.6%	366	(76.7)%	515	(69.0)%	692	(41.0)%
Fiscal 2016	40,668	2.3%	1,571	(4.1)%	1,663	11.5%	1,174	32.0%

(Note) Comprehensive income: Fiscal 2017: 2,009 million yen (32.8%)
 Fiscal 2016: 1,513 million yen (-%)

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)	Net Income to Shareholders' Equity Ratio (%)	Ordinary Income to Total Assets Ratio (%)	Operating Income to Net Sales Ratio (%)
Fiscal 2017	73.33	—	2.7	0.9	0.9
Fiscal 2016	123.87	—	4.9	3.2	3.9

Equity method investment gain or loss for: Fiscal 2017: 116 million yen
 Fiscal 2016: 68 million yen

(2) Consolidated Financial Position

(In millions of yen, except where noted)

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)	Net Assets per Share (Yen)
Fiscal 2017	63,740	26,327	41.3	2,788.01
Fiscal 2016	54,927	24,603	44.8	2,605.09

(Reference) Shareholders' equity Fiscal 2017: 26,327 million yen
 Fiscal 2016: 24,603 million yen

(3) Consolidated Cash Flows

(In millions of yen, except where noted)

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at the End of the Fiscal Year
Fiscal 2017	(1,572)	(3,087)	4,140	1,555
Fiscal 2016	1,505	(4,691)	2,868	2,091

2. Dividend Information

	Annual Dividend(Yen)					Total Annual Dividends (Millions of yen)	Dividend Payout Ratio (consolidated, %)	Dividend on Equity Ratio (consolidated, %)
	1Q	Interim	3Q	Fiscal	Total			
Fiscal 2016	—	0.00	—	30.00	30.00	283	24.2	1.9
Fiscal 2017	—	0.00	—	50.00	50.00	472	68.2	1.9
Fiscal 2018 (Forecast)	—	0.00	—	30.00	30.00		56.7	

3. Consolidated Performance Forecast for Fiscal 2018 (June 1, 2018 to May 31, 2019)

(In millions of yen, except where noted; percentage figures show year-on-year increase or decrease.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income per Share (Yen)
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	
First 6 months	19,000	1.8%	(270)	—	(150)	—	(150)	—	(15.88)
Full year	42,500	(0.1)%	500	36.3%	700	35.8%	500	(27.8)%	52.95

* Notes:

(1) Transfers of major subsidiaries during the period (transfers of specified subsidiaries accompanied by changes in the scope of consolidation): No

New: XXXX company (company name:) Eliminated: XXXX company (company name:)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(a) Changes in accounting policies in accordance with revisions to accounting standards and related practices: No

(b) Any changes other than (a) above: No

(c) Changes in accounting estimates: No

(d) Restatement: No

(3) Shares outstanding (common stock)

(a) Number of shares outstanding as of the end of the period (including treasury stock):

Fiscal 2017: 9,735,000 shares Fiscal 2016: 9,735,000 shares

(b) Number of shares of treasury stock as of the end of the period:

Fiscal 2017: 291,907 shares Fiscal 2016: 290,569 shares

(c) Average number of shares for the period (fiscal year-to-date):

Fiscal 2017: 9,443,696 shares Fiscal 2016: 9,479,492 shares

* The Company conducted a share consolidation of its common shares at the ratio of 5 shares to 1 share effective December 1, 2016. Number of shares outstanding (common stock) is calculated on the assumption that the share consolidation was conducted at the beginning of the previous fiscal year.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of May 31, 2017	As of May 31, 2018
Assets		
Current assets		
Cash and cash equivalents	2,091	1,555
Trade notes and accounts receivable	15,830	16,960
Electronically recorded monetary claims - operating	531	1,152
Products and finished goods	870	1,006
Work in process	3,373	3,506
Raw materials and stored goods	2,234	3,319
Advances	26	30
Other accounts receivable	165	547
Deferred tax assets	576	533
Other	99	534
Allowance for doubtful accounts	(1)	(1)
Total current assets	25,799	29,144
Fixed assets		
Property, plant and equipment		
Buildings and structures	7,415	11,981
Accumulated depreciation	(4,710)	(4,707)
Buildings and structures, net	2,704	7,274
Machinery and equipment	7,030	7,742
Accumulated depreciation	(6,239)	(6,310)
Machinery and equipment, net	791	1,432
Land	1,345	1,301
Construction in progress	2,336	320
Other	3,363	3,953
Accumulated depreciation	(2,920)	(3,116)
Other, net	443	837
Total property, plant and equipment	7,622	11,166
Intangible assets		
Software	163	885
Software in progress	906	3
Other	11	15
Total intangible assets	1,081	904
Investments and other assets		
Investment securities	18,154	19,681
Deferred tax assets	66	11
Other	2,215	2,845
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	20,424	22,525
Total fixed assets	29,128	34,596
Total assets	54,927	63,740

(Millions of yen)

	As of May 31, 2017	As of May 31, 2018
Liabilities		
Current liabilities		
Trade notes and accounts payable	3,346	4,057
Electronically recorded obligations - operating	5,489	6,295
Short-term debt	4,969	7,241
Income taxes payable	437	180
Consumption and other taxes payable	134	38
Accrued expenses	1,069	841
Advances received	119	188
Deposits received	235	229
Reserve for directors' bonuses	33	25
Reserve for employees' bonuses	952	814
Reserve for order losses	365	689
Other	389	1,716
Total current liabilities	17,543	22,320
Long-term liabilities		
Long-term debt	6,786	8,930
Long-term payables	157	35
Deferred tax liabilities	1,792	2,205
Net defined benefit liability	3,913	3,862
Other	131	58
Total long-term liabilities	12,780	15,093
Total liabilities	30,324	37,413
Net assets		
Shareholders' equity		
Capital stock	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	10,170	10,579
Treasury stock	(477)	(480)
Total shareholders' equity	17,868	18,274
Accumulated other comprehensive income		
Unrealized holding gain on available-for-sale securities	6,879	8,111
Foreign currency translation adjustments	156	188
Remeasurements of defined benefit plans	(300)	(247)
Total accumulated other comprehensive income	6,735	8,052
Total net assets	24,603	26,327
Total liabilities and net assets	54,927	63,740

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

(Millions of yen)

	For the fiscal year ended May 31, 2017 (June 1, 2016 to May 31, 2017)	For the fiscal year ended May 31, 2018 (June 1, 2017 to May 31, 2018)
Net Sales	40,668	42,527
Cost of sales	31,446	34,454
Gross profit	9,221	8,072
Selling, general and administrative expenses	7,649	7,705
Operating Income	1,571	366
Non-operating income		
Interest income	0	2
Dividend income	227	233
Equity in profit of unconsolidated subsidiaries and affiliates	68	116
Loss on foreign currency exchange	—	6
Reversal of expenses for environmental countermeasures	—	40
Miscellaneous income	89	61
Total non-operating income	385	459
Non-operating expenses		
Interest expense	122	148
Loss on foreign currency exchange	17	—
Commission fee	84	93
Loss on disposal of fixed assets	4	1
Delinquent charge due to late delivery	26	40
Miscellaneous loss	38	26
Total non-operating expenses	294	310
Ordinary Income	1,663	515
Extraordinary income		
Gain on sales of non-current assets	—	4
Gain on sales of investment securities	67	806
Other	—	2
Total extraordinary income	67	814
Extraordinary loss		
Expenses for plant integration	—	339
Expenses for commemorative events of the 100th anniversary	—	18
Loss on sales of non-current assets	23	7
Total extraordinary losses	23	365
Income before income taxes	1,707	964
Current	662	332
Deferred	(128)	(60)
Total income taxes	533	272
Net Income	1,174	692
Net Income Attributable to Owners of the Parent	1,174	692

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the fiscal year ended May 31, 2017 (June 1, 2016 to May 31, 2017)	For the fiscal year ended May 31, 2018 (June 1, 2017 to May 31, 2018)
Net Income	1,174	692
Other comprehensive income		
Unrealized holding gain on available-for-sale securities	410	1,231
Foreign currency translation adjustments	(11)	(4)
Remeasurements of defined benefit plans	50	53
Share of other comprehensive income of affiliates to which the equity method is applied	(109)	36
Total other comprehensive income	339	1,317
Comprehensive income	1,513	2,009
Comprehensive income attributable to:		
Owners of the parent	1,513	2,009
Non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended May 31, 2017 (June 1, 2016 to May 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of the beginning of the fiscal period under review	4,998	3,177	9,298	(175)	17,299
Change during fiscal period under review					
Distribution of retained earnings	—	—	(289)	—	(289)
Changes in scope of application of equity method	—	—	(13)	—	(13)
Net Income Attributable to Owners of the Parent	—	—	1,174	—	1,174
Acquisition of treasury stock	—	—	—	(302)	(302)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total change during fiscal period under review	—	—	871	(302)	568
Balance as of the end of fiscal period under review	4,998	3,177	10,170	(477)	17,868

	Accumulated other comprehensive income				Total net assets
	Unrealized holding gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance as of the beginning of the fiscal period under review	6,469	260	(351)	6,377	23,676
Change during fiscal period under review					
Distribution of retained earnings	—	—	—	—	(289)
Changes in scope of application of equity method	—	—	—	—	(13)
Net Income Attributable to Owners of the Parent	—	—	—	—	1,174
Acquisition of treasury stock	—	—	—	—	(302)
Net changes of items other than shareholders' equity	410	(103)	50	357	357
Total change during fiscal period under review	410	(103)	50	357	926
Balance as of the end of fiscal period under review	6,879	156	(300)	6,735	24,603

For the fiscal year ended May 31, 2018 (June 1, 2017 to May 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of the beginning of the fiscal period under review	4,998	3,177	10,170	(477)	17,868
Change during fiscal period under review					
Distribution of retained earnings	—	—	(283)	—	(283)
Changes in scope of application of equity method	—	—	—	—	—
Net Income Attributable to Owners of the Parent	—	—	692	—	692
Acquisition of treasury stock	—	—	—	(2)	(2)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total change during fiscal period under review	—	—	409	(2)	406
Balance as of the end of fiscal period under review	4,998	3,177	10,579	(480)	18,274

	Accumulated other comprehensive income				Total net assets
	Unrealized holding gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance as of the beginning of the fiscal period under review	6,879	156	(300)	6,735	24,603
Change during fiscal period under review					
Distribution of retained earnings	—	—	—	—	(283)
Changes in scope of application of equity method	—	—	—	—	—
Net Income Attributable to Owners of the Parent	—	—	—	—	692
Acquisition of treasury stock	—	—	—	—	(2)
Net changes of items other than shareholders' equity	1,231	31	53	1,317	1,317
Total change during fiscal period under review	1,231	31	53	1,317	1,723
Balance as of the end of fiscal period under review	8,111	188	(247)	8,052	26,327

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended May 31, 2017 (June 1, 2016 to May 31, 2017)	For the fiscal year ended May 31, 2018 (June 1, 2017 to May 31, 2018)
Cash Flow from Operating Activities		
Income before income taxes	1,707	964
Depreciation and amortization	801	1,237
Increase (decrease) in allowance for doubtful accounts	(1)	0
Increase (decrease) in reserve for employees' bonuses	24	(138)
Increase (decrease) in net defined benefit liability	60	(46)
Interest and dividends income	(228)	(235)
Interest expense	122	148
Loss (gain) on sales of investment securities	(67)	(806)
Loss (gain) on sales of non-current assets	23	2
Expenses for plant integration	—	66
Decrease (increase) in notes and accounts receivable- trade	(1,617)	(1,812)
Decrease (increase) in inventories	828	(1,370)
Increase (decrease) in trade notes	(167)	1,567
Increase (decrease) in reserve for order losses	69	340
Increase (decrease) in advances received	37	68
Increase (decrease) in accrued expenses	(182)	(233)
Other	158	(669)
Subtotal	1,570	(917)
Interest and dividends income received	235	244
Interest expenses paid	(117)	(148)
Refund of (Payments for) corporate and other taxes	(182)	(751)
Cash Flow from Operating Activities	1,505	(1,572)
Cash Flow from Investing Activities		
Purchases of property, plant and equipment	(3,901)	(3,448)
Proceeds from sales of property, plant and equipment	—	79
Purchases of intangible assets	(619)	(132)
Purchases of investment securities	(320)	(170)
Proceeds from sales of investment securities	93	1,100
Payments of loans receivable	—	(70)
Collection of loans receivable	—	35
Payments for investments in capital of subsidiaries	—	(491)
Other	57	11
Cash Flow from Investing Activities	(4,691)	(3,087)
Cash Flow from Financing Activities		
Increase (decrease) in short-term loans payable, net	313	2,929
Increase in long-term debt	3,500	5,500
Repayment of long-term debt	(352)	(4,002)
Proceeds from sales of treasury stock	(302)	(2)
Cash dividends paid	(289)	(283)
Other	(0)	(0)
Cash Flow from Financing Activities	2,868	4,140
Effect of exchange rate change on cash and cash equivalents	6	(16)
Increase (decrease) in cash and cash equivalents	(310)	(535)
Balance of cash and cash equivalents at the beginning of the period	2,401	2,091
Balance of cash and cash equivalents at the end of the period	2,091	1,555

[Segment Information]

1. Outline of reportable segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess performance.

The Group establishes business units by product and each business unit designs domestic and overseas comprehensive strategies for its products and is developing business activities. Accordingly, the Group consists of the three reportable segments by product based on the business units, which are Transportation Systems, Industrial Systems and Information Equipment Systems.

[Details of each segment]

- **Transportation Systems**

Manufacturing, sales and related construction for electrical equipment used in rail vehicles, magnetic levitation vehicles (high speed surface transport or HSST) systems, alternative rail vehicles and special purpose vehicles, as well as electric storage systems for railway applications, etc.

- **Industrial Systems**

Manufacturing, sales and related construction services for electric system products for industrial use, rotating electrical machine, controllers, power distribution and source system products, testing systems, water supply and sanitation equipment system products, power generating systems, electrical drive system products, etc.

- **Information Equipment Systems**

Manufacturing, sales and related construction services for station operating equipment systems, remote monitoring systems and information systems equipment, etc.

2. Basis for calculating sales, profits or losses, assets and liabilities, and other items by reportable segments

The method for accounting process of reportable segments is equivalent to the method described in “Notes on important matters for the preparation of consolidated financial statements.”

Segment profit is evaluated based on operating income. Inter-segment sales and transfers are recorded at the same prices used in transactions with third parties.

3. Information on amounts of sales, profits or losses, assets and liabilities, and other items by reportable segments

For the fiscal year ended May 31, 2017 (June 1, 2016 to May 31, 2017)

(Millions of yen)

	Reportable segments			Other (Note)	Total	Adjust- ments	Consoli- dated
	Transpor- tation Systems	Industrial Systems	Information Equipment Systems				
Net Sales							
Sales to third parties	28,199	11,073	1,388	6	40,668	—	40,668
Inter-segment sales or transfers	38	3	—	671	712	(712)	—
Total	28,237	11,076	1,388	678	41,380	(712)	40,668
Segment profit	3,079	747	304	59	4,190	(2,618)	1,571
Segment assets	19,926	11,790	816	600	33,134	21,793	54,927
Other items							
Depreciation and amortization	515	171	18	0	706	95	801
Increase in property, plant and equipment and intangible assets	517	3,520	21	2	4,061	544	4,606

(Note) “Other” represents business units which are not included in reportable segments and consists of worker dispatching service related activities, etc.

For the fiscal year ended May 31, 2018 (June 1, 2017 to May 31, 2018)

(Millions of yen)

	Reportable segments			Other (Note)	Total	Adjust- ments	Consoli- dated
	Transpor- tation Systems	Industrial Systems	Information Equipment Systems				
Net Sales							
Sales to third parties	27,949	11,769	2,801	6	42,527	—	42,527
Inter-segment sales or transfers	13	1	—	711	726	(726)	—
Total	27,963	11,771	2,801	717	43,253	(726)	42,527
Segment profit	2,578	276	314	41	3,210	(2,844)	366
Segment assets	22,234	15,076	2,237	596	40,145	23,595	63,740
Other items							
Depreciation and amortization	648	290	23	1	963	273	1,237
Increase in property, plant and equipment and intangible assets	747	3,843	23	—	4,614	158	4,772

(Note) “Other” represents business units which are not included in reportable segments and consists of worker dispatching service related activities, etc.

5. Other

(1) Production, orders received and sales

(a) Production

Segment by business type	For the fiscal year ended May 31, 2017 (June 1, 2016 to May 31, 2017)		For the fiscal year ended May 31, 2018 (June 1, 2017 to May 31, 2018)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Transportation Systems	27,140	69.2	27,598	65.4
Industrial Systems	10,662	27.2	11,883	28.2
Information Equipment Systems	1,400	3.6	2,714	6.4
Other	—	—	—	—
Total	39,203	100.0	42,195	100.0

- (Note) 1. The amounts are based on sales price.
2. The above figures do not include consumption tax, etc.

(b) Orders received

Segment by business type	For the fiscal year ended May 31, 2017 (June 1, 2016 to May 31, 2017)		For the fiscal year ended May 31, 2018 (June 1, 2017 to May 31, 2018)	
	Order amount (Millions of yen)	Backlog (Millions of yen)	Order amount (Millions of yen)	Backlog (Millions of yen)
Transportation Systems	29,366	25,836	25,866	23,753
Industrial Systems	12,194	7,150	11,309	6,690
Information Equipment Systems	1,788	912	2,416	528
Other	6	—	6	—
Total	43,355	33,899	39,599	30,972

- (Note) 1. The amounts are based on sales price.
2. The above figures do not include consumption tax, etc.

(c) Sales

Segment by business type	For the fiscal year ended May 31, 2017 (June 1, 2016 to May 31, 2017)		For the fiscal year ended May 31, 2018 (June 1, 2017 to May 31, 2018)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Transportation Systems	28,199	69.3	27,949	65.7
Industrial Systems	11,073	27.2	11,769	27.7
Information Equipment Systems	1,388	3.4	2,801	6.6
Other	6	0.0	6	0.0
Total	40,668	100.0	42,527	100.0

- (Note) 1. The amounts are based on sales price.
2. The above figures do not include consumption tax, etc.

(2) Personnel changes of directors and audit & supervisory board members

Please refer to the notice regarding personnel changes of directors and audit & supervisory board members.