

FOR IMMEDIATE RELEASE

Meidensha Corporation Reports Earnings for the Fiscal Year Ended March 31, 2018

Tokyo, Japan; May 14, 2018—Meidensha Corporation (TSE:6508) reported consolidated net sales of ¥241,832 million and net income attributable to owners of the parent of ¥7,056 million, or ¥31.10 per share, for the fiscal year ended March 31, 2018.

1. Operating Results and Financial Position

(1) Analysis of Operating Results

In the fiscal year under review (April 1, 2017 to March 31, 2018), the Japanese economy continued on a gradual recovery track such as improvements in corporate earnings and capital investment. Meanwhile, in the global economy, although there are signs of uncertainty such as U.S. policy management and geopolitical risks on the Korean Peninsula and in the Middle East, the U.S. economy continues to recover and movements of economic recovery were also seen in Asia.

[Consolidated Results]

In this operating environment, the Meiden Group has focused on making products more competitive with the aim of completion of V120, its Medium-term Management Plan, which is its final year. It has steadily “strengthened the earnings base of the Group’s domestic infrastructure business” and “expanded growth of overseas business” in step with growth in emerging economies.

As a result, operating results for the year ended March 31, 2018 were as follows.

(Unit: million of yen)

	Fiscal year ended March 31, 2017 Result	Fiscal year ended March 31, 2018 Result	Change	Change (%)
Netsales	220,141	241,832	21,691	9.9
Operating income	8,849	11,381	2,531	28.6
Ordinary income	8,209	9,992	1,783	21.7
Net income attributable to owners of the parent	5,743	7,056	1,313	22.9

The results for each business segment are represented below, with sales figures including inter-segment sales.

1) Social Infrastructure Systems Business

Netsales in this segment increased 16.2% year on year to ¥147,049 million, and operating income rose 23.8% to ¥4,080 million.

As for the electricity and social infrastructure systems business, though photovoltaic power generation products decreased, sales of the business increased due to a recovery in capital investment for overseas production bases of Japanese companies.

Sales of the rail system business increased compared with the previous fiscal year, as sales of large overseas rail system projects grew strongly despite a trend of intensifying competition in Japan.

Sales in the water and environmental business rose compared with the previous fiscal year due to a recovery in orders for installation of replacements resulting from strengthening of business proposals amid a severe business environment such as budget cuts arising from fiscal difficulties at local governments and contracting demand stemming from a decline in population, etc.

2) Industrial Systems Business

Net sales in this segment totaled ¥56,000 million, on par with the level achieved in the previous fiscal year, and operating income rose 77.8% to ¥4,384 million.

Sales of the motor drive business increased compared with the previous year due to robust performance of motors and inverters for PHEVs and EVs. Sales of the electronics business increased, driven by vacuum capacitors and pulse power suppliers on the back of robust growth in the semiconductor manufacturing equipment market. Sales of the dynamometer and logistics systems business decreased compared with the previous fiscal year due to the impact of the decline in orders during the previous fiscal year despite orders recovering due to a recovery in investment for automobile manufacturer testing equipment and an expansion in investment in the logistics industry.

3) Maintenance and Servicing Business

Net sales in this segment increased 2.8% year on year to ¥33,962 million and operating income decreased 5.1% to ¥3,587 million due to the initiative of a one-stop service and providing diagnosis/proposals using walk-throughs of private plants and facilities, in addition to the strengthening of both human resource development and R&D to cater to this.

4) Real Estate Business

Net sales in this segment totaled ¥3,463 million, on par with the level achieved in the previous fiscal year, and operating income came to ¥1,337 million. The Group is engaged in real estate leasing business, centered on the office and commercial building Think Park Tower in Osaki, Shinagawa Ward, Tokyo.

5) Other Business

Net sales in this segment decreased 4.3% year on year to ¥18,327 million, and operating income rose 7.1% to ¥497 million. This segment includes businesses not included in any of the above segments such as manufacture and sales of electrochemical measuring devices and electrical insulating materials, welfare services for employees as well as sales of commodities.

(2) Analysis of Financial Condition

Total assets at March 31, 2018 amounted to ¥264,457 million, an increase of ¥16,810 million (6.8%) from the end of the previous fiscal year (March 31, 2017).

Current assets rose ¥16,224 million (11.8%) to ¥153,803 million as trade receivables increased.

Fixed assets increased by ¥585 million (0.5%) compared with the end of the previous fiscal year to ¥110,653 million due to an increase in machinery, equipment and vehicles associated with the consolidation of Prime Meiden Ltd.

Total liabilities at March 31, 2018 were ¥183,228 million, an increase of ¥9,894 million (5.7%) from the end of the previous fiscal year, attributable to higher levels of accounts payable-trade.

Net assets amounted to ¥81,229 million, an increase of ¥6,916 million (9.3%), owing to recording of net income attributable to owners of the parent.

As a result, the equity ratio came to 30.3% as of March 31, 2018, compared with 29.6% at the end of the previous fiscal year.

(3) Cash Flows

Cash and cash equivalents at March 31, 2018, amounted to ¥9,236 million, a decline of ¥771 million from the previous fiscal year-end. The following are the main factors affecting changes in cash flows during the fiscal year under review.

Cash Flows from Operating Activities

Net cash provided by operating activities in the fiscal year ended March 31, 2018 amounted to ¥17,975 million, compared with ¥11,840 million provided in the previous fiscal year.

The major inflows were income before income taxes of ¥10,272 million and depreciation and amortization of ¥8,897 million, and an increase in trade payables of ¥7,700 million, which were partially offset by outflows from an increase in trade receivable of ¥12,208 million and income taxes paid of ¥2,473 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥7,582 million, compared with ¥12,031 million used in the previous fiscal year. This was mainly due to payment of ¥7,082 million for the purchase of property, plant and equipment, and intangible assets.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥11,230 million, compared with ¥3,767 million used in the previous fiscal year. Expenditures can be broken down into ¥9,000 million in repayment of commercial paper, ¥3,438 million in payment of long-term debt. Revenues were largely made up of ¥5,000 million in proceeds from issuance of long-term loans payable.

(Reference) Trends in Cash Flow-Related Indices

For the years ended March 31	2014	2015	2016	2017	2018
Equity ratio (%)	24.0	25.9	26.5	29.6	30.3
Equity ratio on a market-capitalization basis (%)	41.8	34.5	45.6	36.2	34.8
Ratio of interest-bearing debt to cash flow (years)	3.3	5.0	2.3	4.3	2.5
Interest coverage ratio (times)	23.1	16.6	38.3	24.6	37.3

Equity ratio: Total equity / Total assets

Equity ratio on a market capitalization basis: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest paid

Note 1. All figures are based on consolidated financial results.

Note 2. Market capitalization is calculated based on the number of outstanding shares excluding treasury stock.

Note 3. Calculations involving cash flow use cash flows from operating activities.

Note 4. Interest-bearing debt includes all debt recorded on the consolidated balance sheets for which interest is paid.

(4)FutureOutlook

While the domestic infrastructure market is continuing to be downsized due to factors such as a dwindling population and the financial difficulties faced by the national and local governments, the requirements and challenges of the market have been changing drastically including wider public infrastructure services, movements coordinated between the government and the private sector, the measures to address aging of the existing infrastructure, and growing demand for energy savings.

In the overseas market, the uncertain conditions are likely to continue, but it is expected that infrastructure-related demand would continue to grow given the economic development in emerging countries led by those in Asia in the medium-to long-term.

Under such conditions, the Meiden Group started the “Medium-term Management Plan 2020” this fiscal year.

It will aim to further enhance corporate value and strengthen earning capacity by conducting strategic investments in three areas: growth businesses, earnings-base businesses and new growth businesses.

The current management forecast for consolidated financial results for the year ending March 31, 2019 is as follows. All figures are for the full year.

(Unit: million of yen)

	Fiscal year ended March 31, 2018 Result	Fiscal year ending March 31, 2019 Forecast	Year-on-year change
Orders	273,568	240,000	(33,568)
Netsales	241,832	245,000	3,167
Operating income	11,381	11,500	118
Ordinary income	9,992	10,800	807
Net income attributable to owners of the parent	7,056	7,500	443

(5)MaterialEventsRelatedtoGoing-concernAssumptions

Not applicable

2.BasicApproachtotheSelectionofAccountingStandards

The Meiden Group's policy for the time being is to prepare its consolidated financial statements based on the Japanese accounting standards after taking into account the comparability of the consolidated financial statements between terms and with other companies.

The Group plans to respond appropriately to the application of the International Financial Reporting Standards (IFRS) by considering the situation prevailing in Japan and abroad.

3. Consolidated Financial Statements
(1) Consolidated Balance Sheets

	As of March 31, 2017	As of March 31, 2018
	millionsofyen	millionsofyen
Assets		
Current assets		
Cash and time deposits	10,105	9,506
Notes and accounts receivable-trade	75,067	87,323
Electronically recorded monetary claims-operating	3,634	6,887
Merchandise and finished goods	5,424	4,389
Work in process	30,344	32,047
Raw materials and supplies	4,336	5,288
Deferred tax assets	3,515	4,348
Other current assets	5,338	4,207
Allowance for doubtful accounts	(187)	(195)
Total current assets	137,579	153,803
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	85,027	86,493
Accumulated depreciation	(46,835)	(48,942)
Buildings and structures, net	38,192	37,550
Machinery, equipment and vehicles	46,476	50,332
Accumulated depreciation	(37,462)	(39,232)
Machinery, equipment and vehicles, net	9,014	11,100
Land	12,607	12,590
Construction in progress	1,882	1,628
Other property, plant and equipment	20,568	21,168
Accumulated depreciation	(18,239)	(19,037)
Other property, plant and equipment, net	2,328	2,130
Total property, plant and equipment	64,026	64,999
Intangible assets		
Software	5,227	5,568
Goodwill	1,055	5,738
Other	1,371	1,348
Total intangible assets	7,654	12,655
Investments and other assets		
Investment securities	26,886	21,719
Long-term loans receivable	31	32
Deferred tax assets	9,906	9,739
Other assets	1,612	1,544
Allowance for doubtful accounts	(49)	(38)
Total investments and other assets	38,387	32,998
Total fixed assets	110,067	110,653
Total assets	247,646	264,457

	Asof March 31, 2017 millionsofyen	Asof March 31, 2018 millionsofyen
Liabilities		
Current liabilities		
Notes and accounts payable-trade	30,870	36,840
Electronically recorded obligations-operating	1,945	2,659
Short-term borrowings	7,938	8,196
Commercial paper	15,000	6,000
Accounts payable-other	13,046	14,296
Accrued income taxes	1,126	3,240
Advances received from customers	11,755	13,962
Accrued bonuses for employees	6,004	7,231
Provision for product warranties	749	1,157
Provision for losses on orders	1,145	970
Other current liabilities	13,779	15,940
Total current liabilities	103,361	110,495
Long-term liabilities		
Bonds payable	-	5,000
Long-term debt	22,427	20,907
Net defined benefit liability	43,714	43,060
Provision for environmental measures	817	654
Deferred tax liabilities	7	7
Other long-term liabilities	3,005	3,102
Total long-term liabilities	69,972	72,732
Total liabilities	173,333	183,228
Net assets		
Shareholders' equity		
Common stock	17,070	17,070
Capital surplus	13,197	12,435
Retained earnings	38,861	44,103
Treasury stock	(177)	(182)
Total shareholders' equity	68,951	73,426
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	7,431	8,258
Deferred gains or losses on hedging derivatives, net of taxes	(16)	5
Foreign currency translation adjustment	1,326	1,723
Remeasurements of defined benefit plans	(4,455)	(3,179)
Total accumulated other comprehensive income	4,285	6,807
Non-controlling interests	1,075	995
Total net assets	74,312	81,229
Total liabilities and net assets	247,646	264,457

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

	Yearended March 31, 2017	Yearended March 31, 2018
	millionsofyen	millionsofyen
Netsales	220,141	241,832
Costofsales	164,685	181,429
Grossprofit	55,456	60,403
Selling,generalandadministrativeexpenses		
Freightageandpackingexpenses	782	746
Salescommission	880	905
Employees'salariesandallowances	14,399	14,272
Bonusesandaccruedbonusesforemployees	5,217	5,791
Provisionforemployees'severanceand retirementbenefits	1,811	1,759
Depreciationandamortization	2,921	3,012
Rentexpenses	1,787	1,783
Correspondenceandtransportationexpenses	2,301	2,448
Researchexpenses	3,511	4,439
Other	12,993	13,862
Totalselling,generalandadministrativeexpenses	46,606	49,022
Operatingincome(loss)	8,849	11,381
Non-operatingincome		
Interestanddividendincome	561	556
Rentincome	118	110
Gainonsaleofrawmaterials	160	209
Other	476	458
Totalnon-operatingincome	1,316	1,333
Non-operatingexpenses		
Interestexpenses	465	478
Equityinlossesofaffiliates	587	901
Lossonforeignexchange	43	109
Secondedemployeeexpenses	252	263
Litigationexpenses	-	400
Other	607	568
Totalnon-operatingexpenses	1,956	2,722
Ordinaryincome(loss)	8,209	9,992
Extraordinaryincome		
Gainonsalesofinvestmentsecurities	359	480
Gainonrevisionofretirementbenefitplan	38	-
Other	0	1
Totalextraordinaryincome	398	482
Extraordinaryloss		
Lossonfixedassetretirement	94	-
Impairmentloss	89	-
Lossonvaluationofstocksofsubsidiaries	45	-
Lossonliquidationofsubsidiariesandaffiliates	141	-
Compensationfordamage	-	200
Other	4	2
Totalextraordinaryloss	375	202
Income(loss)beforeincometaxes	8,231	10,272

Incometaxes		
Current	2,293	4,351
Deferred	257	(1,142)
Total incometaxes	2,551	3,208
Net income(loss)	5,680	7,064
Net income(loss) attributable to the non-controlling interests	(62)	7
Net income(loss) attributable to owners of the parent	5,743	7,056

Consolidated Statements of Comprehensive Income

	Yearended March31,2017	Yearended March31,2018
	millionsofyen	millionsofyen
Netincome(loss)	5,680	7,064
Other comprehensiveincome		
Unrealizedgains(losses)onavailable-for-sale securities	1,528	826
Deferredgainsorlossesonhedgingderivatives, netoftaxes	(21)	22
Foreigncurrencytranslationadjustment	(1,087)	360
Remeasurementsdefinedbenefitplans	646	1,275
Shareofothercomprehensiveincomeofaffiliates accountedforusingtheequitymethod	678	59
Totalothercomprehensiveincome	1,745	2,545
Comprehensiveincome	7,426	9,609
Comprehensiveincomeattributableto:		
Ownersoftheparent	7,523	9,578
Non-controllinginterest	(96)	30

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(million of yen)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at beginning of term	17,070	13,197	34,933	(174)	65,026
Changes during term					
Cash dividends			(1,815)		(1,815)
Net income (loss) attributable to owners of the parent			5,743		5,743
Purchase of treasury stock				(3)	(3)
Sale of treasury stock		0		0	0
Change in ownership interest of parent due to transactions with non-controlling interests		-			-
Net changes in other than shareholders' equity					
Total changes during term	-	0	3,928	(3)	3,925
Balance at end of term	17,070	13,197	38,861	(177)	68,951

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Unrealized gain on available-for-sale securities	Deferred gains or losses on hedging derivatives	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of term	5,902	4	1,701	(5,102)	2,505	1,239	68,771
Changes during term							
Cash dividends							(1,815)
Net income (loss) attributable to owners of the parent							5,743
Purchase of treasury stock							(3)
Sale of treasury stock							0
Change in ownership interest of parent due to transactions with non-controlling interests							-
Net changes in other than shareholders' equity	1,528	(21)	(374)	646	1,779	(163)	1,616
Total changes during term	1,528	(21)	(374)	646	1,779	(163)	5,541
Balance at end of term	7,431	(16)	1,326	(4,455)	4,285	1,075	74,312

YearendedMarch31,2018(April1,2017toMarch3 1,2018)

(millionsofyen)

	Shareholders' equity				
	Commonstock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balanceatbeginningofterm	17,070	13,197	38,861	(177)	68,951
Changesduringterm					
Cashdividends			(1,815)		(1,815)
Netincome(loss) attributabletoownersof theparent			7,056		7,056
Purchaseoftreasurystock				(4)	(4)
Saleoftreasurystock					-
Changeinownership interestofparentdueto transactionswithnon-controllinginterests		(762)			(762)
Netchangesinotherthan shareholders'equity					
Totalchangesduringterm	-	(762)	5,241	(4)	4,474
Balanceatendofterm	17,070	12,435	44,103	(182)	73,426

	Accumulatedothercomprehensive income					Non-controlling interests	Total netassets
	Unrealized gainson available-for-salesecurities	Deferred gainsor losseson hedging derivatives	Foreign currency translation adjustment	Remeasurements of defined benefitplans	Total accumulated other comprehensive income		
Balanceatbeginningof term	7,431	(16)	1,326	(4,455)	4,285	1,075	74,312
Changesduringterm							
Cashdividends							(1,815)
Netincome(loss) attributabletoownersof theparent							7,056
Purchaseoftreasurystock							(4)
Saleoftreasurystock							-
Changeinownership interestofparentdueto transactionswithnon-controllinginterests							(762)
Netchangesinotherthan shareholders'equity	826	22	396	1,275	2,521	(80)	2,441
Totalchangesduringterm	826	22	396	1,275	2,521	(80)	6,916
Balanceatendofterm	8,258	5	1,723	(3,179)	6,807	995	81,229

(4) Consolidated Statements of Cash Flows

	Yearended March31,2017 millionsofyen	Yearended March31,2018 millionsofyen
Cashflowsfromoperating activities		
Income(loss)beforeincometaxes	8,231	10,272
Depreciationandamortization	8,663	8,897
Increase(decrease)inprovisions	(564)	1,369
Increase(decrease)innetdefinedbenefitliability	64 9	1,175
Interestanddividendincome	(561)	(556)
Interestexpenses	465	478
Equityin(earnings)lossofaffiliates	587	901
Decrease(increase)intradereceivables	7,755	(12,208)
Decrease(increase)ininventories	(1,657)	(309)
Increase(decrease)intradepayables	(7,484)	7,700
Other	(537)	2,600
Subtotal	15,549	20,323
Interestanddividendsreceived	608	607
Interestexpensespaid	(481)	(481)
Incometaxespaid	(3,835)	(2,473)
Netcashprovidedby(usedin)operatingactivities	1 1,840	17,975
Cashflowsfrominvesting activities		
Purchaseofproperty,plantandequipment,andintangible assets	(7,270)	(7,082)
Proceedsfromsalesofinvestmentsecurities	422	648
Purchaseofstocksofsubsidiariesandaffiliates	(2 ,687)	(587)
Paymentsofloanreceivables	(2,379)	(3)
Other	(115)	(556)
Netcashprovidedby(usedin)investingactivities	(12 ,031)	(7,582)
Cashflowsfromfinancingactivities		
Netincrease(decrease)inshort-termborrowings	450	(1,915)
Increase(decrease)incommercialpaper	4,000	(9,000)
Proceedsfromlong-termdebt	10,000	-
Repaymentoflong-termdebt	(16,543)	(3,438)
Proceedsfromissuanceoflong-termloanspayable	-	5,000
Cashdividendspaid	(1,814)	(1,814)
Cashdividendspaidtonon-controllinginterests	(66)	(17)
Paymentsfromchangesinownershipinterestsin subsidiaries that do not result in change in scope of consolidation	-	(272)
Other	206	228
Netcashprovidedby(usedin)financingactivities	(3 ,767)	(11,230)
Effectofexchangerateoncashandcashequivalents	(471)	25
Netincrease(decrease)incashandcashequivalents	(4,429)	(811)
Cashandcashequivalentsatbeginningofterm	14,438	10,008
Increaseincashandcashequivalentsfromnewly consolidated subsidiary	-	39
Cashandcashequivalentsatendofterm	10,008	9,236

(5) Notes on Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not applicable

(Significant Matters that Serve as the Basis for Preparation of Consolidated Financial Statements)

(1) Significant Changes to the Scope of Consolidation

During the fiscal year under review, newly established SADOMEIDENSERVICE CORPORATION was included in the scope of consolidation.

Furthermore, previously non-consolidated subsidiary Prime Meiden Ltd. has been included in the scope of consolidation from the fiscal year under review due to its increased significance.

During the fiscal year under review, MEIDEN EUROPE LTD. and MEIDEN SHA (SHANGHAI) CORPORATE MANAGEMENT CO., LTD. were removed from the scope of consolidation due to the completion of liquidation.

Furthermore, consolidated subsidiary MEIDEN AMERICA, INC. underwent an absorption-type merger with consolidated subsidiary MEIDEN TECHNICAL CENTER NORTH AMERICA LLC. In association with this, the absorbed company MEIDEN TECHNICAL CENTER NORTH AMERICA LLC. was removed from the scope of consolidation.

(2) Significant Changes to the Scope of Application of the Equity Method

Prime Meiden Ltd. has been removed from the scope of application of the equity method because it was included in the scope of consolidation from the fiscal year under review due to its increased significance.

(3) Changes to the Matters Related to Fiscal Year of Subsidiaries

Adjustments were made for major transactions occurring between January 1 and the date of settlement of consolidated accounts using the financial statements as of December 31 for subsidiaries of which the date of settlement of accounts was originally that day, and financial statements based on a provisional settlement of accounts as of December 31 for subsidiaries of which the date of settlement of accounts was June 30. However, the date of settlement of accounts has been changed to March 31 for THAI MEIDEN SHACO., LTD., MEIDEN ELECTRIC (THAILAND) LTD., P. T. MEIDEN ENGINEERING INDONESIA, MEIDEN PACIFIC (CHINA) LTD., MEIDEN MALAYSIA SDN. BHD., MEIDEN METAL ENGINEERING SDN. BHD., MEIDEN THAI ENTERPRISE CO., LTD. and TRIDELTA MEIDEN SHA GmbH while a provisional settlement of accounts complying with regular settlement of accounts has been carried out as of the date of settlement of consolidated accounts for MEIDEN ZHENGZHOU ELECTRIC CO., LTD., MEIDEN HANGZHOU DRIVE SYSTEMS CO., LTD., DONGGUAN MEIDEN PACIFIC ELECTRICAL ENGINEERING CO., LTD., and SHANGHAI MEIDEN SHACHANG CHENG SWITCH GEAR CO., LTD. As a result of such changes, in the fiscal year ended March 31, 2018, they were consolidated for the fifteen months from January 1, 2017 to March 31, 2018.

From January 1, 2017 to March 31, 2017, the subsidiaries had net sales of ¥3,084 million, operating loss of ¥64 million, ordinary loss of ¥8 million and loss before income taxes of ¥8 million.

(Changes in Method of Presentation)
(Consolidated Balance Sheets)

“Electronically recorded monetary claims-operating” under “current recorded obligations-operating” that had been included in “notes and accounts payable-trade” under “current liabilities” during the independently stated in the fiscal year under review because the significance increased. The consolidated financial statements of the previous fiscal year have been restated to reflect this change in the As a result, “notes and accounts receivable-trade” under “current assets” that had been shown to be ¥78,701 million in the consolidated balance sheet of the previous fiscal year were restated as ¥75,067 million in “notes and accounts receivable-trade” and ¥3,634 million in “electronically recorded monetary claims-operating,” and the “notes and accounts payable-trade” that had been shown to be ¥32,815 million were restated as ¥30,870 million in “electronically recorded obligations-operating.”

(Consolidated Statements of Income)

“Insurance income” under “non-operating income” that had been independently stated during the previous fiscal year has been included in “other” from the fiscal year under review because the monetary significance has decreased. The consolidated financial statements of the previous fiscal year have been restated to reflect this change in the method of presentation. As a result, ¥151 million in “insurance income” and ¥325 million in “other” shown under “non-operating income” on the consolidated statements of income of the previous fiscal year have been restated as ¥476 million in “Other.”

(Segment and Other Information)
 [Segment information]

1. Overview of reportable segment

(1) Method of determining reportable segments

The Company's reportable segments are components of separate financial information is available. These segments are subject to periodic examination to enable the Company's Board of Directors to decide how to allocate resources and assess performance. The Company has business divisions based on product and service categories and operates under a comprehensive strategy formulated for products and services handled. The Company's operations are, therefore, classified based on product and service categories into four reportable segments, namely "Social Infrastructure Systems," "Industrial Systems," "Maintenance & Servicing," and "Real Estate."

Reportable segment	Description of businesses
Social Infrastructure Systems	This segment includes businesses that provide products and services related to social infrastructure such as power generation and transmission systems.
Industrial Systems	This segment includes businesses that provide products and services such as industrial components, dynamometers systems, and automatic guided vehicles to businesses in the general manufacturing industry.
Maintenance & Servicing	This segment includes the maintenance business.
Real Estate	This segment includes businesses related to the rental of real estates.

(2) Changes in reportable segments

The end of fiscal year for some of consolidated subsidiaries was changed from December 31 to March 31 effective the fiscal year ended March 31, 2018, and the 15 months from January 1, 2017 to March 31, 2018 were consolidated to the year ended March 31, 2018.

2. Calculation method for net sales, income/loss, assets, liabilities and other items by reportable segment

Segment income (loss) is based on operating income (loss). Inter-segment sales and transfers are based on market price.

3. Netsales, income/loss, assets, liabilities, and other items by reportable segment
 Year ended March 31, 2017 (April 1, 2016–March 31, 2017)

(Million of yen)

	Reportable segment					Other (note)	Total	Adjustments	Amount on consolidated financial statements
	Social Infrastructure Systems	Industrial Systems	Maintenance & Servicing	Real Estate	Sub-total				
Netsales									
Sale to outside customers	123,352	51,329	32,010	3,188	209,879	10,261	220,141	-	220,141
Inter-segment sales and transfers	3,177	4,223	1,034	263	8,699	8,893	17,593	(17,593)	-
Total	126,530	55,552	33,044	3,452	218,579	19,155	237,734	(17,593)	220,141
Segment income	3,297	2,465	3,781	1,340	10,885	464	11,349	(2,500)	8,849
Segment assets	109,541	40,623	24,271	16,526	190,962	7,032	197,995	49,651	247,646
Other items									
Depreciation/amortization	3,325	1,431	242	943	5,942	178	6,121	2,542	8,663
Increase in PP&E and intangible assets	2,334	1,168	299	119	3,922	151	4,073	3,281	7,355

Note: "Other" comprises businesses, such as sales of other products, employees' welfare services, and provision of chemical products that are not included in the reportable segments.

Year ended March 31, 2018 (April 1, 2017–March 31, 2018)

(Million of yen)

	Reportable segment					Other (note)	Total	Adjustments	Amount on consolidated financial statements
	Social Infrastructure Systems	Industrial Systems	Maintenance & Servicing	Real Estate	Sub-total				
Netsales									
Sale to outside customers	144,136	51,783	32,869	3,199	231,989	9,843	241,832	-	241,832
Inter-segment sales and transfers	2,913	4,217	1,093	263	8,487	8,484	16,971	(16,971)	-
Total	147,049	56,000	33,962	3,463	240,476	18,327	258,804	(16,971)	241,832
Segment income	4,080	4,384	3,587	1,337	13,389	497	13,886	(2,505)	11,381
Segment assets	126,051	45,163	25,597	15,696	212,509	7,632	220,142	44,315	264,457
Other items									
Depreciation/amortization	3,555	1,457	268	935	6,217	163	6,380	2,516	8,897
Increase in PP&E and intangible assets	2,509	1,902	317	60	4,791	121	4,912	2,672	7,584

Note: "Other" comprises businesses, such as sales of other products, employees' welfare services, and provision of chemical products that are not included in the reportable segments.

4. Adjustments of differences between the total amount of reportable segments and amounts on consolidated financial statements

(Millions of yen)

Netsales	Yearended March31,2017	Yearended March31,2018
Totalreportablesegments	218,579	240,476
Netsalesunder“Other”	19,155	18,327
EliminationofInter-segmenttransactions	(17,593)	(16,971)
Netsalesontheconsolidatedfinancialstatements	220,141	241,832

(Millions of yen)

Income	Yearended March31,2017	Yearended March31,2018
Totalreportablesegments	10,885	13,389
Incomeunder“Other”	464	497
EliminationofInter-segmenttransactions	748	672
Adjustmentsforinventories	1	(3)
Otheradjustments(Note)	(3,250)	(3,173)
Operatingincomeontheconsolidatedfinancial statements	8,849	11,381

Note: Other adjustments comprise mainly expenses for research and development conducted by the research and development division and other units that are not included in the reportable segments.

(Millions of yen)

Assets	Yearended March31,2017	Yearended March31,2018
Totalreportablesegments	190,962	212,509
Assetsunder“Other”	7,032	7,632
Corporateassets(Note)	72,119	76,492
Otheradjustments	(22,467)	(32,177)
Totalassetsontheconsolidatedfinancial statements	247,646	264,457

Note: Corporate assets consist of surplus funds (cash and time deposits) held by the Company, long-term investment funds (investment securities excluding stocks of affiliated companies), and assets attributable to the research and development division, etc.

(Millions of yen)

Other items	Total reportable segments		Other		Adjustments		Amount on consolidated financial statements		
	FY2017	FY2018	FY2017	FY2018	FY2017	FY2018	FY2017	FY	2018
Depreciation/amortization	5,942	6,217	178	163	2,542	2,516	8,663	8,897	
Increase in PP&E and intangible assets	3,922	4,791	151	121	3,281	2,672	7,355	7,584	

Note: Adjustments for increase in PP&E and intangible assets consist mainly of capital investment in information systems for the whole company.

[Related information]

YearendedMarch31,2017(April1,2016toMarch31, 2017)

1.Informationbyproductandservice
Informationisomittedbecausethesameinformationis providedin“Segmentinformation.”

2.Informationbygeographicarea

(1)Netsales

(Millionsofyen)			
Japan	Asia	Otherregion	Total
161,410	42,166	16,564	220,141

Note: Netsalesarebasedonthelocationofcustomersandclassifiedintocountry orregion.

(2)Property,plantandequipment

Informationisomittedbecausethetotalamountofproperty,plantandequipmentheldin Japanexceeds90%oftotalproperty,plantandequipmentontheconsolidatedbalancesheets.

3.Informationbymajorcustomer

Informationisomittedastherearenooutsidecustomerswhosesalesaccountfor10%ormoreoftotalnetsalesreportedontheconsolidated statementsofincome.

YearendedMarch31,2018(April1,2017toMarch31, 2018)

1.Informationbyproductandservice
Informationisomittedbecausethesameinformationis providedin“Segment information.”

2.Informationbygeographicarea

(1)Netsales

(Millionsofyen)			
Japan	Asia	Otherregion	Total
167,678	55,719	18,434	241,832

Note: Netsalesarebasedonthelocationofcustomersandclassifiedintocountry orregion.

(2)Property,plantandequipment

(Millionsofyen)			
Japan	Asia	Otherregion	Total
57,028	6,044	1,927	64,999

3.Informationbymajorcustomer

Informationisomittedastherearenooutsidecustomerswhosesalesaccountfor10%ormoreoftotalnetsalesreportedontheconsolidated statementsofincome.

[Impairment loss of fixed assets by reportable segment]

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Million of yen)

	Social Infrastructure Systems	Industrial Systems	Maintenance & Servicing	Real Estate	Other	Corporate/elimination	Total
Impairment loss	-	-	-	-	-	89	89

Note: "Corporate/elimination" consists of impairment loss on corporate assets that are not included in the reportable segments.

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

Not applicable

[Amortization and unamortized balance of goodwill by reportable segment]

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Million of yen)

	Social Infrastructure Systems	Industrial Systems	Maintenance & Servicing	Real Estate	Other	Corporate/elimination	Total
Amortization	78	-	-	-	-	-	78
Unamortized balance	1,055	-	-	-	-	-	1,055

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Million of yen)

	Social Infrastructure Systems	Industrial Systems	Maintenance & Servicing	Real Estate	Other	Corporate/elimination	Total
Amortization	224	-	-	-	-	-	224
Unamortized balance	5,738	-	-	-	-	-	5,738

[Gain or negative goodwill by reportable segment]

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

Not applicable

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

Not applicable

(Per Share Information)

	YearendedMarch31,2017 (FromApril1,2016 toMarch31,2017)	YearendedMarch31,2018 (FromApril1,2017 toMarch31,2018)
Netassetspershare	¥322.80	¥353.65
Netincomepershare	¥25.31	¥31.10

(Notes) 1. Diluted net income per share is not stated because there are no dilutive shares.

2. The basis for calculation of net income per share is shown below.

	YearendedMarch31, 2017 (FromApril1,2016 toMarch31,2017)	YearendedMarch31, 2018 (FromApril1,2017 toMarch31,2018)
Net income (loss) attributable to owners of the parent (million of yen)	5,743	7,056
Amount not attributable to common shareholders (million of yen)	-	-
Net income (loss) attributable to owners of the parent attributable to common shares (million of yen)	5,743	7,056
Average number of common shares during the fiscal year (thousands)	226,885	226,876

(Litigation)

The Company was subject to request for arbitration in the Singapore International Arbitration Centre (SIAC). An overview is presented below.

1. Overview and background of the request for arbitration

A request for arbitration was received by the SIAC Court of Arbitration on January 31, 2018 claiming compensation for a breach of contract by the Company in relation to the share acquisition and shareholder agreement (hereinafter "Agreement") concluded between the Company and India-based Prime Meiden Limited (referred to as "PML" below) and its shareholder on June 1, 2016.

2. Overview of the parties who requested arbitration

- (1) Name: PCI Limited (former parent company of PML; referred to as "PCI" below) and six other PML shareholders
- (2) Address of PCI: New Delhi, India
- (3) Name of representative of PCI: Mr. Surinder Mehta

3. Details of the arbitration request and amount of compensation for damages

A demand for 12,597 million Indian rupees (approx. ¥20.7 billion; converted using the exchange rate as of March 31, 2018) was made claiming that the Company harmed the corporate value of PML and caused damages to shareholders as a result.

4. Future action

The content of the request is inappropriate and groundless because it is inconsistent with the Agreement. The Company will sincerely engage in the early dismissal of the arbitration request by explaining the facts and legal grounds in line with the Agreement. At the present time, it is not thought that the arbitration will have an impact on the consolidated results of the Company.

Meidensha Corporation

<TSE : 6508>

FY Ended March 31, 2018 Supplementary information

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<Contact us>

Meidensha Corporation
Public Relations Section
TEL : 81-3-6420-8100

〈Financial conditions〉

(¥million)

	FY 2016 Results	FY 2017 Results	YoY change
Orders	224,136	273,568	122.1%
Net sales	220,141	241,832	109.9%
Operating income	8,849	11,381	128.6%
Ordinary income	8,209	9,992	121.7%
Net income attributable to owners of the parent	5,743	7,056	122.9%
Net income per share(¥)	25.31	31.1	122.9%

※ The end of fiscal year for some of consolidated subsidiaries was changed from December 31 to March 31 effective the fiscal year ended March 31, 2018, and the 15 months from January 1, 2017 to March 31, 2018 were consolidated to the year ended March 31, 2018.

For more information, please find the page13, "3. Consolidated Statements of Changes in Net Assets, (5)Notes on Consolidated Financial Statements(Significant Matters that Serve as the Basis for Preparation of Consolidated Financial Statements)"of financial reports for the fiscal year ended March 31, 2018.

1. Financial Results and Forecast

(¥ million)

	FY 2016 (a)	FY 2017 (b)	Increase (b-a)	FY 2018 Forecast
Orders	224,136	273,568	49,431	240,000
Net sales	220,141	241,832	21,691	245,000
Operating income	8,849	11,381	2,531	11,500
Ordinary income	8,209	9,992	1,783	10,800
Net income attributable to owners of the parent	5,743	7,056	1,313	7,500
Capex	7,355	7,584	229	10,400
Depreciation and amortization	8,663	8,897	233	9,700
R&D expenses	9,462	9,402	(59)	10,700
Number of employee	8,474	8,995	521	
Consolidated subsidiaries	38	37	(1)	

2. The results for each business segment

(Orders)

(¥ million)

	FY 2016 (a)	FY 2017 (b)	Increase (b-a)	FY 2018 Forecast
Social Infrastructure Systems	137,822	174,051	36,229	136,000
Industrial Systems	48,074	58,665	10,590	62,000
Maintenance and Servicing	32,914	35,943	3,029	36,000
Real Estate	3,452	3,529	77	3,500
Other	18,049	18,632	582	18,000
Eliminations and corporate	(16,175)	(17,254)	(1,078)	(15,500)
Total	224,136	273,568	49,431	240,000

(Net sales)

(¥ million)

	FY 2016 (a)	FY 2017 (b)	Increase (b-a)	FY 2018 Forecast
Social Infrastructure Systems	126,530	147,049	20,519	142,000
Industrial Systems	55,552	56,000	448	63,000
Maintenance and Servicing	33,044	33,962	918	35,000
Real Estate	3,452	3,463	11	3,500
Other	19,155	18,327	(827)	18,000
Eliminations and corporate	(17,593)	(16,971)	621	(16,500)
Total	220,141	241,832	21,691	245,000

(Social Infrastructure Systems)

(¥million)

	FY 2016 (a)	FY 2017 (b)	Increase (b-a)	FY 2018 Forecast
Orders	137,822	174,051	36,229	136,000
Net sales	126,530	147,049	20,519	142,000
Operating income	3,297	4,080	783	3,500
Capex	2,334	2,509	174	3,500
Depreciation and amortization	3,325	3,555	230	3,900
R&D expenses	3,596	3,185	(411)	3,500
Number of employees	4,067	4,456	389	
Consolidated subsidiaries	25	24	(1)	

(Industrial Systems)

(¥million)

	FY 2016 (a)	FY 2017 (b)	Increase (b-a)	FY 2018 Forecast
Orders	48,074	58,665	10,590	62,000
Net sales	55,552	56,000	448	63,000
Operating income	2,465	4,384	1,918	4,900
Capex	1,168	1,902	734	2,200
Depreciation and amortization	1,431	1,457	26	1,800
R&D expenses	2,324	2,671	346	3,650
Number of employees	949	995	46	
Consolidated subsidiaries	5	4	(1)	

(Maintenance and Servicing)

(¥million)

	FY 2016 (a)	FY 2017 (b)	Increase (b-a)	FY 2018 Forecast
Orders	32,914	35,943	3,029	36,000
Net sales	33,044	33,962	918	35,000
Operating income	3,781	3,587	(194)	3,800
Capex	299	317	18	600
Depreciation and amortization	242	268	25	350
R&D expenses	257	336	79	600
Number of employees	1,588	1,668	80	
Consolidated subsidiaries	4	5	1	

(Real Estate)

	FY 2016 (a)	FY 2017 (b)	Increase (b-a)	(¥million) FY 2018 Forecast
Orders	3,452	3,529	77	3,500
Net sales	3,452	3,463	11	3,500
Operating income	1,340	1,337	(3)	1,300
Capex	119	60	(58)	100
Depreciation and amortization	943	935	(7)	950
R&D expenses	-	-	-	-
Number of employees	-	-	-	
Consolidated subsidiaries	-	-	-	

(Other)

	FY 2016 (a)	FY 2017 (b)	Increase (b-a)	(¥million) FY 2018 Forecast
Orders	18,049	18,632	582	18,000
Net sales	19,155	18,327	(827)	18,000
Operating income	464	497	33	600
Capex	151	121	(29)	300
Depreciation and amortization	178	163	(15)	200
R&D expenses	33	35	2	100
Number of employees	924	942	18	
Consolidated subsidiaries	4	4	-	

3. Overseas ratio of orders

	FY 2016 (a)		FY 2017 (b)		Increase (b-a)	
	Net sales	(%)	Net sales	(%)	Net sales	(%)
Asia	42,166	19.2%	55,719	23.0%	13,552	3.9%
Other region	16,564	7.5%	18,434	7.6%	1,870	0.1%
Total	58,730	26.7%	74,154	30.7%	15,423	4.0%