

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2019(J-GAAP)

May 16, 2019

Company name: T.RAD Co., Ltd. Listing: Tokyo Stock Exchange, First Section  
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 Scheduled date of the Ordinary General Meeting of Shareholders: June 26, 2019  
 Scheduled date of filing of securities report: June 26, 2019  
 Scheduled date of start of dividend payments: June 27, 2019  
 Supplemental materials prepared for consolidated financial results: None  
 Briefing on consolidated financial results: Yes

(Amounts less than one million yen have been truncated)

## 1. Consolidated Financial Performance for the Fiscal Year Ended March 31, 2019

(April 1, 2018 to March 31, 2019)

(1) Consolidated operating performance (Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2019	136,125	9.4	5,092	-12.1	5,572	-13.6	1,735	-53.0
Fiscal year ended March 31, 2018	124,490	15.7	5,792	80.1	6,445	81.9	3,691	82.6

Note: Comprehensive income

Fiscal year ended March 31, 2019: ¥-8 million —%

Fiscal year ended March 31, 2018: ¥4,189 million —%

	Net income per share	Diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2019	218.01	—	3.9	6.0	3.7
Fiscal year ended March 31, 2018	463.77	—	8.6	7.4	4.7

Reference: Equity earnings (losses) of affiliates

Fiscal year ended March 31, 2019: ¥196 million

Fiscal year ended March 31, 2018: ¥337 million

Note: We consolidated each unit of 10 common shares into a unit of one share on October 1, 2017. Net income per share and Diluted net income per share are calculated on the assumption that the consolidation of shares was conducted at beginning of the previous consolidated fiscal year.

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2019	92,929	46,170	47.4	5,537.37
Fiscal year ended March 31, 2018	93,320	46,639	48.1	5,635.91

Reference: Shareholders' equity

As of March 31, 2019: ¥44,072 million

As of March 31, 2018: ¥44,861 million

Note: We consolidated each unit of 10 common shares into a unit of one share on October 1, 2017. Net assets per share is calculated on the assumption that the consolidation of shares was conducted at beginning of the previous consolidated fiscal year.

## (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2019	8,558	(6,387)	71	13,826
Fiscal year ended March 31, 2018	9,202	(4,422)	749	11,965

## 2. Dividends

	Dividends per Share					Total Dividends Paid (Annual)	Payout Ratio (Consolidated)	Dividends per Net Assets (Consolidated)
	1Q	2Q	3Q	Year-End	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2018	—	3.00	—	60.00	—	716	19.4	1.7
Fiscal year ended March 31, 2019	—	40.00	—	50.00	90.00	716	41.3	1.6
Fiscal year ending March 31, 2020 (Forecast)	—	40.00	—	50.00	90.00		39.8	

We consolidated each unit of 10 common shares into a unit of one share on October 1, 2017. The amount of the year-end dividends per share for the fiscal year ended March 31, 2018, is described taken consolidation of shares into consideration, and annual dividends per share is described as “—.” The annual dividends per share which is converted by the basis after consolidation of shares for the fiscal year ended March 31, 2018, is 90 yen.

## 3. Forecast of Consolidated Financial Performance for the Fiscal Year Ending March 31, 2020

(April 1, 2019 to March 31, 2020)

(Percentage figures indicate changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2 <sup>nd</sup> Quarter ending September 30, 2019	69,200	2.4	2,100	-31.7	2,400	-27.2	1,300	-15.6	163.33
Fiscal year ending March 31, 2020	139,200	2.3	4,100	-19.5	4,600	-17.4	1,800	3.7	226.15

## 4. Other

- (1) Changes in significant subsidiaries during the period (changes in specific subsidiaries resulting in changes in the scope of consolidation): None
- (2) Changes in accounting principles, procedures, presentation methods
  - 1) Changes associated with revision of accounting standards: None
  - 2) Changes other than 1): None
  - 3) Changes accounting estimation procedures: None
  - 4) Changes in presentation methods: None
- (3) Number of shares issued and outstanding (common stock)
  - 1) Number of shares issued and outstanding at end of year (including treasury stock)
    - As of March 31, 2019: 8,344,405 shares
    - As of March 31, 2018: 8,344,405 shares
  - 2) Number of shares of treasury stock at end of period
    - As of March 31, 2019: 384,960 shares
    - As of March 31, 2018: 384,514 shares
  - 3) Average number of shares outstanding during the period
    - Fiscal year ended March 31, 2019: 7,959,670 shares
    - Fiscal year ended March 31, 2018: 7,960,893 shares

Note: We consolidated each unit of 10 common shares into a unit of one share on October 1, 2017. Number of shares issued and outstanding at end of year, Number of shares of treasury stock at end of period and Average number of shares outstanding during the period are calculated on the assumption that the consolidation of shares was conducted at beginning of the previous consolidated fiscal year.

**(Reference) Summary of Non-consolidated Financial Performance**

**1. Non-consolidated Financial Performance for Fiscal Year Ended March 31, 2019**

(April 1, 2018 to March 31, 2019)

(1) Non-consolidated operating performance

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2019	66,794	5.2	658	8.8	3,522	-12.5	560	-79.3
Fiscal year ended March 31, 2018	63,522	11.8	605	-23.4	4,025	40.9	2,711	42.4

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2019	70.39	—
Fiscal year ended March 31, 2018	340.65	—

Note: We consolidated each unit of 10 common shares into a unit of one share on October 1, 2017. Net income per share and Diluted net income per share are calculated on the assumption that the consolidation of shares was conducted at beginning of the previous consolidated fiscal year.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2019	59,280	31,098	52.5	3,907.09
Fiscal year ended March 31, 2018	59,296	31,926	53.8	4,010.91

Reference: Shareholders' equity

As of March 31, 2019: ¥31,098 million

As of March 31, 2018: ¥31,926 million

Note: We consolidated each unit of 10 common shares into a unit of one share on October 1, 2017. Net assets per share is calculated on the assumption that the consolidation of shares was conducted at beginning of the previous consolidated fiscal year.

**2. Forecast of Non-Consolidated Financial Performance for the Fiscal Year Ending March 31, 2020**

(April 1, 2019 to March 31, 2020)

(Percentage figures indicate changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2 <sup>nd</sup> Quarter ending September 30, 2019	32,500	0.0	50	-86.2	1,500	-9.5	1,200	1.2	150.76
Fiscal year ending March 31, 2020	65,500	-1.9	100	-84.8	2,900	-17.7	1,000	78.6	125.64

\* The consolidated financial results presented herein are not subject to the audit procedures by certified public accountant or audit firm.

\* Explanations for proper use of forecasts and other specific affairs

The forward-looking statement such as forecast of financial performance etc. described in this report based on information currently available and certain assumptions judged to be reasonable. Actual performance may differ significantly from these projections due to various factors.

(Changes in presentation method of date)

We changed presentation method of date to Western calendar style from Japanese calendar style since "Financial Results for the Fiscal Year Ended March 31, 2019"

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## 1. Business Results and Qualitative Information for the Fiscal Year Ended March 31, 2019

### (1) General overview of financial performance

#### General overview

The economic environment during the consolidated fiscal year that ended March 31, 2019 remained strong, aided by the favorable transition of domestic demand although decrease of exports behind the gradual slowdown in global economy. However, there are concerns that the economy downward pressure risk which will be caused by slowdown in Chinese economy and the protectionist trade policy of the U.S. administration.

Under the circumstances, the net sales of the TRAD Group (on a foreign currency basis) in domestic and overseas increased from the same period of the previous year except Europe and Other. Although payment of settlement related to antitrust laws etc. decreased, the profit attributable to owner of parent decreased from the same period of the previous year due to the decrease of gain on sales of investment securities, increase of impairment loss and the increase of income taxes.

As a result, net sales during the consolidated fiscal year under review increased by 11,635 million yen from the previous fiscal year, amounting to 136,125 million yen (up 9.4% year on year), operating income decreased by 700 million yen, amounting to 5,092 million yen (down 12.1% year on year), ordinary income decreased by 873 million yen, amounting to 5,572 million yen (down 13.6% year on year) and profit attributable to owners of parent decreased by 1,956 million yen, amounting to 1,735 million yen (down 53.0% year on year).

The segment results are as follows.

The book-closing date for the consolidated subsidiaries for the consolidated fiscal year under review is December 31. In preparing the consolidated financial statements, the financial statements as of, and for one year period ended on this date were used. With respect to important transactions conducted during the period between this date and the book-closing date for consolidated accounting, we have made adjustments as necessary for consolidated accounting. The segments relevant to such adjustments are the United States, Europe, Asia and China.

Three of domestic subsidiaries have the same settlement date that coincides with the last day of the consolidated fiscal year. The corresponding segment is Other.

In the consolidated fiscal year under review, T.RAD CONNECT Co., Ltd. in which we newly established is included in the scope of consolidation. The corresponding segment is Other.

	Net Sales				Operating Income (Loss)			
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Increase/Decrease	Percentage change (on a foreign currency basis)*	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Increase/Decrease	Percentage change (on a foreign currency basis)*
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
Japan	56,862	60,901	4,038	7.1	604	660	55	9.1
United States	30,236	31,394	1,157	5.8	678	(325)	-1,004	-149.0
Europe	4,126	3,707	-419	-3.3	(509)	(1,298)	-789	-176.1
Asia	17,055	18,547	1,491	11.2	2,116	2,682	565	30.2
China	15,242	20,633	5,391	46.7	2,709	2,807	98	16.0
Other (including elimination)	966	941	-24	-2.6	192	566	374	194.2
Total	124,490	136,125	11,635	11.6	5,792	5,092	-700	-7.0

\*The percentage changes (on a foreign currency basis) in the chart are the percentage changes after correcting for differences arising from fluctuations in the foreign exchange rates applicable to overseas net sales.

#### (i) Japan

Net sales of products for automobile industry increased from the same period of the previous year thanks to the favorable transition of the orders received for our products of models. The net sales of products for construction and industrial machines increased from the same period of the previous year due to increase of the demand for China in the first half of fiscal year and favorable Mining market. As a result, the net sales in the Japan segment increased by 4,038 million yen, resulting in 60,901 million yen.

Operating income increased by 55 million yen from the same period of the previous year, resulting in 660 million yen.

#### (ii) United States

The net sales of products for the automobile industry increased due to the commencement of mass production of models for which orders were newly received etc. The net sales of products for construction and industrial machines increased from the same period of the previous year due to the increase of the major customers demand in the first half of fiscal year. As a result, the net sales in the United States segment increased by 1,157 million yen from the same period of the previous year, resulting in 31,394 million yen. On a foreign currency basis, it increased by 5.8%.

Operating loss of 325 million yen was posted, worsening by 1,004 million yen from the same period of the previous year due to increase of cost influenced by increase in custom duties and increase of scrap cost etc. On a foreign currency basis, it decreased by 149.0%.

(iii) Europe

The net sales of products for the automobile industry increased from the same period of the previous year due to the increase of orders received from major customers in Czech Republic. The net sales of products for air conditioners decreased from the same period of the previous year due to the ending of transaction by major customers. As a result, the net sales in the Europe segment decreased by 419 million yen from the same period of the previous year, resulting in 3,707 million yen. On a foreign currency basis, it decreased by 3.3%.

Operating loss of 1,298 million yen was posted, worsening by 789 million yen from the same period of the previous year by increased cost associated with launch of a new order model in Czech Republic. On a foreign currency basis, it decreased by 176.1%.

(iv) Asia

The net sales of products for the automobile industry increased from the same period of the previous year due to the favorable sales of the orders received models for motorcycles products in Indonesia and Vietnam, and the sales of products for four-wheel vehicles increased in Thailand. As a result, the net sales in the Asia segment increased by 1,491 million yen from the same period of the previous year, resulting in 18,547 million yen. On a foreign currency basis, it increased by 11.2%.

Operating income increased by 565 million yen from the same period of the previous year, resulting in 2,682 million yen. On a foreign currency basis, it increased by 30.2%.

(v) China

The net sales of products for the automobile industry largely increased from the same period of the previous year due to the net sales 4,259 million yen of Qingdao Toyo Heat Exchanger Co., Ltd. We acquired its shares additionally and making it a subsidiary from the previous third quarterly consolidated accounting period. Net sales of products for construction and industrial machines increased from the same period of the previous year due to the increase of orders received from major customers in first half of fiscal year. As a result, the net sales in the China segment increased by 5,391 million yen, resulting in 20,633 million yen. On a foreign currency basis, it increased by 46.7%.

Operating income increased by 98 million yen from the same period of the previous year, resulting in 2,807 million yen. On a foreign currency basis, it increased by 16.0%.

Outlook for the fiscal year ending March 31, 2020

As to the forecast for the fiscal year ending March 31, 2020 of the T.RAD group, the net sales are expected to increase from the same period of the previous year due to the sales of our overseas bases will increase. As to operating income and ordinary income, these are expected to decrease due to decrease of domestic sales and the influence of increase in custom duties by U.S-China trade conflict etc.

We forecasts the following consolidated financial performance for the fiscal year ending March 31, 2020: net sales of 139,200 million yen (up 2.3% year on year), operating income of 4,100 million yen (down 19.5% year on year), ordinary income of 4,600 million yen (down 17.4% year on year), and profit attributable to owners of parent of 1,800 million yen (up 3.7% year on year).

(2) General overview of consolidated financial position

1) Assets, liabilities and net assets

Total assets at the end of the consolidated fiscal year under review resulted in 92,929 million yen (down 391 million yen from the end of the previous fiscal year) due to decrease of tangible fixed assets etc.

Liabilities resulted in 46,759 million yen (up 77 million yen) due to the increase of accounts payable-trade and short-term loans payable etc.

Although retained earnings increased, net assets resulted in 46,170 million yen (down 469 million yen) due to foreign currency translation adjustment etc. decreased.

2) Cash flows

The increasing and decreasing factors of each cash flow in the consolidated fiscal year under review are as follows.

Net cash provided by operating activities was 8,558 million yen, a decrease of 644 million yen year on year due to the decrease of profit before income taxes etc. Net cash used in investing activities was 6,387 million yen, a decrease of 1,964 million yen year on year due to the increase of purchase of tangible fixed assets and decrease of proceeds from sales of investment securities etc., net cash provided by financing activities was 71 million yen, a decrease of 677 million yen year on year due to the decreases of interest-bearing liabilities etc.

As a result, cash and cash equivalents at the end of the fiscal year under review totaled 13,826 million yen, an increase of 1,860 million yen from the end of the previous fiscal year.

## 2. Overview of the T.RAD Group

### 1. Contents of Businesses

The T.RAD Group, which consists of T.RAD Co., Ltd. (the “Company”), its 18 subsidiaries and two affiliates, mainly manufactures and sells various types of heat exchangers and provides related services.

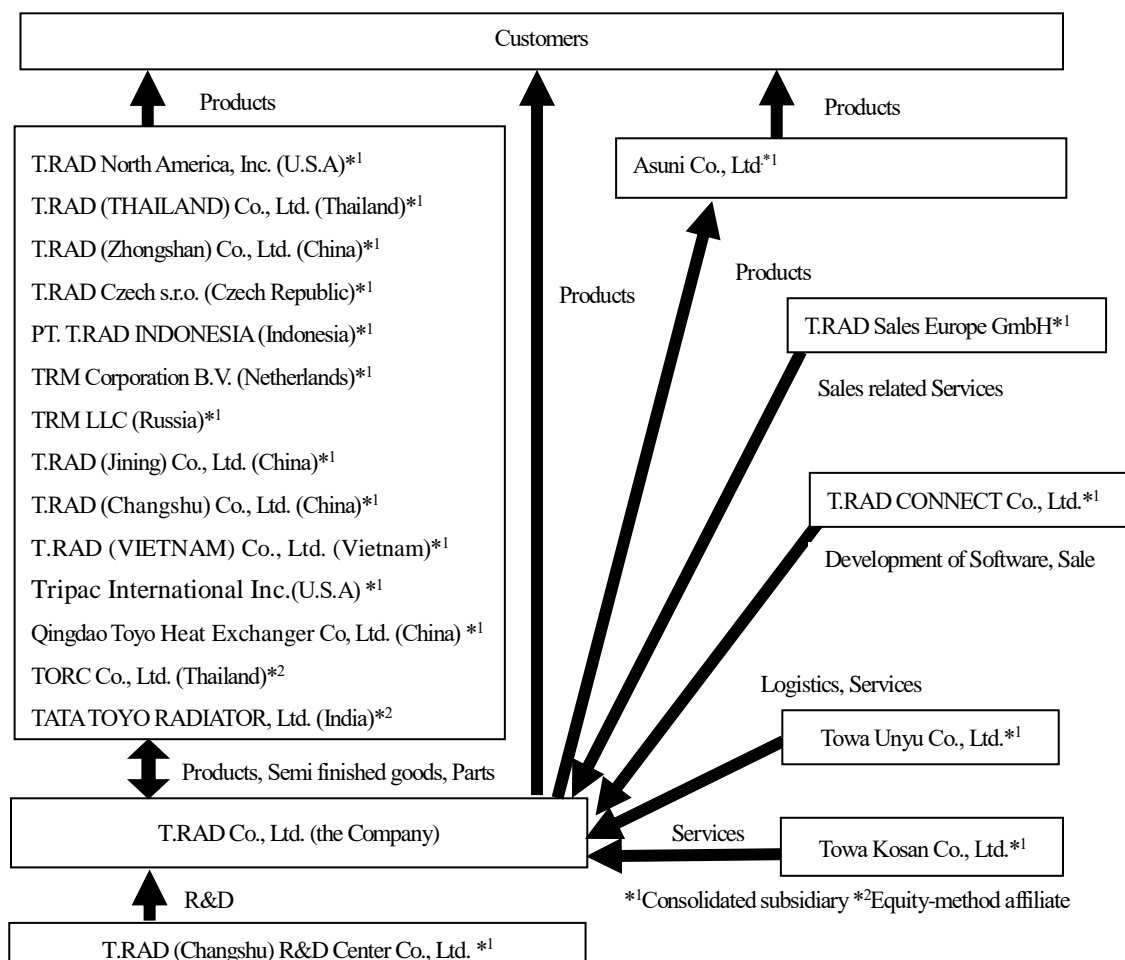
Each reportable segment is composed as below, and these reportable segments are the same as the classification of the segment information listed in 4. Consolidated Financial Statements (5) Notes concerning Consolidated Financial Statements.

Reportable Segments	Main company
Japan	T.RAD Co., Ltd. (the Company)
United States	T.RAD North America, Inc. Tripac International Inc.
Europe	T.RAD Czech s.r.o. TRM Corporation B.V. TRM LLC T.RAD Sales Europe GmbH
Asia	T.RAD (THAILAND) Co., Ltd. PT. T.RAD INDONESIA T.RAD (VIETNAM) Co., Ltd. TORC Co., Ltd. *1 TATA TOYO RADIATOR, Ltd. *1
China	T.RAD (Zhongshan) Co., Ltd. T.RAD (Jining) Co., Ltd. T.RAD (Changshu) Co., Ltd. T.RAD (Changshu) R&D Center Co., Ltd. Qingdao Toyo Heat Exchanger Co, Ltd.
Other (Japan)	Asuni Co., Ltd. Towa Unyu Co., Ltd. Towa Kosan Co., Ltd. T.RAD CONNECT Co., Ltd.

\*1 Equity-method affiliates are included in the reportable segment where they are located.

[Business Flow Chart]

The flow chart for the businesses of the T.RAD Group is as follows.



## 2. Subsidiaries and Affiliates

Name	Location	Capital (Thousand)	Description of business	Voting rights ratio (%)	Relations with the Company
<b>Consolidated subsidiaries</b>					
T.RAD North America, Inc. *2,4	Hopkinsville, Kentucky, U.S.A	USD 70,000	Manufacture and sales of heat exchangers	100.0	Business relationship Concurrent position of director
Tripac International Inc.	Fort Worth, Texas, U.S.A	USD 4,166	Manufacture and sales of heat exchangers	95.3 *1 (95.3)	Business relationship
T.RAD Czech s.r.o. *2	Unhost, Czech	CZK 780,000	Manufacture and sales of heat exchangers	96.8	Business relationship Obligation Guarantee Loan of funds
TRM Corporation B.V.*2	Amsterdam, Netherlands	EUR 28,134	Manufacture and sales of heat exchangers	76.4	Holding Company of TRM LLC Concurrent position of director
TRM LLC*2	Nizhniy Novgorod, Russia	RUB 1,174,235	Manufacture and sales of heat exchangers	76.4 *1 (76.4)	Business relationship Obligation Guarantee Loan of funds
T.RAD (THAILAND) Co., Ltd.*2	Chachoengsao, Thailand	THB 390,500	Manufacture and sales of heat exchangers	100.0	Business relationship Concurrent position of director
PT. T.RAD INDONESIA	Bekasi, Java, Indonesia	USD 7,300	Manufacture and sales of heat exchangers	90.0 *1 (26.3)	Business relationship Concurrent position of director
T.RAD (VIETNAM) Co., Ltd.	Hanoi, Vietnam	USD 6,300	Manufacture and sales of heat exchangers	100.0	Business relationship Concurrent position of director
T.RAD (Zhongshan) Co., Ltd.*2	Zhongshen, Guangdong, China	CNY 107,601	Manufacture and sales of heat exchangers	90.0	Business relationship Concurrent position of director
T.RAD (Jining) Co., Ltd.	Jining, Shandong, China	CNY 3,000	Manufacture and sales of heat exchangers	90.0 *1 (90.0)	Business relationship
T.RAD (Changshu) Co., Ltd.*2	Changshu, Jiangsu, China	USD 17,000	Manufacture and sales of heat exchangers	90.0	Business relationship Concurrent position of director
T.RAD (Changshu) R&D Center Co., Ltd.	Changshu, Jiangsu, China	USD 2,700	Development of heat exchangers	100.0	Business relationship R&D Center
T.RAD Sales Europe GmbH	Stuttgart, Germany	EUR 25,000	Sales services of T.RAD in Europe	100.0	Business relationship
Qingdao Toyo Heat Exchanger Co., Ltd.	Qingdao, Shandong, China	CNY 61,339	Manufacture and sales of heat exchangers	51.0	Business relationship
Asuni Co., Ltd.	Hadano, Kanagawa, Japan	JPY 15,325	Sales of heat exchangers	100.0 *1 (50.0)	Business relationship
Towa Unyu Co., Ltd.	Higashiura, Chita, Aichi, Japan	JPY 48,900	Cargo transportation	100.0 *1 (13.0)	Business relationship Transportation of Products etc.
Towa Kosan Co., Ltd.	Minami-ku, Nagoya, Aichi, Japan	JPY 334,720	Management of properties, etc.	100.0 *1 (7.3)	Business relationship
T.RAD CONNECT Co., Ltd.	Shibuya-ku, Tokyo, Japan	JPY 50,000	Planning, development, production and sale of software etc.	51.0	Business relationship Concurrent position of director
<b>Equity-method affiliates</b>					
TORC Co., Ltd.	Chachoengsao, Thailand	THB 60,000	Manufacture and sales of heat exchangers	45.0	Business relationship Concurrent position of director
TATA TOYO RADIATOR, Ltd.	Pune, India	INR 320,000	Manufacture and sales of heat exchangers	40.2	Business relationship

### Notes:

- \*1. The figures in parentheses are the ratios that the Company indirectly holds.
- \*2. T.RAD North America, Inc., T.RAD Czech s.r.o., TRM Corporation B.V., TRM LLC., TRAD (THAILAND) Co., Ltd., T.RAD (Zhongshan) Co., Ltd., and T.RAD (Changshu) Co., Ltd are specific subsidiaries of the Company.
- \*3. Eighteen consolidated subsidiaries and two affiliates mentioned above have not submitted any securities registration statements or securities reports.
- \*4. Net sales(except internal sales among consolidated companies) accounted for over 10% of consolidated net sales. However, the principal income summary is omitted, as net sales of the subsidiary accounted for over 90% of net sales in United States area of the segment information.



### **3. Basic Concept Behind the Selection of Accounting Standards**

In order to ensure comparability between companies and over time, the T.RAD Group prepares the Company's consolidated financial statements based on the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (except Chapters 7 and 8)" (Ordinance of the Ministry of Finance No. 28 of 1976).

Please note that, in view of domestic and overseas circumstances, the Company intends to respond appropriately to the application of international accounting standards.

#### 4. Consolidated Financial Statements

##### (1) Consolidated balance sheets

(Millions of yen)

	FY2017	FY2018
	As of March 31, 2018	As of March 31, 2019
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	¥ 12,128	¥ 13,894
Notes and accounts receivable-trade	¥ 24,928	¥ 24,742
Electronically recorded monetary claims-operating	¥ 2,659	¥ 2,589
Short-term investment securities	399	399
Merchandise and finished goods	2,728	2,714
Work in process	594	734
Raw materials and supplies	5,097	5,370
Others	2,253	2,792
Allowance for doubtful accounts	(85)	(85)
Total current assets	50,704	53,152
Noncurrent assets		
Tangible fixed assets		
Buildings and structures	19,934	20,500
Accumulated depreciation	(13,406)	(14,111)
Building and structures, net	6,528	6,389
Machinery, equipment and vehicles	49,359	50,264
Accumulated depreciation	(33,072)	(35,025)
Machinery, equipment and vehicles, net	16,287	15,239
Land	2,602	2,335
Lease assets	805	250
Accumulated depreciation	(683)	(147)
Lease assets, net	122	102
Construction in progress	3,476	3,457
Other tangible fixed assets	27,417	28,585
Accumulated depreciation	(25,180)	(26,467)
Other tangible fixed assets, net	2,236	2,117
Total tangible fixed assets	31,254	29,641
Intangible assets		
Goodwill	583	228
Other intangible assets	1,068	1,255
Total intangible assets	1,651	1,484
Investments and other assets		
Investment securities	¥ 8,470	¥ 7,668
Net defined benefit asset	467	233
Deferred tax assets	59	63
Others	741	704
Allowance for doubtful accounts	(28)	(19)
Total investments and other assets	9,710	8,650
Total noncurrent assets	42,616	39,776
Total assets	93,320	92,929

(Millions of yen)

	FY2017	FY2018
	As of March 31, 2018	As of March 31, 2019
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	14,086	14,280
Electronically recorded obligations - operating	<sup>≈</sup> 4,703	<sup>≈</sup> 5,340
Short-term loans payable	7,646	8,061
Lease obligations	378	414
Income taxes payable	563	658
Accrued expenses	3,289	2,797
Provision for bonuses	1,468	1,390
Provision for directors' bonuses	96	84
Provision for product warranties	206	235
Provision for shareholders benefit program	62	48
Electronically recorded obligations - non-operating	<sup>≈</sup> 757	<sup>≈</sup> 729
Others	2,384	2,012
Total current liabilities	35,642	36,053
Noncurrent liabilities		
Long-term loans payable	8,582	8,368
Lease obligations	735	777
Deferred tax liabilities	1,480	1,324
Provision for directors' retirement benefits	4	5
Net defined benefit liability	95	95
Asset retirement obligations	89	90
Others	51	43
Total noncurrent liabilities	11,039	10,705
Total liabilities	46,681	46,759
(Net assets)		
Shareholders' equity		
Capital stock	8,545	8,545
Capital surplus	7,434	7,551
Retained earnings	27,376	28,315
Treasury stock	(899)	(901)
Total shareholders' equity	42,457	43,512
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,047	456
Foreign currency translation adjustment	679	(381)
Remeasurements of defined benefit plans	677	485
Total valuation and translation adjustments	2,404	559
Non-controlling interests	1,777	2,098
Total net assets	46,639	46,170
Total liabilities and net assets	93,320	92,929

(2) Consolidated statements of income and consolidated statement of comprehensive income  
(Consolidated statements of income)

(Millions of yen)

	FY2017	FY2018
	(Apr. 1, 2017–Mar. 31, 2018)	(Apr. 1, 2018–Mar. 31, 2019)
	Amount	Amount
Net sales	124,490	136,125
Cost of sales	<sup>#1,#7</sup> 108,543	<sup>#1,#7</sup> 120,302
Gross profit	15,946	15,822
Selling, general and administrative expenses		
Packing and delivery expenses	1,498	1,749
Provision for product warranties	98	162
Directors' compensations	201	212
Salaries and allowances	2,001	2,153
Provision for bonuses	338	302
Provision for directors' bonuses	96	84
Provision for directors' retirement benefits	2	1
Provision for retirement benefits	79	65
Welfare expenses	1,059	1,080
Depreciation	304	356
Rent expenses	315	448
Transportation and communication expenses	516	612
Research and development expenses	<sup>#1</sup> 1,255	<sup>#1</sup> 1,417
Entertainment expenses	95	109
Provision for shareholders benefit program	65	22
Provision of allowance for doubtful accounts	8	2
Commission Fee	358	463
Miscellaneous expenses	1,769	1,326
Amortization of goodwill	89	158
Total selling, general and administrative expenses	10,153	10,730
Operating income (loss)	5,792	5,092
Non-operating income		
Interest income	80	153
Dividends income	208	185
Equity in earnings of affiliates	337	196
Others	277	331
Total non-operating income	904	865
Non-operating expenses		
Interest expenses	212	248
Foreign exchange losses	29	105
Others	10	31
Total non-operating expenses	251	386
Ordinary income	6,445	5,572

(Millions of yen)

	FY2017	FY2018
	(Apr. 1, 2017–Mar. 31, 2018)	(Apr. 1, 2018–Mar. 31, 2019)
	Amount	Amount
Extraordinary income		
Gain on sales of noncurrent assets	#2 11	#2 171
Gain on sales of investment securities	641	—
Gain on step acquisitions	607	—
Total extraordinary income	1,261	171
Extraordinary loss		
Loss on retirement of noncurrent assets	#3 108	#3 90
Loss on sales of noncurrent assets	#4 4	#4 99
Impairment loss	#5 28	#5 1,418
Loss on sales of golf club memberships	—	11
Surcharges	#6 1,998	#6 292
Total extraordinary loss	2,139	1,912
Income (loss) before income taxes	5,567	3,830
Income taxes-current	1,459	1,690
Income taxes-deferred	158	195
Total income taxes	1,617	1,885
Profit (loss)	3,949	1,945
Profit (loss) attributable to non-controlling interests	257	209
Profit (loss) attributable to owners of parent	3,691	1,735

## (Consolidated statement of comprehensive income)

(Millions of yen)

	FY2017	FY2018
	(Apr. 1, 2017–Mar. 31, 2018)	(Apr. 1, 2018–Mar. 31, 2019)
	Amount	Amount
Profit (loss)	3,949	1,945
Other comprehensive income		
Valuation difference on available-for-sale securities	(101)	(591)
Foreign currency translation adjustment	359	(1,138)
Remeasurements of defined benefit plans, net of tax	180	(190)
Share of other comprehensive income of associates accounted for using equity method	(199)	(32)
Total other comprehensive income	239	(1,953)
Comprehensive income	4,189	(8)
(Breakdown)		
Comprehensive income attributable to owners of parent	3,900	(108)
Comprehensive income attributable to non-controlling interests	288	100

(3) Consolidated statements of changes in net assets  
 Fiscal year ended March 31, 2018(April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2017	8,545	7,473	24,162	(891)	39,289
Changes of items during the period					
Dividends from surplus			(477)		(477)
Profit attributable to owners of parent			3,691		3,691
Purchase of treasury stock				(8)	(8)
Disposal of treasury shares		0		0	0
Change in ownership interest of parent due to transactions with non-controlling interests		(38)			(38)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(38)	3,214	(8)	3,167
As of March 31, 2018	8,545	7,434	27,376	(899)	42,457

(Millions of yen)

	Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
As of April 1, 2017	1,148	550	496	2,195	900	42,385
Changes of items during the period						
Dividends from surplus						(477)
Profit attributable to owners of parent						3,691
Purchase of treasury stock						(8)
Disposal of treasury shares						0
Change in ownership interest of parent due to transactions with non-controlling interests						(38)
Net changes of items other than shareholders' equity	(101)	129	180	208	877	1,086
Total changes of items during the period	(101)	129	180	208	877	4,253
As of March 31, 2018	1,047	679	677	2,404	1,777	46,639

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2018	8,545	7,434	27,376	(899)	42,457
Changes of items during the period					
Dividends from surplus			(795)		(795)
Profit attributable to owners of parent			1,735		1,735
Purchase of treasury stock				(1)	(1)
Change in ownership interest of parent due to transactions with non-controlling interests		116			116
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	116	939	(1)	1,054
As of March 31, 2019	8,545	7,551	28,315	(901)	43,512

(Millions of yen)

	Valuation and translation adjustments				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
As of April 1, 2018	1,047	679	677	2,404	1,777	46,639
Changes of items during the period						
Dividends from surplus						(795)
Profit attributable to owners of parent						1,735
Purchase of treasury stock						(1)
Change in ownership interest of parent due to transactions with non-controlling interests						116
Net changes of items other than shareholders' equity	(591)	(1,061)	(191)	(1,844)	320	(1,524)
Total changes of items during the period	(591)	(1,061)	(191)	(1,844)	320	(469)
As of March 31, 2019	456	(381)	485	559	2,098	46,170



## (4) Consolidated statements of cash flows

(Millions of yen)

	FY2017	FY2018
	(Apr. 1, 2017–Mar. 31, 2018)	(Apr. 1, 2018–Mar. 31, 2019)
	Amount	Amount
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	5,567	3,830
Depreciation and amortization	5,550	6,339
Impairment loss	28	1,418
Retirement benefit expenses	(44)	(103)
Increase (decrease) in net defined benefit liability	64	67
Increase (decrease) in provision for directors' retirement benefits	2	1
Increase (decrease) in allowance for doubtful accounts	(29)	14
Increase (decrease) in provision for bonuses	191	(76)
Increase (decrease) in provision for directors' bonuses	43	(12)
Increase (decrease) in provision for product warranties	(35)	41
Increase (decrease) in provision for shareholders benefit program	20	(14)
Loss on retirement of noncurrent assets	108	90
Loss (gain) on sales of tangible fixed assets	(7)	(71)
Loss (gain) on sales of investment securities	(641)	—
Surcharges	1,998	292
Interests and dividends income	(289)	(338)
Interests expenses	212	248
Foreign exchange losses (gains)	(60)	46
Equity in (earnings) losses of affiliates	(337)	(196)
Decrease (increase) in notes and accounts receivable-trade	(2,978)	(408)
Decrease (increase) in inventories	(679)	(791)
Increase (decrease) in notes and accounts payable-trade	3,258	1,333
Loss (gain) on step acquisitions	(607)	—
Decrease (increase) in other current assets	38	(494)
Increase (decrease) in other current liabilities	378	(511)
Other, net	76	37
Subtotal	11,828	10,743
Interest and dividends income received	365	432
Interest expenses paid	(213)	(248)
Income taxes paid	(1,364)	(1,622)
Surcharges	(1,412)	(746)
Net cash provided by (used in) operating activities	9,202	8,558

(Millions of yen)

	FY2017	FY2018
	(Apr. 1, 2017–Mar. 31, 2018)	(Apr. 1, 2018–Mar. 31, 2019)
	Amount	Amount
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	19	169
Payments into time deposits	(276)	(95)
Purchase of tangible fixed assets	(5,352)	(6,774)
Proceeds from sales of tangible fixed assets	147	717
Purchase of intangible assets	(247)	(428)
Purchase of investment securities	(14)	—
Proceeds from sales of investment securities	990	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	247	—
Other, net	63	25
Net cash provided by (used in) investing activities	(4,422)	(6,387)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	714	759
Proceeds from long-term loans payable	1,658	2,233
Repayment of long-term loans payable	(923)	(2,533)
Proceeds from share issuance to non-controlling shareholders	1	51
Purchase of treasury stock	(8)	(1)
Cash dividends paid	(477)	(795)
Cash dividends paid to non-controlling shareholders	(106)	(102)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	411
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(29)	(33)
Others	(78)	82
Net cash provided by (used in) financing activities	749	71
Effect of exchange rate change on cash and cash equivalents	220	(382)
Net increase (decrease) in cash and cash equivalents	5,749	1,860
Cash and cash equivalents at beginning of period	6,216	11,965
Cash and cash equivalents at end of period	*1 11,965	*1 13,826

(5) Notes concerning Consolidated Financial Statements

(Going concern assumptions)

Not applicable

(Basis for preparation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 18

Names of the main consolidated subsidiaries:

Names of the consolidated subsidiaries are omitted as they are listed in “2. Overview of the T.RAD Group.”

Since the consolidated fiscal year under review, T.RAD CONNECT Co., Ltd. has been included in the scope of consolidation. Regarding T.RAD CONNECT Co., Ltd., we have included the company in the scope of consolidation by a new investment in the consolidated fiscal year under review.

2. Application of equity method

(1) Number of equity method affiliates: 2

Names of main companies:

TORC Co., Ltd.

Tata Toyo Radiator Ltd.

(2) Of the companies accounted for by the equity method, for those that have a closing date that differs from the consolidated closing date, the financial statements for each such company’s financial year are used.

3. Fiscal years of consolidated subsidiaries

The book-closing date of fourteen overseas companies out of the consolidated companies and T.RAD CONNECT Co., Ltd. is December 31.

In preparing the consolidated financial statements, the financial statements as of the dates stated above were used. With regard to important transactions that occurred between each company’s closing date and the consolidated closing date, necessary adjustments for consolidation were made.

Three of our consolidated subsidiaries, i.e., Asuni Co., Ltd., Towa Unyu Co., Ltd., and Towa Kosan Co., Ltd., have the same settlement date that coincides with March 31 of the consolidated fiscal year.

4. Accounting standard

(1) Valuation basis and method for important assets

i. Securities

Other securities

Securities with fair market values:

Stated at the market value as of the balance sheet date, based on quoted market prices, etc. (any valuation differences are included in net assets in full, and the cost of securities sold is determined by the gross average method.);

Securities without fair market values:

Stated at cost determined by the gross average method.

ii. Derivatives

Derivative is evaluated by quoted market prices.

iii. Inventories

Stated at cost by the gross average method, in principle (for figures shown on the balance sheet, values are written down to their book values based on their decreased profitability).

In addition, overseas consolidated subsidiaries mainly adopt the lower-of-cost-or-market method based on the first-in first-out method.

- (2) Depreciation method for important depreciable assets
- i. Tangible fixed assets (excluding lease assets)

Depreciation of Tangible fixed assets is calculated mainly by the declining-balance method. The approximate useful life of assets is as follows:

Buildings and structures:	3–60 years
Machinery, equipment and vehicles:	2–17 years

Assets with an acquisition cost from ¥100,000 to less than ¥200,000 are depreciated by the straight-line method over three years based on the provisions of the Corporation Tax Act.

At overseas consolidated subsidiaries, depreciation is calculated principally by the straight-line method.
  - ii. Intangible assets (excluding lease assets)

At the Company and consolidated subsidiaries, the amortization of intangible assets is computed by the straight-line method. Software for internal use is amortized by the straight-line method over the estimated internal useful life (five years).
  - iii. Lease assets

Lease assets are amortized by the straight-line method, assuming the lease period as the useful life and no residual value.
- (3) Recognition of important allowances
- i. Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount determined based on a reasonable standard such as the historical experience of bad debt for ordinary accounts. For specific accounts such as doubtful accounts receivable, the collectability is determined individually, and the estimated uncollectible amount is recorded.
  - ii. Provision for bonuses

To appropriate funds for the payment of bonuses to employees, Provision for bonuses is provided at an estimated amount to be paid.
  - iii. Provision for directors' bonuses

Provision for directors' bonuses is provided at an estimated amount to accrue for the fiscal year ended March 31, 2019.
  - iv. Provision for product warranty

To provide for potential expenses related to the after-the-sale service of products, the Company allots an estimated amount based upon past performance.
  - v. Provision for shareholders benefit program

In order to prepare for the expenditure accompanying shareholders benefit program, we are posting forecasted amount of occurrence based on the rate of past use results etc.
  - vi. Provision for directors' retirement benefits

Some of the consolidated subsidiaries provide the provision for directors' retirement benefits at an amount deemed necessary to cover the total amount to be paid mainly pursuant to the internal regulations thereof at the end of the fiscal year-end.
- (4) Accounting method for defined benefit plans
- i. Method of attributing expected defined benefit plans

In calculating its defined benefit plans obligation, the Company applies the point basis as its method of attributing the expected defined benefit plans to the periods until the end of the consolidated fiscal year under review.
  - ii. Amortizing method for actuarial gains or losses and prior service costs

Prior service cost is amortized using the straight-line method over a certain length of period equal to or less than the average remaining service period for employees at the time such gains or losses are realized (maximum 15 years).

The actuarial gains or losses realized in each accounting period for the said allowance is amortized by the straight-line method over a certain length of period equal to or less than the average remaining service period for employees at the time such gains or losses are realized (maximum 15 years).
  - iii. Treatment for unrecognized actuarial gains or losses and unrecognized prior service costs

Actuarial gains or losses and prior service costs that are yet to be recognized in profit or loss are recognized within net assets as remeasurements of defined benefit plans under accumulated other comprehensive income, after adjusting for tax effects.

(5) Significant hedge accounting methods

i. Hedge accounting methods

Deferred hedge accounting treatment is used. With regard to the parent company, designated hedge accounting treatment is used for foreign currency-denominated monetary claims to which forward foreign exchange contracts have been applied. Exceptional accounting is used for interest-rate swap agreements which conform to the special regulated terms.

ii. Hedging method and scope

Hedging method : Forward foreign exchange

Scope of hedging : Foreign currency-denominated accounts receivable

Hedging method : Interest-rate swap agreement

Scope of hedging : loans payable

iii. Hedging policy

Primarily, the parent company enters into forward foreign exchange transactions for the purpose of reducing the risk from market price fluctuations on foreign currency-denominated transactions.

In addition, interest rate swap agreements are used to reduce the risk from interest rate fluctuations of loans.

iv. Method for evaluating the effectiveness of hedges

For forward foreign exchange transactions, confirmations are made that the currencies, value dates, and amounts are identical. Interest swap agreements conforming to the special regulated terms are omitted to evaluate their effectiveness.

(6) Amortization of goodwill

As for the amortization of goodwill, we reasonably estimated the period during which the effect is realized and made equal amortization over the period.

(7) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, cash in banks that can be withdrawn at any time and short-term investments with a maturity of three months or less from purchasing date that can be easily converted to cash and are subject to little risk of change in value.

(8) Other important matters for the preparation of consolidated financial statements

i. Accounting treatment of consumption taxes, etc.

The tax excluded method is adopted in accounting treatment of consumption taxes, etc.

ii. Application of consolidated tax payment system

Company and consolidated domestic subsidiaries applying consolidated tax payment system.

(Changes in presentation method)

(Application of Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.)

We have been applying the “ Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.” (ASBJ Statement No.28, February 16, 2018) from beginning of the first quarterly consolidated accounting period.

This has led to Deferred tax assets has been presented to Investments and other assets and Deferred tax liabilities has been presented to Noncurrent liabilities.

(Consolidated balance sheets)

\*1 Those for non-consolidated subsidiaries and affiliates are as follows:

	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
Investment securities:	¥2,172 million	¥2,240 million

\*2 Pledged Assets and collateralized liabilities:

The following assets were pledged as collateral:

	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
Cash and deposits:	¥350 million	¥283 million

The following liabilities were collateralized by the above assets:

	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
Notes payable-trade:	¥350 million	¥283 million

\*3 Notes maturing at date of consolidated fiscal year-end, electronically recorded monetary claims and electronically recorded obligations

Accounting method regarding notes maturing at date of consolidated fiscal year-end, electronically recorded monetary claims and electronically recorded obligations, these are settled on the date of clearance. As the closing date of this fiscal year was a bank holiday, notes maturing at date of consolidated fiscal year-end, electronically recorded monetary claims and electronically recorded obligations are included in the balance of consolidated fiscal year-end, as follows:

	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
Notes receivable-trade:	¥31 million	¥27 million
Electronically recorded monetary claims-operating	¥206 million	¥240 million
Electronically recorded obligations - operating	¥1,134 million	¥1,295 million
Electronically recorded obligations - non-operating	¥211 million	¥180 million

(Consolidated statements of income)

#1 Research and development expenses included in general expenses and cost of sales:

	FY2017 (April 1, 2017–March 31, 2018)	FY2018 (April 1, 2018–March 31, 2019)
	¥2,827 million	¥3,049 million

#2 Gain on sales of noncurrent assets are as follows:

	FY2017 (April 1, 2017–March 31, 2018)	FY2018 (April 1, 2018–March 31, 2019)
Buildings and structures:	¥0 million	¥0 million
Machinery, equipment and vehicles:	¥2 million	¥27 million
Land:	—	¥122 million
Construction in progress:	—	¥0 million
Other :	¥8 million	¥19 million
Total	¥11 million	¥171 million

#3 Loss on retirement of noncurrent assets are as follows:

	FY2017 (April 1, 2017–March 31, 2018)	FY2018 (April 1, 2018–March 31, 2019)
Buildings and structures:	¥28 million	¥27 million
Machinery, equipment and vehicles:	¥69 million	¥43 million
Software	—	¥5 million
Construction in progress:	¥1 million	¥7 million
Other:	¥8 million	¥7 million
Total	¥108 million	¥90 million

#4 Loss on sales of noncurrent assets are as follows:

	FY2017 (April 1, 2017–March 31, 2018)	FY2018 (April 1, 2018–March 31, 2019)
Machinery, equipment and vehicles:	¥3 million	¥91 million
Other:	¥0 million	¥8 million
Total	¥4 million	¥99 million



#5 Impairment Loss:

Impairment losses were recorded in the following asset groups of the Group:

FY2017 (April 1, 2017–March 31, 2018)

Place	Purpose of use	Type	Impairment loss
T.RAD Czech s.r.o Unhost, Czech	Manufacture and sales of heat exchangers	Machinery, equipment and vehicles	¥28 million
		Total	¥28 million

The asset groups are classified on the base of managerial accounting in consideration of company category and business category.

As a result of accounting for the impairment of assets based on the aforementioned grouping, regarding aforementioned tangible fixed assets were no longer expected to recover the investment amount due to the decrease in profitability. Accordingly, their book values were written down to recoverable values, and the Company posted those losses as an impairment loss under extraordinary loss.

The amount listed as recoverable value by each asset group was calculated in accordance with the asset's value in usage. In T.RAD Czech s.r.o, the calculation reflects a 10% discount in future cash flow.

FY2018 (April 1, 2018–March 31, 2019)

Place	Purpose of use	Type	Impairment loss
T.RAD Czech s.r.o Unhost, Czech	Manufacture and sales of heat exchangers	Machinery, equipment and vehicles	¥1,226 million
Qingdao Toyo Heat Exchanger Co., Ltd. Qingdao, Shandong, China	Manufacture and sales of heat exchangers	Intangible fixed assets	¥192 million
		Total	¥1,418 million

The asset groups are classified on the base of managerial accounting in consideration of company category and business category.

As a result of accounting for the impairment of assets based on the aforementioned grouping, regarding aforementioned tangible fixed assets were no longer expected to recover the investment amount due to the decrease in profitability. Accordingly, their book values were written down to recoverable values, and the Company posted those losses as an impairment loss under extraordinary loss.

The amount listed as recoverable value by each asset group was calculated in accordance with the asset's value in usage. In T.RAD Czech s.r.o, the calculation reflects a 10% discount in future cash flow.

As to goodwill, in our consolidated subsidiary Qingdao Toyo Heat Exchanger Co., Ltd., unamortized balance of goodwill 192 million yen is posted as an impairment loss since the part of our holding share was sold and estimated profits at the time of acquiring its shares are no longer expected.

#6 Surcharges are as follows:

	FY2017 (April 1, 2017–March 31, 2018)	FY2018 (April 1, 2018–March 31, 2019)
Research-related expenses :	¥1,998 million	¥292 million

In connection with sales of automotive parts (radiators and other components), investigations related to antitrust laws by judicial authorities and lawsuit etc. related to the same laws are underway, in the consolidated fiscal year under review and previous consolidated fiscal year, we posted the costs related to the investigations and settlement to some clients as an extraordinary loss.

#7 Inventories at the close of the fiscal year-end, are the amounts after it write-down of the book value as a result of a decrease in profitability. The following loss (gain) on valuation of inventories is included in cost of sales:

	FY2017 (April 1, 2017–March 31, 2018)	FY2018 (April 1, 2018–March 31, 2019)
	¥(19) million	¥115 million

## (Consolidated statement of changes in net assets)

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

## 1. Type and number of shares issued and treasury shares

(Thousands of shares)

	Number of shares at beginning of the current fiscal year	Number of shares increased in the current fiscal year	Number of shares decreased in the current fiscal year	Number of shares at end of the current fiscal year
Shares issued				
Common stock <sup>*1, *2</sup>	83,444	—	75,099	8,344
Total	83,444	—	75,099	8,344
Treasury shares				
Common stock <sup>*1, *3, *4</sup>	3,825	6	3,447	384
Total	3,825	6	3,447	384

Note: 1. We consolidated each unit of 10 common shares into a unit of one share on October 1, 2017.

2. The number of common stock decreased 75,099 thousand shares due to consolidation of shares.

3. The number of common stocks of treasury shares increased 6 thousand shares. 0 thousand shares increased due to purchase of fractions of less than one share accompanying with consolidation of shares, and 6 thousand shares increased due to a repurchase of fractional shares (before consolidation of shares 5 thousand shares, after consolidation of shares 0 thousand shares).

4. The number of common stocks of treasury shares decreased 3,447 thousand shares due to the decrease of 3,447 thousand shares by consolidation of shares.

## 2. Subscription rights to shares and own subscription rights to shares

Not applicable

## 3. Cash dividends

## (1) Cash dividends paid

Resolution	Type of shares	Cash dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
June 28, 2017 Ordinary General Meeting of Shareholders	Common stock	238	3	March 31, 2017	June 29, 2017
November 6, 2017 Board of Directors	Common stock	238	3	September 30, 2017	December 1, 2017

Note: We consolidated each unit of 10 common shares into a unit of one share on October 1, 2017. "Cash dividends per share" is described as the amount before the consolidation of shares.

## (2) Cash dividends with record dates falling in the fiscal year ended March 31, 2018 and effective dates coming after the end of the fiscal year

Resolution	Type of shares	Cash dividends (Millions of yen)	Resource of dividends	Cash dividends per share (Yen)	Record date	Effective date
June 27, 2018 Ordinary General Meeting of Shareholders	Common stock	477	Retained earnings	60	March 31, 2018	June 28, 2018

Note: We consolidated each unit of 10 common shares into a unit of one share on October 1, 2017.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

1. Type and number of shares issued and treasury shares (Thousands of shares)

	Number of shares at beginning of the current fiscal year	Number of shares increased in the current fiscal year	Number of shares decreased in the current fiscal year	Number of shares at end of the current fiscal year
Shares issued				
Common stock	8,344	—	—	8,344
Total	8,344	—	—	8,344
Treasury shares				
Common stock *1	384	0	—	384
Total	384	0	—	384

Note: 1. The number of common stocks of treasury shares increased 0 thousand shares due to a repurchase of fractional shares.

2. Subscription rights to shares and own subscription rights to shares

Not applicable

3. Cash dividends

(1) Cash dividends paid

Resolution	Type of shares	Cash dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
June 27, 2018 Ordinary General Meeting of Shareholders	Common stock	477	60	March 31, 2018	June 28, 2018
November 5, 2018 Board of Directors	Common stock	318	40	September 30, 2018	December 1, 2018

(2) Cash dividends with record dates falling in the fiscal year ended March 31, 2019 and effective dates coming after the end of the fiscal year

Resolution	Type of shares	Cash dividends (Millions of yen)	Resource of dividends	Cash dividends per share (Yen)	Record date	Effective date
June 26, 2019 Ordinary General Meeting of Shareholders	Common stock	397	Retained earnings	50	March 31, 2019	June 27, 2019

(Notes to consolidated statement of cash flows)

\*1 The relationship between cash and cash equivalents at the fiscal year-end and the amount of account title stated on the consolidated balance sheets:

	FY2017 (April 1, 2017–March 31, 2018)	FY2018 (April 1, 2018–March 31, 2019)
Cash and deposits:	¥12,128 million	¥13,894 million
Securities:	¥399 million	¥399 million
Time deposits with a maturity of 3 months or more at date of purchase:	¥(562) million	¥(467) million
Cash and cash equivalents:	¥11,965 million	¥13,826 million

(Segment information)

1. General information 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 at management meetings comprising directors and officers, whereby decisions are made regarding the allocation of resources to the segments and assessments are made concerning the segments' performance.

The Group's business involves the manufacture and sales of heat exchangers for the automobile and other industries. The Company covers the business in Japan. Overseas companies cover the business of each region such as the United States, Europe (the Czech Republic, Russia and Germany), Asia (Thailand, Indonesia and Vietnam) and China. Each of these overseas corporations is an independent business unit whose operations involve the manufacture of products that are marketed in each respective area.

Therefore, our Group consists of the Company and these overseas corporations which are based on a manufacturing and sales structure. As such, "Japan," "the United States," "Europe," "Asia" and "China" are our five reportable segments.

In each reportable segment, heat exchangers for automobiles, construction, industrial machinery and air conditioners are manufactured and sold.

2. Calculation method for net sales, profit (loss), assets and other items by reportable segment

The accounting method for the Group's reportable segments is generally the same as described in "Basis for preparation of consolidated financial statements."

Net sales for reportable segments are for each production region.

Segment income is based on operating income.

Intersegment income and transfer amount are calculated based on arm's length price.

3. Net sales, profit (loss), assets and other items by reportable segments

Fiscal year ended March 31, 2018(from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segment						Other	Total
	Japan	United States	Europe	Asia	China	Total		
Net Sales:								
Sales to outside customers	56,862	30,236	4,126	17,055	15,242	123,523	966	124,490
Intersegment sales or transfers	6,659	164	603	105	1,604	9,138	3,197	12,336
Total	63,522	30,401	4,729	17,161	16,846	132,662	4,164	136,826
Segment income (loss)	604	678	(509)	2,116	2,709	5,600	244	5,844
Segment assets	61,831	17,054	5,633	9,080	17,607	111,206	2,345	113,552
Other items								
Depreciation	2,804	1,125	151	1,095	442	5,619	87	5,706
Investment amount in equity-method affiliate	531	—	—	—	—	531	—	531
Increase of tangible fixed assets and intangible assets	3,827	1,674	754	578	221	7,056	122	7,179

Note: "Other" comprises business operations that are not categorized as reportable segments and includes the business activities of domestic subsidiaries, such as the transportation business.

Fiscal year ended March 31, 2019(from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segment						Other	Total
	Japan	United States	Europe	Asia	China	Total		
Net Sales:								
Sales to outside customers	60,901	31,394	3,707	18,547	20,633	135,183	941	136,125
Intersegment sales or transfers	5,893	177	479	74	1,851	8,476	3,347	11,824
Total	66,794	31,571	4,186	18,621	22,484	143,660	4,289	147,949
Segment income (loss)	660	(325)	(1,298)	2,682	2,807	4,525	178	4,703
Segment assets	61,407	17,234	2,856	9,579	17,574	108,652	2,443	111,096
Other items								
Depreciation	3,319	1,167	275	961	607	6,330	111	6,441
Investment amount in equity-method affiliate	531	—	—	—	—	531	—	531
Increase of tangible fixed assets and intangible assets	4,175	933	285	894	292	6,581	143	6,724

Note: "Other" comprises business operations that are not categorized as reportable segments and includes the business activities of domestic subsidiaries, such as the transportation business.

4. Difference amount between the total amount of reportable segments and the posted amounts in the consolidated financial statements and the main contents of the difference amount (the adjustment of difference)

(Millions of yen)

Net sales	FY2017	FY2018
Total of reportable segments	132,662	143,660
Net sales of the classification "Others"	4,164	4,289
Elimination of trades among segments	(12,336)	(11,824)
Net sales in the consolidated financial statements	124,490	136,125

(Millions of yen)

Profit	FY2017	FY2018
Total of reportable segments	5,600	4,525
Profit of the classification "Others"	244	178
Elimination of trades among segments	(51)	388
Operating income in the consolidated financial statements	5,792	5,092

(Millions of yen)

Assets	FY2017	FY2018
Total of reportable segments	111,206	108,652
Assets of the classification "Others"	2,345	2,443
Elimination of trades among segments	(20,231)	(18,167)
Total assets in the consolidated financial statements	93,320	92,929

(Millions of yen)

Other items	Total of reportable segments		Other		Adjustments		Posted amounts in the consolidated financial statements	
	FY2017	FY2018	FY2017	FY2018	FY2017	FY2018	FY2017	FY2018
Depreciation	5,619	6,330	87	111	(155)	(102)	5,550	6,339
Investment amount to equity-method affiliate	531	531	—	—	1,640	1,709	2,172	2,240
Increase of tangible fixed assets and intangible assets	7,056	6,581	122	143	(1,386)	585	5,793	7,310

Note: Adjustments are as follows.

1. The adjustment of depreciation cost derives from the elimination of unrealized losses and gains related to non-current assets.
2. The adjustment of investment amount to the entities accounted for using equity method derives from investment profit on equity method.
3. The adjustment of increased amounts of tangible fixed assets and intangible assets are as follows.  
Elimination of unrealized losses and gains related to non-current assets: (31) million yen  
Other consolidated adjustment among segments: 617 million yen

## (Supplementary information)

Sales states (consolidated)

(Millions of yen)

	FY2017 (April 1, 2017 to March 31, 2018)		FY2018 (April 1, 2018 to March 31, 2019)		Increase/Decrease	
	Amount	%	Amount	%	Amount	%
For Automobile	88,185	70.8	97,771	71.8	9,585	10.9
For construction & industrial machine	26,957	21.7	30,342	22.3	3,384	12.6
For Air conditioner	5,721	4.6	4,602	3.4	-1,118	-19.5
Other	3,625	2.9	3,408	2.5	-216	-6.0
Total	124,490	100.0	136,125	100.0	11,635	9.3

Notes: Amounts less than one million yen have been truncated.

(Per share information)

	FY2017 (April 1, 2017–March 31, 2018)	FY2018 (April 1, 2018–March 31, 2019)
Net assets per share:	¥5,635.91	¥5,537.37
Net income per share:	¥463.77	¥218.01

(Note) 1. We consolidated each unit of 10 common shares into a unit of one share on October 1, 2017. Net assets per share and Net income per share are calculated on the assumption that the consolidation of shares was conducted at beginning of the previous consolidated fiscal year.

2. Diluted net income per share is not listed for the consolidated fiscal year under review, as there are no potential shares that have dilutive effects on per-share net income.

3. Basis for calculation of net income per share as follows.

	FY2017 (April 1, 2017–March 31, 2018)	FY2018 (April 1, 2018–March 31, 2019)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	3,691	1,735
Net income that is not attributable to shares of common stock (Millions of yen)	—	—
Net income attributable to shares of common stock (Millions of yen)	3,691	1,735
Average number of shares of common stock during the period (Thousands)	7,960	7,959

(Significant subsequent events)

Not applicable

(Omitted disclosure)

Disclosure of the statement of comprehensive income, lease transactions, information on related parties, financial products, securities, derivative transactions, retirement benefits, stock options, tax-effect accounting, asset retirement obligations, and notes related to the rental property are omitted because disclosure of such information is deemed to be insignificant.



## 5. Non-Consolidated Financial Statements

### (1) Non-consolidated balance sheets

(Millions of yen)

	FY2017	FY2018
	As of March 31, 2018	As of March 31, 2019
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	3,354	4,045
Notes receivable-trade	302	197
Electronically recorded monetary claims-operating	2,659	2,589
Accounts receivable-trade	13,650	13,903
Short-term investment securities	399	399
Merchandise and finished goods	1,153	1,369
Work in process	341	1,117
Raw materials and supplies	529	655
Prepaid expenses	97	105
Short-term loans receivable from subsidiaries and affiliates	400	200
Accounts receivable-other	1,884	2,138
Other current assets	1	2
Allowance for doubtful accounts	(0)	(0)
Total current assets	24,775	26,724
Noncurrent assets		
Tangible Fixed Assets		
Buildings	11,279	11,876
Accumulated depreciation	(8,869)	(9,305)
Buildings, net	2,410	2,570
Structures	1,457	1,462
Accumulated depreciation	(1,201)	(1,225)
Structures, net	256	237
Machinery and equipment	22,719	24,468
Accumulated depreciation	(17,331)	(18,233)
Machinery and equipment, net	5,388	6,234
Vehicles	119	121
Accumulated depreciation	(99)	(104)
Vehicles, net	19	16
Tools, furniture and fixtures	22,549	23,619
Accumulated depreciation	(21,565)	(22,552)
Tools, furniture and fixtures, net	984	1,066
Land	1,228	1,228
Lease assets	629	63
Accumulated depreciation	(608)	(52)
Lease assets, net	21	10
Construction in progress	1,616	1,370
Other, net	2	2
Total Tangible Fixed Assets	11,926	12,737

(Millions of yen)

	FY2017	FY2018
	As of March 31, 2018	As of March 31, 2019
	Amount	Amount
Intangible assets		
Software	189	651
Other intangible assets	367	121
Total intangible assets	557	772
Investments and other assets		
Investment securities	6,278	5,408
Stocks of subsidiaries and affiliates	6,466	6,517
Investments in capital of subsidiaries and affiliates	8,451	6,121
Long-term prepaid expenses	42	18
Insurance funds	113	49
Others	858	929
Allowance for doubtful accounts	(28)	(19)
Allowance for investment loss	(339)	(227)
Deferred tax assets	193	247
Total investments and other assets	22,036	19,045
Total noncurrent assets	34,520	32,555
Total assets	59,296	59,280

(Millions of yen)

	FY2017	FY2018
	As of March 31, 2018	As of March 31, 2019
	Amount	Amount
(Liabilities)		
Current liabilities		
Electronically recorded obligations – operating	4,703	5,340
Accounts payable-trade	6,488	6,796
Short-term loans payable	1,820	1,642
Lease obligations	296	396
Accounts payable-other	486	801
Income taxes payable	135	145
Accrued consumption taxes	177	75
Accrued expenses	1,798	1,473
Advances received	109	93
Deposits received	146	160
Provision for bonuses	1,442	1,358
Provision for directors' bonuses	96	84
Provision for product warranties	31	29
Provision for shareholders benefit program	62	48
Electronically recorded obligations - non-operating	757	729
Others	685	349
Total current liabilities	19,239	19,527
Noncurrent liabilities		
Long-term loans payable	6,825	7,362
Lease obligations	696	743
Provision for retirement benefits	520	464
Asset retirement obligations	63	63
Others	24	20
Total noncurrent liabilities	8,130	8,654
Total liabilities	27,369	28,181

(Millions of yen)

	FY2017	FY2018
	As of March 31, 2018	As of March 31, 2019
	Amount	Amount
(Net assets)		
Shareholders' equity		
Capital stock	8,545	8,545
Capital surplus		
Legal capital surplus	7,306	7,306
Other capital surplus	167	167
Total capital surplus	7,473	7,473
Retained earnings		
Legal retained earnings	1,097	1,097
Other retained earnings		
Reserve for dividends	500	500
Reserve for special account for advanced depreciation of noncurrent assets	104	101
General reserve	8,130	8,130
Retained earnings brought forward	5,927	5,694
Total retained earnings	15,759	15,523
Treasury stock	(899)	(901)
Total shareholders' equity	30,879	30,642
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,047	456
Total valuation and translation adjustments	1,047	456
Total net assets	31,926	31,098
Total liabilities and net assets	59,296	59,280

## (2) Non-consolidated statements of income

(Millions of yen)

	FY2017	FY2018
	(Apr. 1, 2017–Mar. 31, 2018)	(Apr. 1, 2018–Mar. 31, 2019)
	Amount	Amount
Net sales	63,522	66,794
Cost of sales		
Beginning finished goods	1,009	1,047
Cost of products manufactured	51,556	54,087
Purchase of finished goods	1,479	838
Transfer from other account	2,077	3,940
Total	56,124	59,914
Finished goods transfer to other account	172	234
Ending finished goods	1,047	1,248
Cost of finished goods sold	54,904	58,431
Gross profit	8,618	8,363
Selling, general and administrative expenses		
Packing and delivery expenses	2,426	2,506
Advertising expenses	22	43
Provision for product warranties	31	23
Directors' compensations	176	186
Salaries and allowances	1,001	1,005
Provision for bonuses	318	301
Provision for directors' bonuses	96	84
Provision for retirement benefits	65	53
Welfare expenses	419	421
Depreciation	137	185
Repair expenses	79	102
Taxes and dues	72	80
Rent expenses	188	210
Transportation and communication expenses	365	414
Research and development expenses	1,453	1,576
Insurance expenses	28	24
Provision of allowance for doubtful accounts	—	0
Stationery expenses	22	30
Entertainment expenses	53	55
Provision for shareholders benefit program	65	22
Commission Fee	249	311
Miscellaneous expenses	739	65
Total selling, general and administrative expense	8,012	7,704
Operating income (loss)	605	658
Non-operating income		
Interest income	10	6
Interest on securities	1	0
Dividends income	3,295	2,787
Foreign exchange gains	53	9
Others	103	103
Total non-operating income	3,464	2,907

(Millions of yen)

	FY2017	FY2018
	(Apr. 1, 2017–Mar. 31, 2018)	(Apr. 1, 2018–Mar. 31, 2019)
	Amount	Amount
Non-operating expenses		
Interest expenses	38	39
Others	5	5
Total non-operating expenses	44	44
Ordinary income	4,025	3,522
Extraordinary income		
Gain on sales of noncurrent assets	0	5
Gain on sales of investment securities	641	234
Reversal of allowance for investment loss	213	112
Total extraordinary income	856	352
Extraordinary Loss		
Loss on retirement of noncurrent assets	94	65
Loss on sales of noncurrent assets	0	—
Loss on valuation of investments in capital of subsidiaries and affiliates	—	2,448
Loss on sales of golf club memberships	—	11
Surcharges	1,998	292
Total extraordinary loss	2,093	2,817
Income before income taxes	2,788	1,056
Income taxes-current	358	290
Income taxes-deferred	(281)	205
Total income taxes	77	495
Net income(loss)	2,711	560

(3) Non-consolidated statements of changes in net assets  
 Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' Equity									
	Capital stock	Capital Surplus			Legal retained earnings	Retained Earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings				Total retained earnings
						Reserve for dividends	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
As of April 1, 2017	8,545	7,306	167	7,473	1,097	500	107	8,130	3,690	13,525
Changes of items during the period										
Reversal of reserve for advanced depreciation of non-current assets							(2)		2	—
Dividends from surplus									(477)	(477)
Net income									2,711	2,711
Purchase of treasury stock										
Disposal of treasury shares			0	0						
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	0	0	—	—	(2)	—	2,236	2,234
As of March 31, 2018	8,545	7,306	167	7,473	1,097	500	104	8,130	5,927	15,759

(Millions of yen)

	Shareholders' Equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
As of April 1, 2017	(891)	28,653	1,148	1,148	29,801
Changes of items during the period					
Reversal of reserve for advanced depreciation of non-current assets		—			—
Dividends from surplus		(477)			(477)
Net income		2,711			2,711
Purchase of treasury stock	(8)	(8)			(8)
Disposal of treasury shares	0	0			0
Net changes of items other than shareholders' equity			(101)	(101)	(101)
Total changes of items during the period	(8)	2,226	(101)	(101)	2,124
As of March 31, 2018	(899)	30,879	1,047	1,047	31,926

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' Equity									
	Capital stock	Capital Surplus			Legal retained earnings	Retained Earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings				Total retained earnings
					Reserve for dividends	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward		
As of April 1, 2018	8,545	7,306	167	7,473	1,097	500	104	8,130	5,927	15,759
Changes of items during the period										
Reversal of reserve for advanced depreciation of non-current assets							(3)		3	—
Dividends from surplus									(795)	(795)
Net income									560	560
Purchase of treasury stock										
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	—	(3)	—	(232)	(235)
As of March 31, 2019	8,545	7,306	167	7,473	1,097	500	101	8,130	5,694	15,523

(Millions of yen)

	Shareholders' Equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
As of April 1, 2018	(899)	30,879	1,047	1,047	31,926
Changes of items during the period					
Reversal of reserve for advanced depreciation of non-current assets		—			—
Dividends from surplus		(795)			(795)
Net income		560			560
Purchase of treasury stock	(1)	(1)			(1)
Net changes of items other than shareholders' equity			(591)	(591)	(591)
Total changes of items during the period	(1)	(236)	(591)	(591)	(828)
As of March 31, 2019	(901)	30,642	456	456	31,098



(4) Notes concerning non-consolidated financial statement  
(Going concern assumptions)  
Not applicable