

This is the English translation of the original Japanese-language Business Results of KITO CORPORATION (the Company) for the fiscal year ended March 31, 2018 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, 2018 [Japan GAAP] (Consolidated)

May 15, 2018

Company	KITO CORPORATION	Listed on the TSE 1 st Section
Stock Code	6409	URL: http://kito.com/
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Expected date of Annual General Meeting of shareholders: June 21, 2018 Expected starting date of dividend payment: June 22, 2018

Expected date of filing of annual securities report: June 22, 2018
Preparation of supplementary financial document: Yes
Briefing session to explain the financial statements: Yes (for institutional investors)

(Rounded down to the nearest million yen)

1. Consolidated business results for the fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(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. 2018	55,168	7.9	4,698	11.6	3,791	16.7	2,836	49.4
FY ended Mar. 2017	51,141	(8.4)	4,208	(19.4)	3,249	(29.0)	1,897	(24.0)

(Note) Comprehensive income Fiscal year ended Mar. 2018: 3,054 million yen 109.8%
Fiscal year ended Mar. 2017: 1,456 million yen 26.4%

	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. 2018	139.52	138.77	13.2	6.2	8.5
FY ended Mar. 2017	82.38	82.15	8.4	5.4	8.2

(Reference) Equity in earnings of affiliates: Fiscal year ended Mar. 2018: (245) million yen
Fiscal year ended Mar. 2017: (422) 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. 2018	61,854	23,697	36.7	1,114.03
As of Mar. 2017	60,137	21,239	33.8	1,001.60

(Reference) Shareholders' equity As of Mar. 2018: 22,714 million yen
As of Mar. 2017: 20,343 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. 2018	7,044	(2,191)	(3,083)	10,769
FY ended Mar. 2017	3,981	(2,142)	(1,148)	9,059

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. 2017	—	14.00	—	14.00	28.00	568	34.0	2.9
FY ended Mar. 2018	—	15.00	—	18.00	33.00	672	23.7	3.1
FY ending Mar. 2019 (forecast)	—	20.00	—	20.00	40.00		23.3	

3. Forecast of consolidated business results for the fiscal year ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% 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. 2018	26,500	7.5	2,000	57.6	1,600	81.9	1,200	125.4	58.86
FY ending Mar. 2019	58,000	5.1	5,500	17.1	5,100	34.5	3,500	23.4	171.66

※ Notes:

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

(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. 2018: 27,048,200 shares As of Mar. 2017: 27,048,200 shares

Number of treasury stock at the end of period

As of Mar. 2018: 6,659,133 shares As of Mar. 2017: 6,737,059 shares

Average number of shares over the period

Fiscal 2018: 20,327,294 shares Fiscal 2017: 23,038,255 shares

(Reference) Summary of non-consolidated business results

Non-consolidated business results for the fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(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. 2018	24,886	3.5	2,369	25.9	2,906	41.5	1,436	2.2
FY ended Mar. 2017	24,036	(5.4)	1,882	(42.7)	2,054	(41.3)	1,405	(40.9)

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended Mar. 2018	70.65	70.27
FY ended Mar. 2017	61.00	60.83

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 2018	45,872	15,328	33.3	749.42
As of Mar. 2017	44,999	14,355	31.8	704.54

(Reference) Shareholders' equity: As of Mar. 2018: 15,279 million yen
As of Mar. 2017: 14,310 million yen

***This financial summary is not subject to auditing by certified public accountants or audit firms.**

*** 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. Overview of business results (4) Future outlook" on page 6 of the attached 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 28, 2018. 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

During fiscal 2017 (ended March 31, 2018), despite continuing uncertainties in the economic outlook due to the direction of the U.S. administration and the geopolitical situation in East Asia, the economies of Japan, Europe, the United States, and China maintained a tone of recovery overall. In terms of the business environment for the Company, in both Japan and the U.S., private-sector capital investment continued to grow steadily, along with infrastructure-related demand.

Fiscal 2017 was the second year of the Company's five-year management plan. The Company continued to implement various measures from the previous year aimed at achieving its management goals of regaining a high earnings structure, growth through expansion of the product portfolio, and establishing an organizational structure of a genuine global company.

Consolidated net sales rose 7.9% from the previous fiscal year to ¥55,168 million, supported by firm demand. The Company introduced a new IT infrastructure which has initiated its operation from the second quarter of the subject fiscal year. Production activity declined temporarily immediately following the switchover to the new infrastructure, but from the third quarter the Company made a concerted effort to stabilize production, and focused on restoring regular shipments. In addition, overseas subsidiaries in China and the rest of the Asia region implemented successful measures to improve profitability. Earnings increased in all categories as a result, with operating income of ¥4,698 million (an increase of 11.6% year on year), ordinary income of ¥3,791 million (an increase of 16.7%), and net income attributable to owners of the parent of ¥2,836 million (an increase of 49.4%).

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	24,886 million yen, up 3.5%	4,639 million yen, down 3.9%
The Americas	26,785 million yen, up 8.0%	1,242 million yen, down 5.7%
China	6,264 million yen, up 13.4%	695 million yen, up 27.4%
Asia	4,681 million yen, down 1.3%	504 million yen, up 100.0%
Europe	1,916 million yen, up 37.9%	(104) million yen 27 million yen of operating loss for the previous FY
Other	2,048 million yen, up 51.1%	(52) million yen 29 million yen of operating loss for the previous FY

Japan:

Demand remained robust for both infrastructure-related investments and private-sector capital investment in both the domestic and export markets. Production activities declined temporarily in the second quarter due to the switchover to a new IT infrastructure, but production was stabilized from the third quarter to meet robust demand. As a result, net sales in Japan amounted to ¥24,886 million (an increase of 3.5% from the same period of the previous fiscal year). Operating income was ¥4,639 million (a decrease of 3.9%), due mainly to depreciation and other costs associated with introduction of the new IT infrastructure, and a temporary increase in costs to catch up production and shipment delays.

The Americas:

The U.S. economy, despite the lack of clarity in government policy, was marked by firm private-sector capital expenditure, while investment demand related to natural resources improved on an upturn in market conditions. As a result, net sales in the Americas amounted to ¥26,785 million (an increase of 8.0% from the same period of the previous fiscal year). Operating income, because of the increase in selling costs due to sales expansion measures, amounted to ¥1,242 million (a decrease of 5.7%).

China:

Deceleration of the Chinese economy came to a halt, and demand bottomed out. As a result, net sales in China amounted to ¥6,264 million (an increase of 13.4% from the same period of the previous fiscal year), with operating income of ¥695 million (an increase of 27.4%).

Asia (excluding Japan and China):

Demand continued in South Korea for clean room cranes and other products, and in Thailand and other regions the Company focused on meeting firm demand and improving earnings. As a result, while net sales in Asia (excluding Japan and China) were

mostly on a par with the previous fiscal year at ¥4,681 million (a decrease of 1.3% from the same period of the previous fiscal year), operating income improved to ¥504 million (an increase of 100.0%).

Europe:

Net sales amounted to ¥1,916 million (an increase of 37.9% from the same period of the previous fiscal year) as a result of proactive sales promotion measures to capture rising demand for capital investment throughout the region. In terms of earnings, the segment posted an operating loss of ¥104 million (compared to an operating loss of ¥27 million in the previous fiscal year), mainly due to the increase in sales-related costs.

Other:

Net sales amounted to ¥2,048 million (an increase of 51.1% from the same period of the previous fiscal year), with an operating loss of ¥52 million (compared to an operating loss of ¥29 million in the previous fiscal year). In Australia, Kito Australia Pty. Ltd. and its subsidiaries were acquired and included in the scope of consolidation at the end of June 2016) (results included from July 1, 2016).

(2) Overview of financial position for the subject period

Assets:

Total assets amounted to ¥61,854 million, an increase of ¥1,717 million compared to the end of the previous fiscal year. The main factors were a ¥1,711 million increase in cash and deposits; a ¥572 million increase in investment securities; and a ¥436 million decrease in goodwill.

Liabilities:

Total liabilities amounted to ¥38,157 million, a decrease of ¥740 million compared to the end of the previous fiscal year. The main factors were a ¥5,223 million decrease in short-term loans payable; a ¥1,063 million increase in current portion of long-term loans payable within one year; and a ¥1,432 million increase in long-term loans payable.

Net assets:

Net assets amounted to ¥23,697 million, an increase of ¥2,457 million compared to the end of the previous fiscal year. The main factor was a ¥2,246million increase in retained earnings.

(3) Overview of cash flows for the subject period

Cash and cash equivalents at the end of the fiscal year were ¥10,769 million, which represented an increase of ¥1,710 million from the previous fiscal year-end.

Cash flows from operating activities:

Net cash provided by operating activities amounted to ¥7,044 million, an increase of ¥3,063 million compared to the previous fiscal year. The main factors were ¥3,791 million in income before income taxes; ¥2,116 million in depreciation and amortization; and ¥732 million in changes in trade payables.

Cash flows from investing activities:

Net cash used in investing activities amounted to ¥2,191 million, an increase of ¥48 million compared to the previous fiscal year. The main factors were ¥1,030 million in payments for the acquisition of property and equipment; ¥380 million in payments for the acquisition of intangible assets; and ¥498 million in payments of stocks of subsidiaries and affiliates.

Cash flows from financing activities:

Net cash used in financing activities amounted to ¥3,083 million, an increase of ¥1,934 million compared to the previous fiscal year. The main factors were ¥8,600 million in repayments of short-term loans payable and ¥6,723 million in proceeds from long-term loans payable.

(4) Future outlook

For the business environment for the Company, despite concerns over U.S. government policies, a geopolitical risk observed in many areas around the world, and the prospect for structural reform in the Chinese economy, demand in the global economy overall is expected to continue to expand at a moderate pace, supported by the economies of developed countries. In Japan and the North American market, infrastructure-related investment and corporate capital investment demand are expected to grow steadily. In China, demand has already bottomed out, and, in the Asian region overall, a moderate tone of recovery is expected.

Amid such business environment, the Company, during the third year of its five-year mid-term management plan, will accelerate shift from a platform enhancement phase to a full growth phase. It will continue to broaden its business operations through expansion in products and services, enhance the productivity and efficiency of existing businesses, and maximize earnings and cash flow.

To increase the synergistic effect among the Kito Group, the Company will enforce measures to improve its supply chain, to reduce costs through streamlining operations, and expanding its product lineup with the addition of chain products, below-hook devices, and other lifting equipment. It will also invest proactively to enhance product and regional strategies.

The Company has mostly settled the issues related to the introduction of the new IT system, and, going forward, will enhance productivity through stabilizing the system's operations to firmly capture steady global demand. As a result, for the fiscal year ending March 31, 2019, it is forecasting consolidated net sales of ¥58,000 million, with operating income of ¥5,500 million, ordinary income of ¥5,100 million, and net income attributable to owners of the parent company of ¥3,500 million. The foreign currency exchange rate assumption for these forecasts is US\$1=¥105.0.

Of note, these earnings forecasts were made based on information available at the time of publication of this material. Actual results may vary from the forecast figures due to variety of factors.

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 in 1976). This step is taken to facilitate the comparison between companies and periods.

The Company maintains the policy of adopting International Financial Standards (IFRS) after taking into consideration a variety of factors and conditions in Japan and overseas.

3. Consolidated financial statements and major notes

(1) Consolidated balance sheets

(Million yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	9,069	10,780
Notes and accounts receivable—trade	11,139	11,447
Merchandise and finished goods	12,130	12,209
Work in process	2,019	1,815
Raw materials and supplies	1,251	1,478
Deferred tax assets	1,099	1,155
Other current assets	1,309	1,287
Allowance for doubtful receivables	(60)	(43)
Total current assets	37,960	40,130
Fixed assets		
Property and equipment		
Buildings and structures	10,560	10,833
Accumulated depreciation	(6,052)	(6,359)
Buildings and structures (net)	4,507	4,473
Machinery, equipment, and vehicles	18,179	18,403
Accumulated depreciation	(12,955)	(13,579)
Machinery, equipment, and vehicles (net)	5,224	4,823
Land	1,484	1,497
Construction in progress	266	284
Others	6,162	6,264
Accumulated depreciation	(5,697)	(5,795)
Others (net)	465	469
Total property and equipment	11,948	11,549
Intangible assets		
Goodwill	2,363	1,926
Software	1,731	1,705
Other intangible assets	3,564	3,209
Total intangible assets	7,658	6,841
Investments and other assets		
Investment securities	739	1,312
Deferred tax assets	598	572
Net defined benefit assets	28	81
Other investments and other assets	1,203	1,366
Total investments and other assets	2,569	3,332
Total fixed assets	22,177	21,724
Total assets	60,137	61,854

(Million yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable—trade	5,438	6,143
Short-term loans payable	6,730	1,506
Current portion of long-term loans payable within one year	3,149	4,212
Accrued expenses	2,411	2,949
Income taxes payable	128	795
Provision for bonuses for employees	601	803
Provision for product warranties	34	33
Provision for sales returns	309	290
Other current liabilities	1,221	1,884
Total current liabilities	20,023	18,619
Long-term liabilities		
Long-term loans payable	14,298	15,731
Provision for directors' retirement benefits	190	211
Net defined benefit liabilities	2,441	2,407
Deferred tax liabilities	1,795	1,083
Other long-term liabilities	147	103
Total long-term liabilities	18,874	19,537
Total liabilities	38,897	38,157
Net assets		
Shareholders' equity		
Capital stock	3,976	3,976
Capital surplus	5,226	5,210
Retained earnings	16,427	18,674
Treasury stock	(5,816)	(5,749)
Total shareholders' equity	19,814	22,111
Accumulated other comprehensive income		
Valuation difference on other available-for-sale securities	0	0
Deferred gains or losses on hedges	33	106
Foreign currency translation adjustment	847	724
Remeasurements of defined benefit plans	(351)	(228)
Total accumulated other comprehensive income	529	602
Subscription rights to shares	45	48
Non-controlling interests	850	935
Total net assets	21,239	23,697
Total liabilities and net assets	60,137	61,854

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

(Consolidated statements of income)

	(Million yen)	
	FY2016 (April 1, 2016 to March 31, 2017)	FY2017 (April 1, 2017 to March 31, 2018)
Net sales	51,141	55,168
Cost of sales	32,172	35,286
Gross profit	18,968	19,881
Selling, general, and administrative expenses		
Selling expense	10,631	11,440
General and administrative expense	4,128	3,742
Total selling, general, and administrative expenses	14,759	15,182
Operating income	4,208	4,698
Non-operating income		
Interest income	20	29
Rents received	32	31
Proceeds from the sales of scrap	34	52
Debt status of limitations gain	20	—
Other	91	90
Total non-operating income	199	204
Non-operating expenses		
Interest expense	392	395
Equity in losses of affiliates	422	245
Foreign exchange losses	118	212
Other	225	257
Total non-operating expenses	1,158	1,111
Ordinary income	3,249	3,791
Extraordinary income		
Gain on negative goodwill	489	—
Total extraordinary income	489	—
Extraordinary loss		
Impairment loss	161	—
Total extraordinary loss	161	—
Income before income taxes	3,578	3,791
Income taxes – current	1,106	1,124
Income taxes – deferred	589	(278)
Income taxes (current and deferred)	1,695	845
Net income	1,882	2,945
Net income attributable to non-controlling interests	(15)	109
Net income attributable to owners of parent	1,897	2,836

(Consolidated statements of comprehensive income)

(Million yen)

	FY2016 (April 1, 2016 to March 31, 2017)	FY2017 (April 1, 2017 to March 31, 2018)
Net income	1,882	2,945
Other comprehensive income		
Valuation difference on other available-for-sale securities	0	(0)
Deferred gains or losses on hedges	166	72
Foreign currency translation adjustment	(660)	(160)
Remeasurements of defined benefit plans	144	122
Share of other comprehensive income of entities accounted for using equity method	(77)	74
Total other comprehensive income	(426)	109
Comprehensive income	1,456	3,054
(Comprehensive income attributable to)		
Owners of the parent	1,544	2,908
Non-controlling interests	(87)	146

(3) Consolidated statements of changes in net assets

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			1,897		1,897
Purchase of treasury stock				(5,462)	(5,462)
Disposal of treasury stock					—
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					Subscription 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

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

(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	16,427	(5,816)	19,814
Changes during the period					
Dividends from surplus			(589)		(589)
Net income attributable to owners of parent			2,836		2,836
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		(16)		67	51
Change of scope of equity method					—
Changes of items other than shareholders' equity during the period (net)					
Total changes during the period		(16)	2,246	67	2,297
Balance as of the end of the period	3,976	5,210	18,674	(5,749)	22,111

	Accumulated other comprehensive income					Subscription 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	33	847	(351)	529	45	850	21,239
Changes during the period								
Dividends from surplus								(589)
Net income attributable to owners of parent								2,836
Purchase of treasury stock								(0)
Disposal of treasury stock								51
Change of scope of equity method								—
Changes of items other than shareholders' equity during the period (net)	(0)	72	(122)	122	72	2	84	160
Total changes during the period	(0)	72	(122)	122	72	2	84	2,457
Balance as of the end of the period	0	106	724	(228)	602	48	935	23,697

(4) Consolidated statements of cash flows

(Million yen)

	FY2016 (April 1, 2016 to March 31, 2017)	FY2017 (April 1, 2017 to March 31, 2018)
Cash flows from operating activities		
Income before income taxes	3,578	3,791
Depreciation and amortization	1,792	2,116
Impairment loss	161	—
Depreciation of goodwill	338	327
Gain on negative goodwill	(489)	—
Changes in allowance for doubtful receivables	(8)	(17)
Changes in reserve for bonuses for employees	115	138
Changes in reserve for retirement benefits for officers	13	21
Changes in net defined benefit liabilities	(80)	86
Interest and dividends income	(20)	(29)
Interest expense	392	395
Equity in earnings of affiliates	422	245
Loss on the retirement of noncurrent assets	10	17
Gain on sales of noncurrent assets	(4)	(5)
Changes in trade receivables	633	(441)
Changes in inventories	(855)	(445)
Changes in accounts receivable	64	(36)
Changes in prepaid expense	(152)	13
Changes in trade payables	0	732
Changes in accrued expenses	(413)	717
Changes in advances received	322	354
Others	199	91
Subtotal	6,021	8,073
Cash received from interest and dividends	20	29
Interest paid	(397)	(386)
Income taxes paid	(1,662)	(672)
Net cash provided by operating activities	3,981	7,044
Cash flows from investing activities		
Payments for the acquisition of property and equipment	(1,740)	(1,030)
Proceeds from the sales of property and equipment	58	27
Payments for the acquisition of intangible assets	(653)	(380)
Payments of stocks of subsidiaries and affiliates	—	(498)
Payments for investments in capital of subsidiaries and affiliates	—	(178)
Proceeds from the collection of guarantee money deposited	7	16
Changes in investments and other assets	160	(134)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	33	—
Others	(7)	(11)
Net cash used in investing activities	(2,142)	(2,191)

(Million yen)

	FY2016 (April 1, 2016 to March 31, 2017)	FY2017 (April 1, 2017 to March 31, 2018)
Cash flows from financing activities		
Proceeds from short-term loans payable	10,169	3,421
Repayments of short-term loans payable	(5,112)	(8,600)
Proceeds from long-term loans payable	3,000	6,723
Repayments of long-term loans payable	(2,973)	(3,779)
Cash dividends paid by parent company	(651)	(588)
Cash dividends paid for non-controlling interests	(53)	(96)
Purchase of treasury stock	(5,462)	(0)
Others	(64)	(162)
Net cash used in financing activities	(1,148)	(3,083)
Effect of exchange rate change on cash and cash equivalents	(152)	(59)
Net increase (decrease) in cash and cash equivalents	538	1,710
Cash and cash equivalents at the beginning of the year	8,521	9,059
Cash and cash equivalents at the end of the year	9,059	10,769

(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 are aggregated into six reportable segments, namely Japan, the Americas, China, Asia, Europe, and Other.

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

Fiscal year ended March 31, 2017 (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 includes transaction offsets among segments of ¥268 million and Company-wide expenses that are not allocated to respective reportable segments of ¥(2,944) million. 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 includes transaction offsets among segments of ¥(3,869) million and Company-wide assets that are not allocated to respective reportable segments of ¥62 million. 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 of ¥27 million is the amount of capital investment in Company-wide assets that are not allocated to the respective reportable segments.
2. Segment income or loss is adjusted to operating income listed in the consolidated financial statements.

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

(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	13,947	26,700	5,903	4,680	1,887	2,048	55,168	—	55,168
Net internal sales or transfers among segments	10,939	85	360	1	29	—	11,415	(11,415)	—
Total	24,886	26,785	6,264	4,681	1,916	2,048	66,583	(11,415)	55,168
Segment income (loss)	4,639	1,242	695	504	(104)	(52)	6,924	(2,225)	4,698
Segment assets	26,157	24,355	7,170	4,895	1,643	1,372	65,595	(3,740)	61,854
Others									
Depreciation and amortization	830	865	225	145	7	28	2,103	12	2,116
Depreciation of goodwill	11	296	—	19	—	—	327	—	327
Increases in tangible noncurrent assets and intangible noncurrent assets	796	680	62	35	14	16	1,605	2	1,607

Notes:

1. The details of adjustments are as stated below:

- (1) The segment income or segment loss adjustment of ¥(2,225) million includes transaction offsets among segments of ¥120 million and Company-wide expenses that are not allocated to respective reportable segments of ¥(2,346) million. 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 ¥(3,979) million includes transaction offsets among segments of ¥(5,343) million and Company-wide assets that are not allocated to respective reportable segments of ¥1,602 million. Company-wide assets are mainly those of the parent the 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 of ¥2 million is the amount of capital investment in Company-wide assets that are not allocated to the respective reportable segments.
2. Segment income or loss is adjusted to operating income listed in the consolidated financial statements.

(Per share information)

	FY2016 (April 1, 2016 to March 31, 2017)	FY2017 (April 1, 2017 to March 31, 2018)
Net assets per share	1,001.60 yen	1,114.03yen
Net income per share	82.38 yen	139.52yen
Diluted net income per share	82.15 yen	138.77 yen

Notes:

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

	FY2016 (As of March 31, 2017)	FY2017 (As of March 31, 2018)
Total net assets (million yen)	21,239	23,697
Amount deducted from net assets (million yen)	895	983
(Subscription rights to shares)	(45)	(48)
(Net income attributable to non-controlling interests)	(850)	(935)
Common stocks within net assets as of the end of the year (million yen)	20,343	22,714
Number of common stocks as of the end of the year used for the calculation of net assets per share (shares)	20,311,141	20,389,067

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

	FY2016 (April 1, 2016 to March 31, 2017)	FY2017 (April 1, 2017 to March 31, 2018)
Net income per share		
Net income attributable to owners of parent (million yen)	1,897	2,836
Not attributable to ordinary shareholders of common stock (million yen)	—	—
Net income attributable to owners of parent's common stock (million yen)	1,897	2,836
Average number of common stocks during the year (shares)	23,038,255	20,327,294
Diluted net income per share		
Increase in common stocks (shares)	66,257	110,250
(Subscription rights to shares) (shares)	(66,257)	(110,250)
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 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 April 19, 2018, the board of directors of KITO CORPORATION passed a resolution to bring up matters for discussion at the 74th Annual General Meeting of shareholders scheduled on June 21, 2018, 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.