This is the English translation of the original Japanese-language Business Results of KITO CORPORATION (the Company) for the fiscal year ended March 31, 2016 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, 2016
[Japan GAAP] (Consolidated)

May 13, 2016

Company	**KITO CORPORATION**	Listed on the TSE 1st Section
Stock Code	6409	URL: http://kito.com/
Representative	Yoshio Kito, President & CEO	
Contact	Shigeki Osozawa Director, Executive Officer, GM, Corporate Management Division	T E L: +81-3-5908-0161

Expected date of Ordinary General Meeting of shareholders:	June 21, 2016	Expected starting date of dividend payment:	June 22, 2016
Expected date of filing of annual securities report:	June 22, 2016		
Preparation of supplementary financial document:	Yes		
Results briefing:	Yes (for institutional investors)		

(Rounded down to the nearest million yen)

1. Consolidated business results for the fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(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. 2016	55,821	11.7	5,221	53.8	4,576	33.7	2,497	23.2
FY ended Mar. 2015	49,968	19.4	3,395	(15.2)	3,423	(16.4)	2,026	(14.2)

(Note) Comprehensive income Fiscal year ended Mar. 2016: 1,152 million yen (69.2) %
Fiscal year ended Mar. 2015: 3,741 million yen (16.6) %

	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. 2016	95.13	94.87	10.1	7.4	9.4
FY ended Mar. 2015	77.52	77.11	8.9	6.6	6.8

(Reference) Equity in earnings of affiliates: Fiscal year ended Mar. 2016: — million yen
Fiscal year ended Mar. 2015: — million yen

(Note) Effective October 1, 2014, KITO conducted a 2-for-1 stock split of its common stock. Accordingly, net income per share and diluted net income per share are calculated on the assumption that the stock split was completed as of the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 2016	60,639	26,040	41.2	952.43
As of Mar. 2015	63,183	25,626	38.9	936.83

(Reference) Shareholders' equity As of Mar. 2016: 25,011 million yen
As of Mar. 2015: 24,576 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. 2016	4,502	(3,572)	(1,900)	8,521
FY ended Mar. 2015	3,338	(8,402)	7,050	9,777

2. Dividends

	Annual dividend					Total	Payout ratio	Total dividend to net assets (Consolidated)
	Q1	Q2	Q3	FY end	Annual			
	Yen	Yen	Yen	Yen	Yen	Mil yen	%	%
FY ended Mar. 2015	—	25.00	—	12.50	37.50	654	32.3	2.9
FY ended Mar. 2016	—	14.00	—	14.00	28.00	735	29.4	3.0
FY ending Mar.2017 (forecast)	—	14.00	—	14.00	28.00		30.6	

(Note) Effective October 1, 2014, KITO conducted a 2-for-1 stock split of its common stock. Accordingly, the actual dividend amount for the fiscal year ended March 31, 2015 prior to the stock split has been recorded.

3. Forecast of consolidated business results for the fiscal year ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(% 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. 2016	22.700	(12.0)	1,250	(16.9)	1,100	(7.9)	450	(20.8)	17.14
FY ending Mar. 2017	53,000	(5.1)	4,300	(17.7)	4,000	(12.6)	2,400	(3.9)	91.39

※ Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): No

New: — Excluded: —

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

Changes in accounting policies due to revisions of accounting standards: Yes

Changes in accounting policies other than above: No

Changes of accounting estimates: No

Restatements: No

(Note) For details, please refer to "5. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Changes in accounting policies) on page 19 of the supplementary materials.

(3) Number of shares issued (common stock)

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

As of Mar. 2016: 27,048,200 shares As of Mar. 2015: 27,048,200 shares

Number of treasury stock at the end of period

As of Mar. 2016: 787,016 shares As of Mar. 2015: 815,016 shares

Average number of shares over the period

Fiscal 2016: 26,252,851 shares Fiscal 2015: 26,147,003 shares

(Note) Effective October 1, 2014, KITO conducted a 2-for-1 stock split of its common stock. Accordingly, the number of shares issued (common stock) is calculated on the assumption that the stock split was completed as of the beginning of the previous fiscal year.

(Reference) Summary of non-consolidated business results

1. Non-consolidated business results for the fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(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. 2016	25,415	3.7	3,285	24.4	3,497	14.2	2,377	59.0
FY ended Mar. 2015	24,514	8.6	2,640	10.2	3,062	8.2	1,495	41.4

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 2016	90.56	90.32
Fiscal year ended Mar. 2015	57.18	56.88

(Note) Effective October 1, 2014, KITO conducted a 2-for-1 stock split of its common stock. Accordingly, net income per share and diluted net income per share are calculated on the assumption that the stock split was completed as of the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 2016	44,961	18,888	41.9	717.88
As of Mar. 2015	44,659	17,257	38.6	656.72

(Reference) Shareholders' equity: As of Mar. 2016: 18,852 million yen
As of Mar. 2015: 17,227 million yen

* Indication of the status of execution of audit procedures
This financial summary is not subject to audit procedures pursuant to the Financial Instruments and Exchange Act of Japan. However, audit procedures were in progress as of the date of report disclosure.

* Explanation regarding the appropriate use of business forecasts and other special instructions
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 5 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 19, 2016. Materials provided shall be posted on KITO's website immediately after the session.

Contents of Attached Materials

1. Analyses of results of operations and financial position

(1) Analysis of results of operations

(i) Results of operations for the fiscal year ended March 2016

In fiscal 2015, the fiscal year ended March 31, 2016, along with concerns about the slowdown in the world economy and the effects of the low price of crude oil, a sense of uncertainty spread in domestic and overseas markets. Although a moderate upward trend in corporate capital investment emerged in Japan, companies were aware of the risk of downturn in the economy and adopted a cautious stance toward investments. Overseas, the decline in crude oil prices weighed heavily on investments in the energy industry, and, although overall demand stayed firm in the United States, the strong dollar had a downside effect on manufacturing and export industries. Economic growth in China continued to slow, and, in the regions in the rest of Asia influenced by conditions in the Chinese economy, the momentum of growth weakened.

Fiscal 2015 was the fifth and final year of KITO's Mid-term Management Plan. As a result of changes in external factors, including the slowdown in the Chinese economy and weakening of investment in the Asian region, KITO responded flexibly with a number of business initiatives to attain the objectives of the Mid-term Management Plan. These included shifting its resources to business activities in North America, strengthening its profit management in crane projects, and expanding its lineup of mainstay hoist products as well as below-hook lifting devices.

As a result, consolidated net sales for the fiscal year amounted to ¥55,821 million (an increase of 11.7% over the previous fiscal year). Consolidated operating income was ¥5,221 million (an increase of 53.8% over the previous fiscal year), consolidated ordinary income was ¥4,576 million (an increase of 33.7%), and net income attributable to the owners of the parent company was ¥2,497 million (an increase of 23.2%). As a consequence, both sales and income increased over the previous fiscal year.

The KITO Group conducts business activities on a segment basis by location in connection with the operations of KITO CORPORATION and its consolidated subsidiaries. Business results by segment are as presented as follows.

Segment	Net Sales (YoY change in %)	Operating Income (Loss) (YOY change in %)
Japan	25,415 million yen, up 3.7%	5,521 million yen, up 16.8%
The Americas	27,965 million yen, up 27.3%	1,121 million yen, up 50.7%
China	7,870 million yen, down 7.5%	867 million yen, up 3.7%
Asia	5,166 million yen, down 5.6%	61 million yen (374 million yen operating loss for the previous FY)
Europe	1,686 million yen, down 0.3%	31 million yen, up 239.7%

Japan:

Sales recorded in Japan were ¥25,415 million (an increase of 3.7% year on year). Factors accounting for this were steady orders for electric-powered products, cranes, and other products, as reflected in firm private-sector capital investment. Operating income rose to ¥5,521 million (an increase of 16.8%) because of the contributions made by improved productivity at factories.

The Americas:

In the United States, subsidiary Peerless Industrial Group, Inc., was consolidated for the first time for a full fiscal year and made a major contribution to consolidated performance. Sales in the Americas rose to ¥27,965 million (an increase of 27.3% year on year). Excluding Peerless, on a local currency basis, sales of existing businesses declined 2.8% in the United States, and increased 25.2% in Canada. Operating income for the Americas as a whole amounted to ¥1,121 million (an increase of 50.7% from the previous fiscal year). The Americas thus made substantial contributions to increased sales and income.

China:

The Chinese economy slowed, and demand was generally weak. As a result, sales amounted to ¥7,870 million (a decrease of 7.5% from the previous fiscal year). As a result of cost reductions, profitability improved, and operating income amounted to ¥867 million (an increase of 3.7%).

Asia:

As a result of the effects of the slowdown in the Chinese economy, growth in regional economies weakened and demand for investment declined. Sales amounted to ¥5,166 million (a decrease of 5.6% year on year). Operating income was ¥61 million (compared with an operating loss of ¥374 million in the previous fiscal year) as a result of improvement of profitability in crane projects, expansion of maintenance and other service businesses, and the aggregation of production bases in Thailand.

Europe:
In the midst of rising uncertainties, including the decline in the price of crude oil and conditions in neighboring countries, sales in this segment amounted to ¥1,686 million (a decrease of 0.3% from the previous fiscal year).and operating income amounted to ¥31 million (an increase of 239.7%)

(ii) Outlook for the fiscal year ending March 31, 2017
Looking ahead, the outlook for the management environment surrounding the KITO Group is becoming increasingly uncertain. Factors accounting for this include the slowdown in the Chinese economy and its impact on emerging countries in Asia, weakness in natural resource markets, and the risk of a downturn in the U.S. and European markets. On the other hand, along with changes in the industrial structure of the emerging countries, there are signs of change in the form of rising safety awareness.

Amid this operating environment, the KITO Group is expanding its business activities through broadening its offerings of products and services. In addition, the Group is working to maximize its income and cash flows through improving productivity and efficiency in its existing businesses.

In Japan, the Group expects that demand for private capital investment will continue, and is looking for civil engineering construction demand for infrastructure projects and post-disaster recovery work to emerge. The Group will continue to expand its lineup of products, and work to raise its market share by increasing sales of the newly-developed wire rope hoists, which the Group has recently launched.

In the Americas, demand is believed likely to continue to be firm overall, mainly in the manufacturing industries. The Group is working to make improvements in its supply chain through shifting the production of some items to local markets, reducing costs through rationalization efforts, and strengthening its product lineup by adding the chain products and below-hook devices of Peerless.

In China, the deceleration of the economy will continue, and the outlook for demand is to remain stagnant, but the Group will continue on implementing measures to increase profitability, including cost reductions. In addition, looking to the future development of the Group's business in China, consideration of reconstructing the business base in that country has begun.

In the newly emerging countries, mainly in Asia, the Group will continue to implement measures that will include improving the profitability of crane projects; expanding the service and maintenance business, and increasing sales of individual hoist products. The Group will also work to secure demand for local infrastructure improvement projects.

As a result of these various initiatives, the KITO Group is forecasting consolidated net sales of ¥53,000 million, operating income of ¥4,300 million, ordinary income of ¥4,000 million, and net income attributable to owners of the parent company of ¥2,400 million.

Please note that the foreign currency exchange rate that is assumed in these forecasts is US$1=105.0.

Target figures for the fiscal year ending March 2017 on a consolidated basis

	FY ended March 31, 2016 (actual results)	FY ending March 31, 2017 (targets)
Consolidated net sales (million yen)	55,821	53,000
Consolidated operating income (million yen)	5,221	4,300
Operating margin (%)	9.4	8.1
Net income attributable to owners of parent (million yen)	2,479	2,400

(2) Analysis of financial position

(i) Status of assets, liabilities, and net assets

Assets:

Total assets were ¥60,639 million, which was ¥2,543 million lower than at the end of the previous fiscal year. Factors accounting for this were a decline in cash and deposits of ¥1,263 million, a decrease of ¥902 million in merchandise and finished goods, and a decline in goodwill of ¥1,110 million, which were partially offset by an increase in investment securities of ¥1,298 million.

Liabilities:

Total liabilities amounted to ¥34,599 million, which was ¥2,957 million lower than at the end of the previous fiscal year. Factors accounting for this were a decline in notes and accounts payable of ¥811 million, a decrease of ¥1,000 million in bonds payable, and a decline in long-term loans payable of ¥1,131 million.

Net assets:

Net assets stood at ¥26,040 million, which was ¥413 million higher than at the end of the previous fiscal year. This increase was due to an increase in retained earnings of ¥1,801 million, which was partially offset by a decrease of ¥1,130 million in the foreign currency translation adjustment and other factors.

(ii) Status of cash flows

Cash and cash equivalents at the end of the fiscal year were ¥8,521 million, which represented a decrease of ¥1,256 million from the previous fiscal year-end.

Cash flows from operating activities:

Net cash provided by operating activities amounted to ¥4,502 million, which was ¥1,163 million higher than in the previous fiscal year. Factors accounting for this were income before income taxes of ¥4,210 million, depreciation and amortization of ¥1,814 million, income taxes paid of ¥2,200 million, and other factors.

Cash flows from investing activities:

Net cash used in investing activities was ¥3,572 million, which represented a ¥4,830 million smaller outflow than in the previous year. This was accounted for by payments for the acquisition of tangible noncurrent assets of ¥1,317 million, payments for the acquisition of intangible noncurrent assets of ¥695 million, payments for investments in capital of subsidiaries and affiliates of ¥1,337 million, and other factors.

Cash flows from financing activities:

Net cash used in financing activities amounted to ¥1,900 million, which was ¥8,950 million larger than in the previous fiscal year. Factors accounting for this were proceeds from long-term loans payable of ¥2,525 million, which were more than offset by repayments of long-term loans payable of ¥2,836 million, redemption of bonds of ¥1,000 million, and other factors.

Reference: Cash flow-related figures

	FY ended Mar. 31, 2012	FY ended Mar. 31, 2013	FY ended Mar. 31, 2014	FY ended Mar. 31, 2015	FY ended Mar. 31, 2016
Shareholders’ equity ratio (%)	48.5	49.8	51.2	38.9	41.2
Shareholders’ equity ratio (on a market-value basis) (%)	29.3	38.4	67.1	50.7	36.4
Cash flows to interest-bearing liabilities ratio (per annum)	9.6	—	1.6	6.4	4.3
Interest coverage ratio (times)	5.4	—	22.8	14.8	10.0

Shareholders’ equity ratio=Shareholders’ equity/Total assets

Shareholders’ equity ratio (on a market-value basis)=Aggregate market value/Total assets

Cash flows to interest-bearing liabilities ratio=Interest-bearing liabilities/Cash flows

Interest coverage ratio=Cash flows/Interest payments

(Note 1) Figures are calculated using financial data on a consolidated basis.

(Note 2) The aggregate market value is calculated based on the number of shares outstanding excluding treasury stock.

(Note 3) Cash flow data is based on cash flows from operating activities.

(Note 4) Interest-bearing liabilities include all liabilities listed in the consolidated balance sheets for which interest is paid.

(Note 5) “Cash flows to interest-bearing liabilities ratio” and “Interest coverage ratio” data for the fiscal year ended March 2013 are not listed due to the negative cash flows from operating activities for that particular fiscal year.

(3) Basic policy on profit distribution, along with dividends for the fiscal year ended March 31, 2016 and the fiscal year ending March 31, 2017

KITO regards returning a portion of profits to its shareholders as an important management issue and has established a basic policy under which it aims to pay stable dividends on a continuing basis and provide for sufficient retained earnings for the future development of its businesses. Following this policy, KITO has set an objective of maintaining its consolidated dividend payout ratio at 20% or higher. KITO decides on its dividends based on comprehensive consideration of its performance on a consolidated basis and its financial position, and works to maintain and increase the level of its dividends. Regarding retained earnings, KITO considers strengthening its management base and the future development of its business activities from a long-term perspective, in line with its Mid-term Management Plan, and takes return on investment into consideration.

For its dividends from retained earnings, KITO has a basic policy of paying dividends twice yearly: an interim dividend and a year-end dividend for the fiscal year. For this reason, dividends per share for the fiscal year under review will consist of ¥14 as an interim dividend and ¥14 as a year-end dividend, for a total of ¥28 per share for the full year. (This will represent a consolidated dividend payout ratio of 29.4%.) For the next fiscal year (ending March 31, 2017), KITO is scheduled to pay an interim dividend per share of ¥14 and a year-end dividend of ¥14, bringing the total annual dividend to ¥28 per share. (The consolidated dividend payout ratio is forecast to be 30.6%.)

2. Status of the corporate group

The KITO Group consists of KITO CORPORATION and its 20 consolidated subsidiaries. The Group is mainly engaged in the manufacture and sale of hoisting equipment and cranes. In addition, the KITO Group is divided into five regional reportable segments based on manufacturing and sales systems. These five regional reportable segments are Japan, the Americas, China, Asia, and Europe. The Group's principal affiliated companies are;

Manufacture and sales of chain hoists and overhead cranes
<Japan> KITO CORPORATION (The Company)

Product sales
<Americas>
• Harrington Hoists, Inc. (U.S.A.)
• KITO CANADA INC. (Canada)
• KITO DO BRASIL COMERCIO DE TALHAS E GUINDASTES LTDA. (Brazil)
<China>
• KITO HOISTS & CRANES (SHANGHAI) CO., LTD. (China)
<Asia>
• KITO KOREA CO., LTD. (South Korea)
• KITO TAIWAN CO., LTD. (Taiwan)
• SIAM KITO CO., LTD. (Thailand)
• PT. KITO INDONESIA (Indonesia)
<Europe>
• Kito Europe GmbH (Germany)

Manufacture and sale of wire rope hoists, etc.; manufacture of component parts for KITO's products
<China>
• JIANGYIN KITO CRANE CO., LTD. (China)
Manufacture and sale of chain and chain-related products
<Americas>
•Peerless Chain Co., Inc. (U.S.A.)

Manufacture and sale of cranes, wire rope hoists, etc.
<Asia>
• ARMSEL MHE PVT. LTD. (India)

Investment holding companies
<Americas>
• KITO Americas, Inc. (U.S.A.)
• PEERLESS INDUSTRIAL GROUP, INC. (U.S.A.)
<Asia>
• SUKIT BUSINESS CO., LTD. (Thailand)
• KITO HOISTS & CRANES ASIA PTE. LTD. (Singapore)

Trademark management

<Americas>
• Har Ki, Inc. (U.S.A.)

3. Management policy

(1) Basic corporate management policy

With the aim of becoming a company that is trusted by its customers, the KITO Group is committed to across-the-board business activities that are based on the following overarching corporate philosophy:

· KITO's mission: Deliver unmatched satisfaction to our customers.
· KITO's quality: Our driving "spirit" is "quality."
· KITO's innovation: Change and challenge always.
· KITO's fundamental values: Integrity, honesty, pride, and gratitude

(2) Target management benchmarks

At present, the KITO Group is preparing a New Mid-term Management Plan (covering the period from fiscal 2016, ending March 31, 2017, through fiscal 2020, ending March 31, 2021) and is scheduled to announce this plan in the near future. Under the New Mid-term Management Plan, the Group will maximize income and cash flow generation, and aim for growth in operating income and EBITDA in the medium-to-long term. The group will undertake a number of initiatives, working to increase the productivity and efficiency of its existing businesses, and to expand the scope of its business portfolio through expanding its product fields and product lineup,

(3) The KITO Group's medium-to-long term management strategy and issues to be addressed

Under the New Mid-term Management Plan also, to continue to offer KITO Group customers value that exceeds their anticipations and maximizes value in the market for the KITO brand, the Group will focus on the following important issues, substantially strengthen its businesses in global markets, and enhance its reason for being.

(i) Enhance Customer Experience

The Group will expand its product fields and product lineup as well as increase the value of and differentiate its products. The Group will improve its user training and other services, shorten lead times, and work to further enhance customer service. It will also strengthen its quality control and quality assurance systems globally.

(ii) Create an Efficient Organization

The Group will upgrade and strengthen its global IT and business platform infrastructure. The Group will also work to improve its supply chain management, increasing the operational efficiency of its four manufacturing bases in Japan, China, the Americas, and in Asia, improving delivery services, and t reducing inventories. The Group will work to optimize its chain production system, which boasts the largest production volume for link chains in the world, building around its presence in Japan, the Americas, and Europe.

(iii) Invest in people

The Group is working to build an attractive organization by reforming the awareness of its employees and its corporate culture. By further evolving diversity, the aim will be to develop business leaders who can realize teamwork by organizing team members of differing cultures and promote the development of business in global markets.

4. 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

(1) Consolidated balance sheets

(Million yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	9,792	8,529
Notes and accounts receivable－trade	12,593	11,761
Merchandise and finished goods	11,638	10,735
Work in process	1,798	1,599
Raw materials and supplies	1,669	1,517
Deferred tax assets	1,334	1,627
Other current assets	1,707	1,895
Allowance for doubtful receivables	(55)	(66)
Total current assets	40,478	37,599
Fixed assets		
Property and equipment		
Buildings and structures	10,532	10,447
Accumulated depreciation	(5,630)	(5,778)
Buildings and structures (net)	4,901	4,668
Machinery, equipment, and vehicles	16,717	17,295
Accumulated depreciation	(11,919)	(12,433)
Machinery, equipment, and vehicles (net)	4,797	4,861
Land	1,658	1,496
Construction in progress	270	379
Others	6,097	6,115
Accumulated depreciation	(5,565)	(5,621)
Others (net)	532	494
Total property and equipment	12,161	11,901
Intangible assets		
Goodwill	4,012	2,901
Software	590	1,239
Other intangible assets	4,407	3,756
Total intangible assets	9,009	7,896
Investments and other assets		
Investment securities	38	1,337
Deferred tax assets	532	641
Other investments and other assets	961	1,263
Total investments and other assets	1,532	3,242
Total fixed assets	22,703	23,040
Deferred assets		
Bond issuance expenses	1	－
Total deferred assets	1	－
Total assets	63,183	60,639

(Million yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable－trade	6,113	5,301
Short-term loans payable	1,689	1,758
Corporate bonds redeemable within one year	1,000	－
Current portion of long-term debts payable within one year	*2 2,629	*2 2,836
Accrued expenses	2,750	2,757
Income taxes payable	1,013	644
Provision for bonuses for employees	328	477
Provision for product warranties	55	55
Provision for sales returns	402	300
Other current liabilities	1,109	939
Total current liabilities	17,093	15,072
Long-term liabilities		
Long-term loans payable	*2 16,025	*2 14,687
Provision for directors' retirement benefits	181	177
Net defined benefit liability	2,431	2,664
Deferred tax liabilities	1,619	1,683
Other long-term liabilities	205	313
Total long-term liabilities	20,464	19,527
Total liabilities	37,557	34,599
Net assets		
Shareholders' equity		
Capital stock	3,976	3,976
Capital surplus	5,219	5,226
Retained earnings	13,477	15,279
Treasury stock	(367)	(354)
Total shareholders' equity	22,307	24,128
Accumulated other comprehensive income		
Valuation difference on other available-for-sale securities	1	0
Deferred gains or losses on hedges	(56)	(132)
Foreign currency translation adjustment	2,643	1,512
Remeasurements of defined benefit plans	(318)	(496)
Total accumulated other comprehensive income	2,269	883
Subscription rights to shares	30	36
Non-controlling interests	1,020	991
Total net assets	25,626	26,040
Total liabilities and net assets	63,183	60,639

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

(Consolidated statements of income)

(Million yen)

	FY2014 (April 1, 2014 to March 31, 2015)	FY2015 (April 1, 2015 to March 31, 2016)
Net sales	49,968	55,821
Cost of sales	*2 33,143	*2 35,512
Gross profit	16,824	20,309
Selling, general, and administrative expenses		
Selling expense	10,272	11,863
General and administrative expense	*2 3,156	*2 3,224
Total selling, general, and administrative expenses	*1 13,429	*1 15,087
Operating income	3,395	5,221
Non-operating income		
Interest income	40	26
Dividends income	0	0
Foreign exchange gains	112	—
Rents received	32	32
Proceeds from the sales of scrap	30	43
Other	154	115
Total non-operating income	371	218
Non-operating expenses		
Interest expense	239	464
Foreign exchange loss	—	175
Other	103	224
Total non-operating expenses	343	863
Ordinary income	3,423	4,576
Extraordinary income		
Gain on sale of noncurrent assets	*3 347	—
Total extraordinary income	347	—
Extraordinary loss		
Impairment loss	*4 99	*4 211
Cost for quality control	—	154
Total extraordinary loss	99	366
Income before income taxes	3,671	4,210
Income taxes – current	1,845	1,779
Income taxes – deferred	(232)	(167)
Income taxes (current and deferred)	1,613	1,611
Net income	2,057	2,599
Net income attributable to non-controlling interests	31	101
Net income attributable to owners of parent	2,026	2,497

(Consolidated statements of comprehensive income)

(Million yen)

	FY2014 (April 1, 2014 to March 31, 2015)	FY2015 (April 1, 2015 to March 31, 2016)
Net income	2,057	2,599
Other comprehensive income		
Valuation difference on other available-for-sale securities	7	(1)
Deferred gains or losses on hedges	(56)	(75)
Foreign currency translation adjustment	1,865	(1,191)
Remeasurements of defined benefit plans	(132)	(177)
Total other comprehensive income	1,684	(1,446)
Comprehensive income	3,741	1,152
(Comprehensive income attributable to)		
Owners of the parent	3,597	1,111
Non-controlling interests	144	40

(3) Consolidated statements of changes in net assets

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(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	5,199	11,599	(423)	20,353
Cumulative effect of changes in accounting policies			536		536
Balance as of the beginning of the period after reflecting changes in accounting policies	3,976	5,199	12,136	(423)	20,889
Changes during the period					
Dividends from surplus			(653)		(653)
Net income attributable to owners of parent			2,026		2,026
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		19		56	75
Changes in the scope of consolidation			(32)		(32)
Changes of items other than shareholders' equity during the period (net)					
Total changes during the period	－	19	1,341	56	1,417
Balance as of the end of the period	3,976	5,219	13,477	(367)	22,307

	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	(6)	－	891	(186)	698	37	914	22,003
Cumulative effect of changes in accounting policies								536
Balance as of the beginning of the period after reflecting changes in accounting policies	(6)	－	891	(186)	698	37	914	22,539
Changes during the period								
Dividends from surplus								(653)
Net income attributable to owners of parent								2,026
Purchase of treasury stock								(0)
Disposal of treasury stock								75
Changes in the scope of consolidation								(32)
Changes of items other than shareholders' equity during the period (net)	7	(56)	1,752	(132)	1,570	(7)	105	1,669
Total changes during the period	7	(56)	1,752	(132)	1,570	(7)	105	3,086
Balance as of the end of the period	1	(56)	2,643	(318)	2,269	30	1,020	25,626

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
Cumulative effect of changes in accounting policies					—
Balance as of the beginning of the period after reflecting changes in accounting policies	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
Changes in the scope of consolidation					—
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
Cumulative effect of changes in accounting policies								—
Balance as of the beginning of the period after reflecting changes in accounting policies	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
Changes in the scope of consolidation								—
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

(4) Consolidated statements of cash flows

(Million yen)

	FY2014 April 1, 2014 to March 31, 2015	FY2015 April 1, 2015 to March 31, 2016
Cash flows from operating activities		
Income before income taxes	3,671	4,210
Depreciation and amortization	1,311	1,814
Impairment loss	99	211
Depreciation of goodwill	252	386
Changes in allowance for doubtful receivables	4	(5)
Changes in reserve for bonuses for employees	69	8
Changes in reserve for retirement benefits for officers	23	(4)
Changes in net defined benefit liability	143	21
Interest and dividends income	(41)	(26)
Interest expense	239	464
Loss on the retirement of noncurrent assets	8	14
Loss (gain) on sales of property and equipment	(351)	(2)
Changes in trade receivables	(189)	275
Changes in inventories	1,004	432
Changes in accounts receivable	113	28
Changes in prepaid expense	(109)	414
Changes in trade payables	(916)	(478)
Changes in accrued expenses	139	226
Changes in advances received	79	(187)
Others	(98)	(682)
Subtotal	5,454	7,121
Cash received from interest and dividends	43	30
Interest paid	(224)	(450)
Income taxes paid	(1,939)	(2,200)
Refund of income taxes	5	—
Net cash provided by operating activities	3,338	4,502
Cash flows from investing activities		
Payments for the acquisition of tangible noncurrent assets	(1,365)	(1,317)
Proceeds from the sales of tangible noncurrent assets	932	5
Payments into time deposits	(1)	—
Payments for the acquisition of intangible noncurrent assets	(42)	(695)
Payments of stocks of subsidiaries and affiliates	—	(1,337)
Proceeds from the collection of guarantee money deposited	5	6
Changes in investments and other assets	(237)	(43)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	*2 (7,840)	—
Others	146	(188)
Net cash used in investing activities	(8,402)	(3,572)
Cash flows from financing activities		
Changes in Short-term loans payable (net)	(2,346)	208
Proceeds from long-term loans payable	15,824	2,525
Repayments of long-term loans payable	(5,714)	(2,836)
Redemption of bonds	—	(1,000)
Cash dividends paid by parent company	(653)	(694)
Cash dividends paid for non-controlling interests	(55)	(68)
Proceeds from sales of treasury stocks	59	16
Others	(63)	(49)
Net cash provided by (used in) financing activities	7,050	(1,900)
Effect of exchange rate change on cash and cash equivalents	1,455	(285)
Net increase (decrease) in cash and cash equivalents	3,441	(1,256)
Cash and cash equivalents at the beginning of the year	6,219	9,777
Increase in cash and cash equivalents resulting from changes in the scope of consolidation	117	—
Cash and cash equivalents at the end of the year	*1 9,777	*1 8,521

(5) Notes to consolidated financial statements

(Notes regarding ongoing concern assumption)
No relevant matters to be noted.

(Important matters fundamental to the preparation of consolidated financial statements)
1. Matters concerning the scope of consolidation
(1) Number of consolidated subsidiaries: 20
Names of consolidated subsidiaries:
KITO Americas, Inc.
Harrington Hoists, Inc.
Har Ki, Inc.
PEERLESS INDUSTRIAL GROUP, INC.
PEERLESS CHAIN CO., INC.
SCC JAPAN GODO KAISHA
SCC-SECURITY CHAIN (EUROPE) HANDELES-GMBH
KITO CANADA INC.
Kito Europe GmbH
KITO PHILIPPINES, INC.
KITO HOISTS & CRANES (SHANGHAI) CO., LTD.
JIANGYIN KITO CRANE CO., LTD.
SIAM KITO CO., LTD.
SUKIT BUSINESS CO., LTD.
KITO KOREA CO., LTD.
ARMSEL MHE PVT. LTD.
KITO DO BRASIL COMERCIO DE TALHAS E GUINDASTES LTDA.
PT. KITO INDONESIA
KITO TAIWAN CO., LTD.
KITO HOISTS & CRANES ASIA PTE. LTD.

(2) Name of non-consolidated subsidiaries, etc.
KITO Chain Italia S.r.l.
(Reasons for exclusion from the scope of consolidation)
KITO Chain Italia S.r.l. was newly established during the fiscal year under review. The company's total assets, net sales, net income or loss (corresponding to equity interest), and retained earnings (corresponding to equity interest) are all too small to have any significant effect on the Company's consolidated financial statements.

2. Matters concerning application of the equity method
KITO Chain Italia S.r.l. has been excluded from the scope of consolidation as an equity-method affiliate because its net income or loss (corresponding to equity interest) and retained earnings (corresponding to equity interest) are all too small to have any significant effect on the Company's consolidated financial statements and are considered negligible even in the aggregate.

3. Matters concerning the fiscal years of consolidated subsidiaries
The closing date of financial statements is December 31 for the following consolidated subsidiaries:
KITO HOISTS & CRANES (SHANGHAI) CO., LTD.; JIANGYIN KITO CRANE CO., LTD.; SIAM KITO CO., LTD.; SUKIT BUSINESS CO., LTD.; KITO KOREA CO., LTD.; KITO DO BRASIL COMERCIO DE TALHAS E GUINDASTES LTDA; and KITO TAIWAN CO., LTD.

Financial statements as of December 31 are used to prepare consolidated financial statements. Any important transactions that took place between December 31 and the consolidated closing date are adjusted as appropriate for consolidation purposes.

4. Matters concerning accounting standards
(1) Valuation standards and methods for essential assets
(i) Inventories
Inventories are posted mainly based on the cost method in accordance with the gross average method (i.e., the write-down method based on deteriorating profitability).

(ii) Securities
Other securities
Securities whose market value is readily determinable:
Reported at market value as of the balance sheet date with unrealized gains or losses, net of applicable taxes, reported as a

separate component of net assets. The cost of securities sold is determined based on the moving-average method.
Securities whose market value is not readily determinable:
Reported at cost based on the moving-average method.

(iii) Derivatives
Reported at market value

(2) Depreciation methods for important depreciable assets
(i) Tangible noncurrent assets (excluding lease assets)
The Group uses the straight-line method.
The useful service life is as follows:

Buildings	7–50 years
Machinery and equipment	9 years

(ii) Intangible noncurrent assets (excluding lease assets)
The Group uses the straight-line method.
Software (for internal use) is based on the straight-line method in accordance with the internal availability period (five years).

(iii) Lease assets
Lease assets associated with non-ownership-transfer finance lease transactions
Lease assets associated with non-ownership-transfer finance lease transactions are posted based on the straight-line method in which the lease term is deemed as the service life with the residual value as zero.

(3) Accounting methods for important deferred assets
Bond issuance expenses
Bond issuance expenses are depreciated based on the straight-line method for the period up until the bond is redeemed.

(4) Posting methods for important allowances, provisions, and reserves
(i) Allowance for doubtful receivables
To prepare for possible losses resulting from uncollectible accounts, an estimated uncollectible amount is posted after conducting a review of general accounts receivables based on the actual rate of losses from bad debts, with collectibility reviewed on a case-by-case basis for specific receivables, such as doubtful receivables.

(ii) Reserve for bonuses for employees
To prepare for the payment of employee bonuses, a reserve for employee bonuses is posted based on the estimated amount of payment.

(iii) Reserve for product warranties
To prepare for the possibility of future payments for free after-sales service for products sold, a reserve for product warranties is posted based on past records of product warranties.

(iv) Reserve for sales returns
To prepare for the possibility of future loss resulting from product returns, an amount allocated to each fiscal year under review is posted based on the estimated amount of possible future loss resulting from product returns that is calculated in accordance with past records of product returns and the gross profit margin.

(v) Reserve for retirement benefits for officers
To prepare for the payment of retirement benefits for officers, an amount of payment required as of the end of the fiscal year is posted in accordance with internal rules regarding the reserve for retirement benefits for officers.

(5) Accounting method retirement benefits
(i) Method of attributing expected benefits to periods
In calculating retirement benefit obligations, the Company has adopted the straight-line method for attributing expected benefits up to the end of the fiscal year.

(ii) Method for handling actuarial difference and prior service costs

Past service cost is mainly amortized on a straight-line basis over a certain period (10 years) within the number of average remaining service years of employees as of the time of occurrence.

For actuarial difference, the amount proportionately divided by a fixed number of years (10 years) within the number of average remaining service years of employees as of the time of accrual during each consolidated fiscal year is posted as expenses from the consolidated fiscal year following the fiscal year of accrual.

(6) Posting methods for important income and expenses
Posting method for net sales:
The percentage-of-completion method (the rate of progress is estimated based on the cost-to-cost method) is applied to that portion of progress up to the end of the fiscal year under review with a high degree of recognized certainty. The completed contract method is applied to all other operations.

(7) Accounting methods for major hedge transactions
(i) Hedge accounting methods
The Company adopts the deferred and appropriation methods of hedge accounting.

(ii) Hedging instruments and items covered
Hedging instruments: forward foreign exchange contracts and interest rate swaps
Items covered: foreign currency-denominated claims and obligations; scheduled foreign currency-denominated transactions; foreign currency-denominated monetary obligations

(iii) Hedging policy
In accordance with internal rules, the Company enters into hedge transactions depending on the circumstances. To hedge interest rate risk and improve its financial balance, the Company conducts hedge transactions within the limits of the relevant obligations. Also, to hedge against possible losses due to future movements in currency rates, the Company conducts hedge transactions within the limits of the relevant credits and obligations.
The Company does not enter into hedge transactions for speculative purposes or to secure any short-term gain.

(iv) Method for evaluating the effectiveness of hedges
During the period from the commencement of hedging to the point at which effectiveness is assessed, the Company undertakes a comparison with the cumulative total of market changes in the targeted objects of hedging and the cumulative total of market changes in hedging instruments with respect to interest rate swap transactions in order to confirm hedging effectiveness. Turning to foreign exchange forward contracts, the Company does not evaluate the effectiveness of a hedge transaction when the key conditions relating to hedging instruments and targeted objects of hedging are identical and the hedging instrument and the targeted object of hedging completely offset anticipated market changes and changes in cash flows from the commencement of hedging and thereafter on an ongoing basis.

(8) Amortization method and period for goodwill
Goodwill is evaluated on a case-by-case basis and is amortized within the amortization period of up to 20 years based on the straight-line method.

Goodwill that is deemed to be of minimal significance is amortized during the fiscal year in which it occurs.

(9) Scope of funds in the consolidated statements of cash flows
Cash on hand and deposits that can be withdrawn at any time and short-term investments maturing within three months from the day of acquisition that are easily cashable and that incur only insignificant risks of value fluctuation are included in the scope of funds in the consolidated statements of cash flows.

(10) Other important matters fundamental to the preparation of consolidated financial statements
Accounting methods for consumption tax, etc.:
Consumption tax and local consumption tax are accounted for based on the tax exclusion method. Non-deductible consumption tax and local consumption tax are accounted for as expenses in the fiscal year under review.

(Changes in accounting policies)

(Application of the accounting standard for business combinations)
Beginning with the fiscal year under review, the Company has applied the “Accounting Standards for Business Combinations” (Corporate Accounting Standard No. 21, issued September 13, 2013; hereinafter, “Business Combinations Accounting Standards”), “Accounting Standards for Consolidated Financial Statements” (Corporate Accounting Standard No. 22 issued September 13, 2013; hereinafter, “Consolidated Accounting Standards”), and “Accounting Standards for Business Divestitures” (Corporate Accounting Standard No. 7, issued September 13, 2013; hereinafter, “Business Divestitures Accounting Standards”). Under these standards, for a subsidiary that is still controlled, change in the Company’s interest in equity of subsidiaries is accounted for in capital surplus, and expenses in connection with the acquisition of shares are treated as an expense in the consolidated fiscal year when they were incurred. Note that for business combinations that occur after the beginning of the fiscal year under review, the allocation of the cost of the acquisition, as confirmed by provisional accounting procedures, is reflected in the consolidated financial statements for the fiscal year in which the acquisition takes place. In addition, a change in the presentation of net income and a change in the presentation, under review from minority interests to non-controlling interests, have been made. To reflect these changes in presentation, the financial statements for the previous fiscal year have been reclassified.

Regarding Accounting Standards for Business Combinations, the provisional procedures contained in Accounting Standards for Business Combinations 58-2 (4), Accounting Standards for Consolidated Financial Statements 44-5 (4), and Accounting Standards for Business Divestitures 57-4 (4) have been followed and applied from the beginning of the fiscal year under review and will be applied in subsequent periods.

These changes in accounting standards had no impact on the Company’s consolidated financial statements and per share data.

(Application of Provisional Accounting Standards for Treatment of Overseas Subsidiaries in the Preparation of Consolidated Financial Statements)
The Company has applied the “Provisional Accounting Standards for Treatment of Overseas Subsidiaries in the Preparation of Consolidated Financial Statements” (Practical Guidance Report No. 18, March 26, 2015) beginning with the fiscal year under review. The Company has followed the provisional procedures for applying this practical guidance, and overseas subsidiary KITO Americas, Inc., based on the revised (as of January 2014) FASB Accounting Standards for Codification Topic 350 “Intangible Assets—Goodwill, Etc.,” has selected the method of amortizing the relevant goodwill over the remaining period for amortization in the consolidated financial statements.

These changes in accounting standards had no impact on the Company’s consolidated financial statements and per share data.

(Changes in presentation methods)
(Consolidated statements of income)
The amounts of the items Rents received and Proceeds from sales of scrap, which were included in Other within Non-operating income in the consolidated financial statements for the previous fiscal year have become material and have been treated at separate items listed in the consolidated financial statements for the fiscal year under review. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, the ¥217 million that was included in Other in the Non-operating income item in the Consolidated Statements of Income in the previous fiscal year, which comprised ¥32 million in Rents received, ¥30 million in Proceeds from the sales of scrap, and the ¥154 million included in Other, have been reclassified.

(Consolidated statements of cash flows)
In the Cash flows from financing activities, within the Consolidated Statements of Cash Flows for the previous fiscal year, Proceeds from short-term loans payable and Repayments of short-term loans payable were presented as two separate totals, but, since the terms of figures included in this item are short and the rates of turnover are high, beginning with the consolidated financial statements for the fiscal year under review, these two items have been combined to become Net increase (decrease) in short-term loans. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, within the Cash flows from financing activities, the amounts of the items Proceeds from short-term loans payable of ¥15,359 million and Repayments of short-term loan payable of ¥17,706 million and been reclassified as Net increase (decrease) in short-term loans of –¥2,346 million.

(Consolidated balance sheets)

1. For the sake of efficient working capital funding operations, KITO has entered into commitment line contracts with Sumitomo Mitsui Banking Corporation and three other banks. The amount of commitment lines unexecuted as of the end of the fiscal year under review is as indicated below:

	Fiscal 2014 (As of March 31, 2015)	Fiscal 2015 (As of March 31, 2016)
Total commitment lines	5,000 million yen	5,000 million yen
Outstanding borrowings	－ million yen	－ million yen
Balance	5,000 million yen	5,000 million yen

*2 Financial Restrictions
(1) The following financial restrictions are specified in the above-mentioned commitment contract.

(i) Shareholders' equity (the total amount of net assets – the amount of new subscription rights to shares – the amount of deferred gains or losses on hedges + the amount of treasury stock) that is calculated on a non-consolidated balance sheet basis as of the end of fiscal 2012 and the end of each fiscal year thereafter must be maintained at an amount that is no less than 75% of the shareholders' equity that is calculated on a non-consolidated balance sheet basis as of the end of fiscal 2011.

(ii) In addition, shareholders' equity (the total amount of net assets – the amount of new subscription rights to shares – the amount of deferred gains or losses on hedges – the amount of minority interests + the amount of treasury stock) that is calculated on a consolidated balance sheet basis as of the end of fiscal 2012 and the end of each fiscal year thereafter must be maintained at an amount that is no less than 75% of the shareholders' equity that is calculated on a consolidated balance sheet basis as of the end of fiscal 2011.

(iii) Operating income or loss listed in the consolidated statements of income as of the end of fiscal 2010 and the end of each fiscal year thereafter must not be a loss.

(2) Among the Company's borrowings, as of the end of the fiscal year under review, there was a syndicated loan (with an outstanding balance of ¥13,082 million) for which the contract specified the following financial restrictions.

(i) The Company will maintain its shareholders' equity as calculated from the non-consolidated accounts (defined as the total amount of net assets minus the amount of subscription rights to shares minus the amount of deferred gains and losses on hedges plus the amount of treasury stock) as of March 31, 2015, and on the last day of each subsequent annual closing of the non-consolidated accounts at a level of 75% or higher of the Company's shareholders' equity as of March 31, 2014.

(ii) The Company will maintain its consolidated shareholders' equity (defined as the total amount of net assets minus the amount of subscription rights to shares minus the amount of deferred gains and losses on hedges minus the amount of minority interests plus the amount of treasury stock) as of March 31, 2015, and on the last day of each subsequent annual closing of the consolidated accounts at a level of 75% or higher of the Company's consolidated shareholders' equity as of March 31, 2014).

(iii) The Company will not show a loss in its operating income accounts for the fiscal year ending March 31, 2015, or on the last day of each subsequent annual closing of the consolidated accounts.

*3. Items relating to non-consolidated subsidiaries and affiliated companies are presented as follows:

	Fiscal 2014 (As of March 31, 2015)	Fiscal 2015 (As of March 31, 2016)
Investment securities (shares)	－million yen	1,337 million yen

(Consolidated statements of income)

*1. Major items and the amounts of selling, general, and administrative expenses are as follows:

	Fiscal 2014 (April 1, 2014 to March 31, 2015)	Fiscal 2015 (April 1, 2015 to March 31, 2016)
Salaries/bonuses	4,686 million yen	5,276 million yen
Bonuses for officers	10 million yen	23 million yen
Provision of reserve for bonuses for employees	137 million yen	252 million yen
Retirement benefit expenses	184 million yen	249 million yen
Provision of reserve for retirement benefits for officers	23 million yen	16 million yen
Provision of allowance for doubtful receivables	24 million yen	43 million yen
Depreciation and amortization	361 million yen	395 million yen
Research & development expenses	769 million yen	840 million yen

*2. Research & development expenses that are included in general and administrative expenses and manufacturing costs are presented as follows:

	Fiscal 2014 (April 1, 2014 to March 31, 2015)	Fiscal 2015 (April 1, 2015 to March 31, 2016)
General and administrative expenses	769 million yen	840 million yen
Manufacturing costs for the fiscal year	108 million yen	101 million yen
Total	877 million yen	942 million yen

*3. Details of gain on sales of noncurrent assets are presented as follows:

	Fiscal 2014 (April 1, 2014 to March 31, 2015)	Fiscal 2015 (April 1, 2015 to March 31, 2016)
Buildings and structures	50 million yen	— million yen
Machinery, equipment, and vehicles	59 million yen	— million yen
Land	237 million yen	— million yen
Total	347 million yen	— million yen

*4. Impairment loss

The KITO Group incurred a loss on impairment on the following asset groups.:
Previous fiscal year (April 1, 2014 to March 31, 2015)

Location	Usage	Type
India	Others	Goodwill

Turning to asset groupings to which asset impairment accounting is applied, the KITO Group groups goodwill by individual asset class. In the fiscal year under review, business conditions in certain regions remained difficult and the book value of goodwill fell to the recoverable value. As a result, the KITO Group posted an impairment loss (99 million yen) under extraordinary losses for the fiscal year under review. The recoverable value is measured by the utility value calculated using a discount rate of 12.5%.

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

Location	Usage	Type
United States	Business assets	Trademark rights

Turning to asset groupings to which asset impairment accounting is applied, the KITO Group groups trademark rights by individual asset class. In the fiscal year under review, the value of the trademark rights of subsidiary Peerless Chain Co., Inc. has been reduced to the recoverable value after taking comprehensive account of the fact that sales of this company are continuing below the planned levels and as a result of the implementation of impairment test under U.S. accounting standards. Accordingly, the KITO Group posted an impairment loss of ¥211 million under extraordinary losses for the fiscal year under review. The recoverable value is measured by the utility value calculated using a discount rate of 16.0%.

(Consolidated statements of changes in net assets)
Previous fiscal year (April 1, 2014 to March 31, 2015)
1. Matters concerning outstanding shares

Type of stock	As of the beginning of the fiscal year	Increase	Decrease	As of the end of the fiscal year
Common stock (shares)	13,524,100	13,524,100	―	27,048,200

Note: The increase reflects the 2-for-1 stock split conducted on October 1, 2014.

2. Matters concerning treasury stocks

Type of stock	As of the beginning of the fiscal year	Increase	Decrease	As of the end of the fiscal year
Common stock (shares)	469,983	452,033	107,000	815,016

Note: Looking at a breakdown of the increase in shares, 451,983 shares are attributable to the 2-for-1 stock split conducted on October 1, 2014, while 50 shares are due to the purchase of odd-lot shares.
The decrease in the number of shares is the result of the exercise of stock options.

3. Matters concerning subscription rights to shares

Name of company	Details	Type of stocks underlying stock warrants	Number of stocks underlying subscription rights to shares (shares)				Outstanding value at the end of the period (million yen)
			As of the beginning of the fiscal year	Increase	Decrease	As of the end of the fiscal year	
KITO CORP.	The 5th subscription rights to shares as stock options	―	―	―	―	―	8
	The 7th subscription rights to shares as stock options	―	―	―	―	―	7
	The 9th subscription rights to shares as stock options	―	―	―	―	―	3
	The 10th subscription rights to shares as stock options	―	―	―	―	―	3
	The 11th subscription rights to shares as stock options	―	―	―	―	―	6
Total			―	―	―	―	30

Notes: The first day of the exercise period of subscription rights to shares as the 10th and 11th subscription rights to shares as stock options has not yet arrived.

4. Matters concerning dividends
(1) Amounts of dividend payments

Resolution	Type of stock	Total dividends (million yen)	Dividend per share (yen)	Base date	Effective date
June 24, 2014 Ordinary General Meeting of shareholders	Common stock	326	25.00	Mar. 31, 2014	June 25, 2014
Nov. 13, 2014 the board of directors	Common stock	326	25.00	Sept. 30, 2014	Dec. 3, 2014

Note: The Company conducted a 2-for-1 stock split on October 1, 2014.

(2) Dividends for which the base date belongs in the fiscal year, but where the effective date belongs in the following fiscal year

Resolution	Type of stock	Dividend resources	Total dividends (million yen)	Dividend per share (yen)	Base date	Effective date
June 23, 2015 Ordinary General Meeting of shareholders	Common stock	Retained earnings	327	12.50	Mar. 31, 2015	June 24, 2015

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

1. Matters concerning outstanding shares

Type of stock	As of the beginning of the fiscal year	Increase	Decrease	As of the end of the fiscal year
Common stock (shares)	27,048,200	—	—	27,048,200

2. Matters concerning treasury stocks

Type of stock	As of the beginning of the fiscal year	Increase	Decrease	As of the end of the fiscal year
Common stock (shares)	815,016	—	28,000	787,016

3. Matters concerning subscription rights to shares

Name of company	Details	Type of stocks underlying stock warrants	Number of stocks underlying subscription rights to shares (shares)				Outstanding value at the end of the period (million yen)
			As of the beginning of the fiscal year	Increase	Decrease	As of the end of the fiscal year	
KITO CORP.	The 5th subscription rights to shares as stock options	—	—	—	—	—	6
	The 7th subscription rights to shares as stock options	—	—	—	—	—	6
	The 9th subscription rights to shares as stock options	—	—	—	—	—	3
	The 10th subscription rights to shares as stock options	—	—	—	—	—	5
	The 11th subscription rights to shares as stock options	—	—	—	—	—	14
	The 12th subscription rights to shares as stock options	—	—	—	—	—	1
Total			—	—	—	—	36

Notes: The first day of the exercise period of subscription rights to shares as the 11th and 12th subscription rights to shares as stock options has not yet arrived.

4. Matters concerning dividends

(1) Amounts of dividend payments

Resolution	Type of stock	Total dividends (million yen)	Dividend per share (yen)	Base date	Effective date
June 23, 2015 Ordinary General Meeting of shareholders	Common stock	327	12.50	Mar. 31, 2015	June 24, 2015
Nov. 12, 2015 the board of directors	Common stock	367	14.00	Sept. 30, 2015	Dec. 3, 2015

(2) Dividends for which the base date belongs in the fiscal year, but where the effective date belongs in the following fiscal year

Resolution	Type of stock	Dividend resources	Total dividends (million yen)	Dividend per share (yen)	Base date	Effective date
June 21, 2016 Ordinary General	Common stock	Retained earnings	367	14.00	Mar. 31, 2016	June 22, 2016

Meeting of shareholders						

(Consolidated statements of cash flows)

*1. The relations between cash and cash equivalents as of the end of the period and the amounts of items listed in the consolidated balance sheets are as follows:

	Fiscal 2014 (As of March 31, 2015)	Fiscal 2015 (As of March 31, 2016)
Cash and deposits	9,792 million yen	8,529 million yen
Time deposits (Over 3 months)	(14) million yen	(8) million yen
Cash and cash equivalents	9,777 million yen	8,521 million yen

*2 Breakdown of the major assets and liabilities of companies that were newly included in the Company's scope of consolidation following the acquisition of shares during the fiscal year under review:

Previous fiscal year (April 1, 2014 to March 31, 2015)

The relationship between the breakdown of assets and liabilities as of the initial date of consolidation of PEERLESS INDUSTRIAL GROUP, INC. in line with its inclusion in the Company's scope of consolidation following the acquisition of shares during the fiscal year under review and the net amount of the acquisition price and expenditure undertaken to acquire PEERLESS INDUSTRIAL GROUP, INC. is presented as follows:

Current assets	7,540	million yen
Noncurrent assets	6,202	million yen
Goodwill	3,439	million yen
Current liabilities	(2,003)	million yen
Noncurrent liabilities	(6,931)	million yen
PEERLESS INDUSTRIAL GROUP, INC. acquisition price	8,247	million yen
PEERLESS INDUSTRIAL GROUP, INC. cash and cash equivalents	(406)	million yen
Difference: Expenditure undertaken to acquire PEERLESS INDUSTRIAL GROUP, INC.	7,840	million yen

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

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 five reportable segments, namely are Japan, the Americas, China, Asia, and Europe.

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, 2014 to March 31, 2015)

(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	12,751	21,888	8,198	5,442	1,686	49,968	—	49,968
Net internal sales or transfers among segments	11,763	78	305	29	5	12,182	(12,182)	—
Total	24,514	21,967	8,504	5,471	1,692	62,150	(12,182)	49,968
Segment income or segment loss	4,726	744	836	(374)	9	5,941	(2,545)	3,395
Segment assets	24,862	28,622	8,718	5,964	1,064	69,232	(6,048)	63,183
Others								
Depreciation and amortization	578	302	264	148	7	1,301	9	1,311
Depreciation of goodwill	11	172	0	67	—	252	—	252
Increases in tangible noncurrent assets and intangible noncurrent assets	894	265	144	97	5	1,408	0	1,408

Notes:
1. The details of adjustments are as stated below:
(1) The segment income or segment loss adjustment of –2,545 million yen includes transaction offsets among segments (–459 million yen) and Company-wide expenses that are not allocated to respective reportable segments (–2,085 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 –6,048 million yen includes transaction offsets among segments (–6,131 million yen) and Company-wide assets that are not allocated to respective reportable segments (56 million yen). Company-wide assets are mainly those of the parent company's general affairs, administration, finance & 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 listed in the consolidated financial statements.

Fiscal year under review (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.

(Per share information)

	Fiscal 2014 (April 1, 2014 to March 31, 2015)	Fiscal 2015 (April 1, 2015 to March 31, 2016)
Net assets per share	936.83 yen	952.43 yen
Net income per share	77.52 yen	95.13 yen
Diluted net income per share	77.11 yen	94.87 yen

Notes:

1. The Company conducted a 2-for-1 stock split on October 1, 2014. Net assets per share, net income per share, and diluted net income per share are calculated based on the assumption that this stock split had been executed as of the beginning of the previous fiscal year.
2. The basis for calculating net assets per share is presented as follows:

	Fiscal 2014 (As of March 31, 2015)	Fiscal 2015 (As of March 31, 2016)
Total net assets (million yen)	25,626	26,040
Amount deducted from net assets (million yen)	1,050	1,028
(Subscription rights to shares)	(30)	(36)
(Net income attributable to non-controlling interests	(1,020)	(991)
Common stocks within net assets as of the end of the year (million yen)	24,576	25,011
Number of common stocks as of the end of the year used for the calculation of net assets per share (shares)	26,233,184	26,261,184

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

	Fiscal 2014 (April 1, 2014 to March 31, 2015)	Fiscal 2015 (April 1, 2015 to March 31, 2016)
Net income per share		
Net income attributable to owners of parent (million yen)	2,026	2,497
Not attributable to ordinary shareholders of common stock (million yen)	—	—
Net income attributable to owners of parent's common stock (million yen)	2,026	2,497
Average number of common stocks during the year (shares)	26,147,003	26,252,851
Diluted net income per share		
Increase in common stocks (shares)	139,796	71,197
(Subscription rights to shares) (shares)	(139,796)	(71,197)
Dilutive shares that do not have dilutive effect and thus are not included in the calculation of diluted net income per share (Summary)	The 11 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)	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) The 12h 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)

(Important subsequent events)
(Issuance of subscription rights to shares (stock options))
On April 21, 2016, the board of directors of KITO CORPORATION passed a resolution to bring up matters for discussion at the 72nd Ordinary General Meeting of shareholders scheduled on June 21, 2016, 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.

(Acquisition of companies, etc. through share acquisition)

As of April 29, 2016, the Company completed the acquisition of all shares of holding company Scaw Metals Pty. Ltd. (hereinafter, Scaw Metals) in Australia, which were owned by Industrial Development Corporation of South Africa Limited (hereinafter IDC), and the acquisition of PWB Anchor Limited (hereinafter PWBA), which was a member of the Scaw Metals business group. The details of this acquisition are as follows.

(i) Name, lines of business, and size of the company to be acquired
a. Name: Scaw Metals Pty. Ltd.
b. Lines of business: Pure holding company owning PWBA, which is a sales representative company
c. Size (as of March 2015. Conversions to yen were made at A$=¥85.0)

Capital (Paid-in):	A$5 million (¥425 million)
Sales:	A$22 million (¥1,870 million)
Net assets:	A$19 million (¥1,615 million)
Total assets:	A$25 million (¥2,125 million)

(ii) Objectives of the acquisition
This acquisition will result in the purchase of PWBA, which is a member of the Scaw Metals business group in Australia. The acquisition will provide KITO with access to PWBA's sales network in Australia, and the acquisition of its chain manufacturing functions will provide KITO a strong business base in that country. PWBA has been exclusive sales agent for KITO in Australia for 30 years, and it has a very strong sales base there. Going forward, KITO will work to expand opportunities for sales of its hoists and other products in Australia through PWBA's network. In addition, by acquiring PWBA's chain business, KITO will have a world-class chain and chain-related production and development system comprising KITO's Yamanashi Plant in Japan, Peerless in the United States, and other facilities. KITO will make flexible use of these production and new product development capabilities and to structure a global production and supply system.

(iii) Date of the acquisition
April 29, 2016

(iv) Ownership method
Through share acquisition

(v) Name change of the acquired company after merger
No

(vi) Ownership of voting shares
100%

(vii) Method of financing the acquisition
KITO's own funds

6. Others
(1) Management changes

(i) Changes in representatives
No relevant matters to be noted.

'(ii) Other changes in officers (scheduled for June 21, 2016)
a. New director candidate
Director: Edward W. Hunter (current Executive Vice President Officer, Co–Chief Market Officer)
Director: Katsumi Nakamura
b. Scheduled retiring director
Director: Shigeki Osozawa
Director: Katsumori Matsushima

*Mr. Shigeki Osozawa, who is scheduled to retire as a director, will continue his responsibilities as a Executive Officer (in charge of Corporate Management Division)