

This is the English translation of the original Japanese-language Business Results of KITO CORPORATION (the Company) for the fiscal year ended March 31, 2017 and is provided for reference purposes only. Readers are advised that the Company does not guarantee the accuracy of the content contained in this report. In the event of any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.

Business Results for the Fiscal Year Ended March 31, 2017 [Japan GAAP] (Consolidated)

May 15, 2017

Company	KITO CORPORATION	Listed on the TSE 1 st Section
Stock Code	6409	URL: http://kito.com/
Representative	Yoshio Kito, President & CEO	
Contact	Shigeki Osozawa	TEL: +81-3-5908-0161
	Senior Executive Officer, GM, Corporate Financial Management Div.	
Expected date of Ordinary General Meeting of shareholders:	June 21, 2017	Expected starting date of dividend payment: June 22, 2017
Expected date of filing of annual securities report:	June 22, 2017	
Preparation of supplementary financial document:	Yes (for institutional investors)	

(Rounded down to the nearest million yen)

1. Consolidated business results for the fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Consolidated results of operations (% change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended Mar. 2017	51,141	(8.4)	4,208	(19.4)	3,249	(29.0)	1,897	(24.0)
FY ended Mar. 2016	55,821	11.7	5,221	53.8	4,576	33.7	2,497	23.2

(Note) Comprehensive income Fiscal year ended Mar. 2017: 1,456 million yen 26.4 %
Fiscal year ended Mar. 2016: 1,152 million yen (69.2)%

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY ended Mar. 2017	82.38	82.15	8.4	5.4	8.2
FY ended Mar. 2016	95.13	94.87	10.1	7.4	9.4

(Reference) Equity in earnings of affiliates: Fiscal year ended Mar. 2017: (422) million yen
Fiscal year ended Mar. 2016: — million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 2017	60,137	21,239	33.8	1,001.60
As of Mar. 2016	60,639	26,040	41.2	952.43

(Reference) Shareholders' equity As of Mar. 2017: 20,343 million yen
As of Mar. 2016: 25,011 million yen

(3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
FY ended Mar. 2017	3,981	(2,142)	(1,148)	9,059
FY ended Mar. 2016	4,502	(3,572)	(1,900)	8,521

2. Dividends

	Annual dividend					Total	Dividend payout ratio	Rate of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended Mar. 2016	—	14.00	—	14.00	28.00	735	29.4	3.0
FY ended Mar. 2017	—	14.00	—	14.00	28.00	568	34.0	2.9
FY ending Mar. 2018 (forecast)	—	15.00	—	15.00	30.00		24.4	

3. Forecast of consolidated business results for the fiscal year ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
For the six months ending Sept. 2017	23,500	3.5	1,200	(16.5)	800	(16.6)	500	37.2	24.62
FY ending Mar. 2018	53,000	3.6	4,400	4.5	3,700	13.9	2,500	31.7	123.09

※ Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): Yes

New: 1 Company name: Kito Australia Pty. Ltd.

Excluded: —

(2) Changes in accounting policies, accounting estimates, and restatements

Changes in accounting policies due to revisions of accounting standards: No

Changes in accounting policies other than above: No

Changes of accounting estimates: No

Restatements: No

(3) Number of shares issued (common stock)

Number of shares issued at the end of period (treasury stock included)

As of Mar. 2017: 27,048,200 shares As of Mar. 2016: 27,048,200 shares

Number of treasury stock at the end of period

As of Mar. 2017: 6,737,059 shares As of Mar. 2016: 787,016 shares

Average number of shares over the period

Fiscal 2017: 23,038,255 shares Fiscal 2016: 26,252,851 shares

(Reference) Summary of non-consolidated business results

Non-consolidated business results for the fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Non-consolidated results of operations

(% change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended Mar. 2017	24,036	(5.4)	1,882	(42.7)	2,054	(41.3)	1,405	(40.9)
FY ended Mar. 2016	25,415	3.7	3,285	24.4	3,497	14.2	2,377	59.0

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended Mar. 2017	61.00	60.83
FY ended Mar. 2016	90.56	90.32

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 2017	44,999	14,355	31.8	704.54
As of Mar. 2016	44,961	18,888	41.9	717.88

(Reference) Shareholders' equity: As of Mar. 2017: 14,310 million yen
As of Mar. 2016: 18,852 million yen

***This financial summary is not subject to audit procedures.**

*** Explanation regarding the appropriate use of business forecasts and other special instructions**

(Notes to the forward-looking statements)

The performance forecasts and other forward-looking statements presented in this summary are based on information currently available and certain assumptions deemed to be reasonable, and are not to be read as guarantees of future performance by Kito. Actual performance, etc., may differ substantially due to various factors. For the preconditions of the assumptions and special instructions regarding the appropriate use of business forecasts, refer to "1. Analysis of results of operations and financial position (1) Analysis of results of operations" on page 6 of the supplementary materials.

(Method of obtaining the supplementary financial documents and the contents of the briefing session)

Kito is planning to hold a briefing session for institutional investors on May 24, 2017. A summary of the briefing session and content of explanations, along with the explanatory materials used, will be posted on the Company's website immediately afterward.

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1. Overview of business results

(1) Overview of business results for the subject period

In fiscal 2016, the fiscal year ended March 31, 2017, the general economic outlook remained turbid as a result of such factors as the economic slowdown in China and other developing Asian nations, a decline in natural resource prices, fluctuations in exchange rates, and the effects from uncertainty over the European situation. In Japan, the economy had a tone of recovery overall, supported by investment demand to address issues of aging facilities and infrastructure. The U.S. economy showed signs of recovery in facility and housing investment, supported by firm personal consumption.

Fiscal 2016 was the initial year of Kito's five-year mid-term management plan. The Kito Group implemented measures to lay the groundwork for achieving its management objectives of regaining a high earnings structure, growth through expansion of the product portfolio, and organizational evolution to become a truly global company.

As a result, consolidated net sales for the subject fiscal year amounted to ¥51,141 million (a decrease of 8.4% over the previous fiscal year). In terms of earnings, despite improvements in production efficiency and cost reductions, earnings were affected by the recording of approximately ¥600 million in expenses required for the Company's bid to acquire a European firm. Operating income amounted to ¥4,208 million (a decrease of 19.4%), with ordinary income of ¥3,249 million (a decrease of 29.0%), and net income attributable to the owners of the parent company of ¥1,897 million (a decrease of 24.0%).

Results by segment are as follows. The Kito Group's business activities are classified by geographical segment for the Company and its consolidated group companies.

Segment	Net Sales (YoY change in %)	Operating Income (Loss) (YoY change in %)
Japan	24,036 million yen, down 5.4%	4,826 million yen, down 12.6%
The Americas	24,809 million yen, down 11.3%	1,317 million yen, up 17.5%
China	5,524 million yen, down 29.8%	545 million yen, down 37.1%
Asia	4,744 million yen, down 8.2%	252 million yen, up 309.4%
Europe	1,390 million yen, down 17.6%	(27) million yen 31 million yen of operating income for the previous FY
Other	1,356 million yen, —%	(29) million yen, —%

Japan:

Net sales declined 5.4% from the previous fiscal year, to ¥24,036 million. Although sales within the domestic market rose year on year as Kito steadily captured demand from infrastructure-related investments, exports were scaled back to reduce inventory at overseas subsidiaries. Segment operating income declined 12.6%, to ¥4,826 million, due mainly to the appreciation of the yen.

The Americas:

Sales in the United States were down slightly on a local currency basis, as capital investment remained sluggish over uncertainty surrounding government policy following the change in administration. After conversion to yen, as a result of the stronger yen, segment sales declined 11.3% from the previous fiscal year, to ¥24,809 million. Operating income was down 17.5%, to ¥1,317 million, following ongoing measures for business efficiency and cost reduction.

China:

Net sales declined 29.8% from the same period of the previous fiscal year, to ¥5,524 million, with weak demand overall in response to the economic slowdown. Segment operating income amounted to ¥545 million (down 37.1%). The Kito Group continues to implement cost reduction measures aimed at securing earnings.

Asia:

Business expanded in South Korea as Kito captured demand for clean room cranes used in the flat panel display industry, but overall investment demand in the Asian region tapered off as a result of sluggish growth in regional economies in response to China's economic slowdown. As a result, segment net sales declined 8.2% from the same period of the previous fiscal year, to ¥4,744 million. Segment operating income amounted to ¥252 million (an increase of 309.4%), as a result of ongoing measures to improve earnings.

Europe:

Net sales declined 17.6% from the same period of the previous fiscal year, to ¥1,390 million, as a result of fluctuations in oil prices, and a heightened sense of uncertainty regarding the situation in Europe and surrounding regions. Kito posted a segment operating loss for the period of ¥27 million (compared with operating income of ¥31 million in the same period of the previous fiscal year).

Other:

As a result of the inclusion of Kito Australia Pty. Ltd. and its subsidiaries (acquired previously) within the scope of consolidation beginning with the first quarter of the current fiscal year, sales of this segment amounted ¥1,356 million and the operating loss was ¥29 million.

(2) Overview of financial position for the subject period**Assets:**

Total assets amounted to ¥60,137 million, a decrease of ¥502 million compared to the end of the previous fiscal year. The main factors were a ¥621 million decrease in notes and accounts receivable—trade; a ¥1,394 million increase in merchandise and finished goods; a ¥527 million decrease in deferred tax assets (current) and a ¥598 million decrease in investment securities.

Liabilities:

Total liabilities amounted to ¥38,897 million, an increase of ¥4,298 million compared to the end of the previous fiscal year. The main factors were a ¥4,971 million increase in short-term loans payable and a ¥516 million decrease in income taxes payable.

Net assets:

Net assets amounted to ¥21,239 million, a decrease of ¥4,800 million compared to the end of the previous fiscal year. The main factors were a ¥1,147 million increase in retained earnings; a ¥5,462 million increase in treasury stock; and a ¥665 million decrease in foreign currency translation adjustment.

(3) Overview of cash flows for the subject period

Cash and cash equivalents at the end of the fiscal year were ¥9,059 million, which represented an increase of ¥538 million from the previous fiscal year-end.

Cash flows from operating activities:

Net cash provided by operating activities amounted to ¥3,981 million, a decrease of ¥521 million compared to the previous fiscal year. The main factors were ¥3,578 million in income before income taxes; ¥1,792 million in depreciation and amortization; and ¥1,662 million in income taxes paid.

Cash flows from investing activities:

Net cash used in investing activities amounted to ¥2,142 million, a decrease of ¥1,430 million compared to the previous fiscal year. The main factors were ¥1,740 million in payments for the acquisition of tangible noncurrent assets and ¥653 million in payments for the acquisition of intangible noncurrent assets.

Cash flows from financing activities:

Net cash used in financing activities amounted to ¥1,148 million, a decrease of ¥751 million compared to the previous fiscal year. The main factors were ¥10,169 million in proceeds from short-term loans payable; ¥5,112 million in repayments of short-term loans payable; and ¥5,462 million in commission for purchase of treasury stock.

(4) Future outlook

The outlook for the business environment for the Kito Group remains clouded by such factors as lack of transparency in the U.S. administration, and disorder in areas around the world, as well as a slowdown in private-sector capital investment resulting from China's policy of reducing excessive production capacity, and softening markets for natural resources. At the same time, changes in the industrial structure of emerging nations, and a resulting rising focus on stability, are also becoming manifest.

Amid this business environment, the Kito Group will broaden the scope of its business operations through expansion in products and services, and enhance the productivity and efficiency of existing businesses, in order to maximize earnings and cash flow.

In Japan, the Group expects demand to be firm, centered on infrastructure-related fields such as renovation work to aging roads, bridges, and tunnels, and maintenance work for thermal power plants. We will continue to expand the lineup of products, and increase market share through greater sales of wire rope hoists launched last year.

In the Americas, although the lack of clarity in U.S. policy administration is unlikely to dissipate, the Group expects corporate capital investment demand to be firm, and grow steadily. We will continue to make improvements in the supply chain through shifting to local production for certain items, reduce costs through rationalization efforts, and strengthen the product lineup with

the addition of chain products and below-hook devices.

In China, the sense of slowdown in the economy is waning, and the Group expects a basic tone of recovery going forward. We will continue to pursue cost reductions and other measures to increase profitability, and, in anticipation of future development of the Group's business in China, are exploring restructuring of the business foundation.

In newly emerging countries, mainly in Asia, the Group will continue to implement such measures as region-specific business reforms, improving profitability for crane projects, expanding the service and maintenance business, and increasing sales of individual hoist products, as well as capturing demand for local infrastructure development projects.

As a result of these measures, for the fiscal year ending March 31, 2018, the Kito Group is forecasting consolidated net sales of ¥53,000 million, with operating income of ¥4,400 million, ordinary income of ¥3,700 million, and net income attributable to owners of the parent company of ¥2,500 million. Of note, the foreign currency exchange rate assumption for these forecasts is US\$1=¥110.0.

2. Basic approach toward the selection of accounting standards

The consolidated financial statements of the Company are prepared by the Kito Group based on the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (excluding Chapter VII & Chapter VIII) Ordinance of the Ministry of Finance No. 28 of October 30, 1976. This step is taken to facilitate the comparison between companies and periods.

The Company maintains the policy of adopting international accounting standards after taking into consideration a variety of factors and conditions in Japan and overseas.

5. Consolidated financial statements and major notes

(1) Consolidated balance sheets

(Million yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	8,529	9,069
Notes and accounts receivable—trade	11,761	11,139
Merchandise and finished goods	10,735	12,130
Work in process	1,599	2,019
Raw materials and supplies	1,517	1,251
Deferred tax assets	1,627	1,099
Other current assets	1,895	1,309
Allowance for doubtful receivables	(66)	(60)
Total current assets	37,599	37,960
Fixed assets		
Property and equipment		
Buildings and structures	10,447	10,560
Accumulated depreciation	(5,778)	(6,052)
Buildings and structures (net)	4,668	4,507
Machinery, equipment, and vehicles	17,295	18,179
Accumulated depreciation	(12,433)	(12,955)
Machinery, equipment, and vehicles (net)	4,861	5,224
Land	1,496	1,484
Construction in progress	379	266
Others	6,115	6,162
Accumulated depreciation	(5,621)	(5,697)
Others (net)	494	465
Total property and equipment	11,901	11,948
Intangible assets		
Goodwill	2,901	2,363
Software	1,239	1,731
Other intangible assets	3,756	3,564
Total intangible assets	7,896	7,658
Investments and other assets		
Investment securities	1,337	739
Deferred tax assets	641	598
Other investments and other assets	1,263	1,231
Total investments and other assets	3,242	2,569
Total fixed assets	23,040	22,177
Total assets	60,639	60,137

(Million yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable—trade	5,301	5,438
Short-term loans payable	1,758	6,730
Current portion of long-term debts payable within one year	2,836	3,149
Accrued expenses	2,757	2,411
Income taxes payable	644	128
Provision for bonuses for employees	477	601
Provision for product warranties	55	34
Provision for sales returns	300	309
Other current liabilities	939	1,221
Total current liabilities	15,072	20,023
Long-term liabilities		
Long-term loans payable	14,687	14,298
Provision for directors' retirement benefits	177	190
Net defined benefit liability	2,664	2,441
Deferred tax liabilities	1,683	1,795
Other long-term liabilities	313	147
Total long-term liabilities	19,527	18,874
Total liabilities	34,599	38,897
Net assets		
Shareholders' equity		
Capital stock	3,976	3,976
Capital surplus	5,226	5,226
Retained earnings	15,279	16,427
Treasury stock	(354)	(5,816)
Total shareholders' equity	24,128	19,814
Accumulated other comprehensive income		
Valuation difference on other available-for-sale securities	0	0
Deferred gains or losses on hedges	(132)	33
Foreign currency translation adjustment	1,512	847
Remeasurements of defined benefit plans	(496)	(351)
Total accumulated other comprehensive income	883	529
Subscription rights to shares	36	45
Non-controlling interests	991	850
Total net assets	26,040	21,239
Total liabilities and net assets	60,639	60,137

(2) Consolidated statements of income/Consolidated statements of comprehensive income

(Consolidated statements of income)

(Million yen)

	FY2015 (April 1, 2015 to March 31, 2016)	FY2016 (April 1, 2016 to March 31, 2017)
Net sales	55,821	51,141
Cost of sales	35,512	32,172
Gross profit	20,309	18,968
Selling, general, and administrative expenses		
Selling expense	11,863	10,631
General and administrative expense	3,224	4,128
Total selling, general, and administrative expenses	15,087	14,759
Operating income	5,221	4,208
Non-operating income		
Interest income	26	20
Dividends income	0	—
Rents received	32	32
Proceeds from the sales of scrap	43	34
Debt status of limitations gain	—	20
Other	115	91
Total non-operating income	218	199
Non-operating expenses		
Interest expense	464	392
Equity in losses of affiliates	—	422
Foreign exchange gains	175	118
Other	224	225
Total non-operating expenses	863	1,158
Ordinary income	4,576	3,249
Extraordinary income		
Gain on sale of noncurrent assets	—	489
Total extraordinary income	—	489
Extraordinary loss		
Impairment loss	211	161
Cost for quality control	154	—
Total extraordinary loss	366	161
Income before income taxes	4,210	3,578
Income taxes – current	1,779	1,106
Income taxes – deferred	(167)	589
Income taxes (current and deferred)	1,611	1,695
Net income	2,599	1,882
Net income attributable to non-controlling interests	101	(15)
Net income attributable to owners of parent	2,497	1,897

(Consolidated statements of comprehensive income)

(Million yen)

	FY2015 (April 1, 2015 to March 31, 2016)	FY2016 (April 1, 2016 to March 31, 2017)
Net income	2,599	1,882
Other comprehensive income		
Valuation difference on other available-for-sale securities	(1)	0
Deferred gains or losses on hedges	(75)	166
Foreign currency translation adjustment	(1,191)	(660)
Remeasurements of defined benefit plans	(177)	144
Share of other comprehensive income of entities accounted for using equity method	—	(77)
Total other comprehensive income	(1,446)	(426)
Comprehensive income	1,152	1,456
(Comprehensive income attributable to)		
Owners of the parent	1,111	1,544
Non-controlling interests	40	(87)

(3) Consolidated statements of changes in net assets

Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of the beginning of the period	3,976	5,219	13,477	(367)	22,307
Changes during the period					
Dividends from surplus			(695)		(695)
Net income attributable to owners of parent			2,497		2,497
Purchase of treasury stock					—
Disposal of treasury stock		7		12	19
Change of scope of equity method					—
Changes of items other than shareholders' equity during the period (net)					
Total changes during the period	—	7	1,801	12	1,821
Balance as of the end of the period	3,976	5,226	15,279	(354)	24,128

	Accumulated other comprehensive income					Stock acquisition rights to shares	Non-controlling interests	Total net assets
	Valuation difference on other available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of the beginning of the period	1	(56)	2,643	(318)	2,269	30	1,020	25,626
Changes during the period								
Dividends from surplus								(695)
Net income attributable to owners of parent								2,497
Purchase of treasury stock								—
Disposal of treasury stock								19
Change of scope of equity method								—
Changes of items other than shareholders' equity during the period (net)	(1)	(75)	(1,130)	(177)	(1,385)	6	(28)	(1,407)
Total changes during the period	(1)	(75)	(1,130)	(177)	(1,385)	6	(28)	413
Balance as of the end of the period	0	(132)	1,512	(496)	883	36	991	26,040

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of the beginning of the period	3,976	5,226	15,279	(354)	24,128
Changes during the period					
Dividends from surplus			(652)		(652)
Net income attributable to owners of parent			1,817		1,897
Purchase of treasury stock					—
Disposal of treasury stock				(5,462)	(5,462)
Change of scope of equity method			(98)		(98)
Changes of items other than shareholders' equity during the period (net)					
Total changes during the period			1,147	(5,462)	(4,314)
Balance as of the end of the period	3,976	5,226	16,427	(5,816)	19,814

	Accumulated other comprehensive income					Stock acquisition rights to shares	Non-controlling interests	Total net assets
	Valuation difference on other available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of the beginning of the period	0	(132)	1,512	(496)	883	36	991	26,040
Changes during the period								
Dividends from surplus								(652)
Net income attributable to owners of parent								1,897
Purchase of treasury stock								(5,462)
Disposal of treasury stock								—
Change of scope of equity method								(98)
Changes of items other than shareholders' equity during the period (net)	0	166	(665)	144	(353)	8	(141)	(486)
Total changes during the period	0	166	(665)	144	(353)	8	(141)	(4,800)
Balance as of the end of the period	0	33	847	(351)	529	45	850	21,239

(4) Consolidated statements of cash flows

(Million yen)

	FY2015 (April 1, 2015 to March 31, 2016)	FY2016 (April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
Income before income taxes	4,210	3,578
Depreciation and amortization	1,814	1,792
Impairment loss	211	161
Depreciation of goodwill	386	338
Gain on negative goodwill	—	(489)
Changes in allowance for doubtful receivables	(5)	(8)
Changes in reserve for bonuses for employees	8	115
Changes in reserve for retirement benefits for officers	(4)	13
Changes in net defined benefit liability	21	(80)
Interest and dividends income	(26)	(20)
Interest expense	464	392
Equity in earnings of affiliates	—	422
Loss on the retirement of noncurrent assets	14	10
Gain on sales of noncurrent assets	(2)	(4)
Changes in trade receivables	275	633
Changes in inventories	432	(855)
Changes in accounts receivable	28	64
Changes in prepaid expense	414	(152)
Changes in trade payables	(478)	0
Changes in accrued expenses	226	(413)
Changes in advances received	(187)	322
Others	(682)	199
Subtotal	7,121	6,021
Cash received from interest and dividends	30	20
Interest paid	(450)	(397)
Income taxes paid	(2,200)	(1,662)
Net cash provided by operating activities	4,502	3,981
Cash flows from investing activities		
Payments for the acquisition of tangible noncurrent assets	(1,317)	(1,740)
Proceeds from the sales of tangible noncurrent assets	5	58
Payments for the acquisition of intangible noncurrent assets	(695)	(653)
Payments of stocks of subsidiaries and affiliates	(1,337)	—
Proceeds from the collection of guarantee money deposited	6	7
Changes in investments and other assets	(43)	160
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	33
Others	(188)	(7)
Net cash used in investing activities	(3,572)	(2,142)

(Million yen)

	FY2015 (April 1, 2015 to March 31, 2016)	FY2016 (April 1, 2016 to March 31, 2017)
Cash flows from financing activities		
Proceeds from short-term loans payable	3,273	10,169
Repayments of short-term loans payable	(3,065)	(5,112)
Proceeds from long-term loans payable	2,525	3,000
Repayments of long-term loans payable	(2,836)	(2,973)
Redemption of bonds	(1,000)	—
Cash dividends paid by parent company	(694)	(651)
Cash dividends paid for non-controlling interests	(68)	(53)
Proceeds from sales of treasury stocks	16	—
Purchase of treasury stock	—	(5,462)
Others	(49)	(64)
Net cash used in financing activities	(1,900)	(1,148)
Effect of exchange rate change on cash and cash equivalents	(285)	(152)
Net increase (decrease) in cash and cash equivalents	(1,256)	538
Cash and cash equivalents at the beginning of the year	9,777	8,521
Cash and cash equivalents at the end of the year	8,521	9,059

(5) Notes to consolidated financial statements
(Notes regarding ongoing concern assumption)
No relevant matters to be noted.

(Segment Information)

[Segment information]

1. Reportable segments (overview)

The reportable segments of KITO CORPORATION are units of the corporation, for which financial information is separately available and which are subject to periodic reviews in order for the board of directors to determine the allocation of management resources and to assess business results.

KITO CORPORATION manufactures and sells hoisting equipment and cranes. The Company takes care of the domestic market, while for overseas markets, locally incorporated companies in the regions of the Americas, China, Asia, and Europe are respectively in charge of their own markets. Each of the locally incorporated companies is an independent management unit, plans comprehensive strategies for its products by region, and conducts business operations.

Therefore, KITO consists of these regional segments based on manufacturing and sales systems; consolidated subsidiaries and aggregated into six reportable segments, namely are Japan, the Americas, China, Asia, Europe, and Other.

Of note, the Company acquired all shares of Scaw Metals Pty. Ltd., and from the subject fiscal year has included the company and its two subsidiaries in its scope of consolidation, and added them to the Other segment.

2. Calculation methods for net sales, income or loss, assets, liabilities, and other items of reportable segments

The accounting methods used for financial statements of respective reportable segments are basically the same as those stated in "Important matters fundamental to the preparation of consolidated financial statements."

Income of reportable segments is based on operating income, and internal sales and transfers among segments are on a market-value basis.

3. Information on the amounts of net sales, income or loss, assets, liabilities, and other items of reportable segments

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

(Million yen)

	Reportable segments					Total	Adjustment Note 1	Consolidated financial statement amount Note 2
	Japan	Americas	China	Asia	Europe			
Net sales								
Net sales to unaffiliated customers	13,667	27,912	7,418	5,136	1,686	55,821	—	55,821
Net internal sales or transfers among segments	11,747	53	451	30	0	12,282	(12,282)	—
Total	25,415	27,965	7,870	5,166	1,686	68,104	(12,282)	55,821
Segment income	5,521	1,121	867	61	31	7,604	(2,382)	5,221
Segment assets	25,250	25,561	7,964	4,928	1,231	64,937	(4,298)	60,639
Others								
Depreciation and amortization	645	692	292	166	7	1,805	9	1,814
Depreciation of goodwill	11	321	—	52	—	386	—	386
Increases in tangible noncurrent assets and intangible noncurrent assets	1,426	435	86	57	8	2,013	0	2,013

Notes:

1. The details of adjustments are as stated below:

- (1) The segment income or segment loss adjustment of –2,382 million yen includes transaction offsets among segments (–146 million yen) and Company-wide expenses that are not allocated to respective reportable segments (–2,236 million yen). Company-wide expenses are expenses mostly related to the general affairs, finance & accounting, and corporate planning departments of the parent company.
 - (2) The segment assets adjustment of –4,298 million yen includes transaction offsets among segments (–4,345 million yen) and Company-wide assets that are not allocated to respective reportable segments (47 million yen). Company-wide assets are mainly those of the parent company's general administration, accounting, and corporate planning departments that do not belong to any of the reportable segments.
 - (3) The adjustment in the increase in tangible noncurrent assets and intangible noncurrent assets (0 million yen) is the amount of capital investment in Company-wide assets that are not allocated to the respective reportable segments.
2. Segment income is adjusted to operating income or operating loss listed in the consolidated financial statements.

Fiscal year under review (April 1, 2016 to March 31, 2017)

(Million yen)

	Reportable segments						Total	Adjustment Note 1	Consolidated financial statement amount Note 2
	Japan	Americas	China	Asia	Europe	Other			
Net sales									
Net sales to unaffiliated customers	13,874	24,743	5,034	4,744	1,387	1,356	51,141	—	51,141
Net internal sales or transfers among segments	10,162	66	489	0	3	—	10,720	(10,720)	—
Total	24,036	24,809	5,524	4,744	1,390	1,356	61,861	(10,720)	51,141
Segment income (loss)	4,826	1,317	545	252	(27)	(29)	6,884	(2,675)	4,208
Segment assets	24,285	25,242	7,120	4,590	1,172	1,532	63,944	(3,807)	60,137
Others									
Depreciation and amortization	674	709	232	136	6	20	1,779	12	1,792
Depreciation of goodwill	11	289	—	37	—	—	338	—	338
Increases in tangible noncurrent assets and intangible noncurrent assets	1,388	667	61	65	7	21	2,211	27	2,239

Notes:

1. The details of adjustments are as stated below:

- (1) The segment income or segment loss adjustment of –2,675 million yen includes transaction offsets among segments (–268 million yen) and Company-wide expenses that are not allocated to respective reportable segments (–2,944 million yen). Company-wide expenses are expenses mostly related to the general affairs, finance & accounting, and corporate planning departments of the parent company.
 - (2) The segment assets adjustment of – 3,807 million yen includes transaction offsets among segments (3,869 million yen) and Company-wide assets that are not allocated to respective reportable segments (62 million yen). Company-wide assets are mainly those of the parent company's general administration, accounting, and corporate planning departments that do not belong to any of the reportable segments.
 - (3) The adjustment in the increase in tangible noncurrent assets and intangible noncurrent assets (27 million yen) is the amount of capital investment in Company-wide assets that are not allocated to the respective reportable segments.
2. Segment income is adjusted to operating income or operating loss listed in the consolidated financial statements.

(Per share information)

	Fiscal 2015 (April 1, 2015 to March 31, 2016)	Fiscal 2016 (April 1, 2016 to March 31, 2017)
Net assets per share	952.43 yen	1,001.60 yen
Net income per share	95.13 yen	82.38 yen
Diluted net income per share	94.87 yen	82.15 yen

Notes:

1. The basis for calculating net assets per share is presented as follows:

	Fiscal 2015 (As of March 31, 2016)	Fiscal 2016 (As of March 31, 2017)
Total net assets (million yen)	26,040	21,239
Amount deducted from net assets (million yen)	1,028	895
(Subscription rights to shares)	(36)	(45)
(Net income attributable to non-controlling interests)	(991)	(850)
Common stocks within net assets as of the end of the year (million yen)	25,011	20,343
Number of common stocks as of the end of the year used for the calculation of net assets per share (shares)	26,261,184	20,311,141

2. The basis for calculating net income per share and diluted net income per share is presented as follows:

	Fiscal 2015 (April 1, 2015 to March 31, 2016)	Fiscal 2016 (April 1, 2016 to March 31, 2017)
Net income per share		
Net income attributable to owners of parent (million yen)	2,497	1,897
Not attributable to ordinary shareholders of common stock (million yen)	—	—
Net income attributable to owners of parent's common stock (million yen)	2,497	1,897
Average number of common stocks during the year (shares)	26,252,851	23,038,255
Diluted net income per share		
Increase in common stocks (shares)	71,197	66,257
(Subscription rights to shares) (shares)	(71,197)	(66,257)
Dilutive shares that do not have dilutive effect and thus are not included in the calculation of diluted net income per share (Summary)	<p>The 11th subscription rights to shares: Special resolution passed at the Ordinary General Meeting of Shareholders on June 20, 2013 passed at the board of directors meeting on May 27, 2014 (Number of subscription rights to shares: 300, Common stocks: 60,000 shares)</p> <p>The 12th subscription rights to shares: Special resolution passed at the Ordinary General Meeting of Shareholders on June 24, 2014 passed at the board of directors meeting on May 26, 2015 (Number of subscription rights to shares: 50, Common stocks: 10,000 shares)</p>	<p>The 11th subscription rights to shares: Special resolution passed at the Ordinary General Meeting of Shareholders on June 20, 2013 passed at the board of directors meeting on May 27, 2014 (Number of subscription rights to shares: 300, Common stocks: 60,000 shares)</p> <p>The 12th subscription rights to shares: Special resolution passed at the Ordinary General Meeting of Shareholders on June 24, 2014 passed at the board of directors meeting on May 26, 2015 (Number of subscription rights to shares: 50, Common stocks: 10,000 shares)</p> <p>The 13th subscription rights to shares: Special resolution passed at the Ordinary General Meeting of Shareholders on June 23, 2015 passed at the board of directors meeting on May 31, 2016 (Number of subscription rights to shares: 200, Common stocks: 40,000 shares)</p>

(Important subsequent events)

(Issuance of subscription rights to shares (stock options))

On May 15, 2017, the board of directors of KITO CORPORATION passed a resolution to bring up matters for discussion at the 73rd Ordinary General Meeting of shareholders scheduled on June 21, 2017, in order to issue subscription rights to shares, as stock options, for directors (excluding external directors) and executive officers of the Company pursuant to Articles 236, 238, and 239 of the Companies Act, and to delegate the determination of subscription requirements for the subscription rights to shares to the board of directors of the Company. Details are presented briefly as follows:

(i) Reason for the issuance of the subscription rights to shares:

To motivate and provide an incentive for enhancing the business results and corporate value of the Company

(ii) Number of subscription rights to shares: Up to 1,000

(iii) Type of stocks underlying the subscription rights to shares: Common stock

(iv) Number of stocks underlying the subscription rights to shares: Up to 200,000 shares

(v) Exercise period for the subscription rights to shares:

From the day on which two years will have elapsed from the day when the resolution was passed to the day on which 10 years will have elapsed, and as prescribed by the board of directors of the Company

(vi) Amount of capital stock and capital surplus to be increased in cases where stocks are issued by way of the exercise of the subscription rights to shares:

(a) The amount of the capital stock to be increased in the case where stocks are issued by way of the exercise of the subscription rights to shares shall be half of the amount of the maximum increase in the capital stock as calculated pursuant to Article 17 (1) of the "Ordinance on Company Accounting," and a fraction of less than one yen resulting from the calculation shall be rounded up.

(b) The amount of the capital surplus to be increased in the case where the stocks are issued by way of the exercise of the subscription rights to shares shall be the amount calculated by subtracting the amount of the capital stock to be increased as stipulated in (a) from the amount of the maximum increase in the capital stock as in (a).

(vii) Other details of the subscription rights to shares:

Defined at the board of directors meeting of the Company that determines the subscription requirements for the subscription rights to shares.