

Consolidated Statement of Income and Comprehensive Income

TOKAI RIKA Co., Ltd. and Consolidated Subsidiaries

Years ended March 31, 2017 and 2016

| (Consolidated Statement of Income) | Millions of Yen | | |
|--|------------------------------|------------------------------|------------------------|
| | Year ended March 31, 2016 | Year ended March 31, 2017 | Increase (Decrease) |
| NET SALES | 476,202 | 459,070 | (17,132) |
| COST OF SALES | 403,372 | 394,486 | (8,886) |
| Gross profit | 72,829 | 64,583 | (8,246) |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | 38,221 | 34,061 | (4,160) |
| Operating income | 34,608 | 30,522 | (4,086) |
| NON-OPERATING INCOME | | | |
| Interest income | 368 | 416 | 48 |
| Dividend income | 422 | 423 | 1 |
| Share of profit of entities accounted for using equity method | 302 | - | (302) |
| Foreign exchange gain | - | 275 | 275 |
| Other | 748 | 672 | (76) |
| Total non-operating income | 1,842 | 1,787 | (55) |
| NON-OPERATING EXPENSES | | | |
| Interest expenses | 116 | 74 | (42) |
| Share of loss of entities accounted for using equity method | - | 19 | 19 |
| Foreign exchange loss | 1,557 | - | (1,557) |
| Other | 104 | 105 | 1 |
| Total non-operating expenses | 1,777 | 198 | (1,579) |
| Ordinary income | 34,673 | 32,111 | (2,562) |
| EXTRAORDINARY INCOME | | | |
| Gain on sales of non-current assets | 22 | 45 | 23 |
| State subsidy | 64 | - | (64) |
| Gain on sales of investment securities | 23 | 597 | 574 |
| Reversal of stock acquisition rights | 50 | 29 | (21) |
| Total extraordinary income | 161 | 671 | 510 |
| EXTRAORDINARY LOSS | | | |
| Loss on sales and retirement of non-current assets | 28 | 254 | 226 |
| Loss on reduction of non-current assets | 64 | - | (64) |
| Impairment loss | 1,477 | 93 | (1,384) |
| Provision for product warranties | 21,317 | - | (21,317) |
| Loss on product warranties | - | 10,460 | 10,460 |
| Loss on violation of antitrust law | - | 12,092 | 12,092 |
| Other | 227 | - | (227) |
| Total extraordinary loss | 23,115 | 22,900 | (215) |
| INCOME BEFORE INCOME TAXES | 11,719 | 9,882 | (1,837) |
| INCOME TAXES: | | | |
| Current | 6,481 | 5,403 | (1,078) |
| Deferred | (1,277) | 7,978 | 9,255 |
| Total income taxes | 5,204 | 13,382 | 8,178 |
| PROFIT | 6,515 | (3,499) | (10,014) |
| PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS | 924 | 836 | (88) |
| PROFIT ATTRIBUTABLE TO OWNERS OF PARENT | 5,591 | (4,336) | (9,927) |

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Years ended March 31, 2017 and 2016

| (Consolidated Statement of Comprehensive Income) | | Millions of Yen | | |
|--|------------------------------|------------------------------|------------------------|--|
| | Year ended March 31, 2016 | Year ended March 31, 2017 | Increase (Decrease) | |
| PROFIT | 6,515 | (3,499) | (10,014) | |
| OTHER COMPREHENSIVE INCOME | | | | |
| Net unrealized gain on available-for-sale securities | (786) | 428 | 1,214 | |
| Foreign currency translation adjustments | (8,419) | (1,929) | 6,490 | |
| Remeasurements of defined benefit plans | (7,811) | 1,480 | 9,291 | |
| Share of equity method affiliated companies | (103) | – | 103 | |
| Total other comprehensive income | (17,121) | (20) | 17,101 | |
| COMPREHENSIVE INCOME | (10,605) | (3,520) | 7,085 | |
| (Breakdown) | | | | |
| Comprehensive income attributable to owners of parent | (10,776) | (4,172) | 6,604 | |
| Comprehensive income attributable to non-controlling interests | 170 | 652 | 482 | |