



## Business Results for the Fiscal Year Ended March 31, 2019 Consolidated Basis (Japanese GAAP)

May 15, 2019  
TSE, NSE

Company: CKD Corporation Listed  
 Stock code: 6407 URL: <https://www.ckd.co.jp/english/>  
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 Expected date of Ordinary General Meeting of Shareholders: June 21, 2019  
 Expected starting date of dividend payment: June 6, 2019  
 Expected date of filing of annual securities report: June 21, 2019  
 Preparation of supplementary financial document: Yes  
 Briefing session to explain the financial statements: Yes (for institutional investors)

(Figures of less than ¥1 million have been omitted.)

### 1. Consolidated business results for the fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

#### (1) Consolidated operating results

(% 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. 2019	115,665	-0.0	5,429	-56.5	5,425	-56.5	4,793	-47.6
FY ended Mar. 2018	115,700	23.1	12,472	30.2	12,469	27.6	9,142	31.4

(Note) Comprehensive income Fiscal year ended Mar. 2019: ¥2,864 million -74.2%  
 Fiscal year ended Mar. 2018: ¥11,100 million 78.5%

	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. 2019	77.42	—	6.0	4.1	4.7
FY ended Mar. 2018	147.65	—	12.1	10.5	10.8

(Reference) Equity in earnings of affiliates Fiscal year ended Mar. 2019: ¥1 million  
 Fiscal year ended Mar. 2018: ¥(48) million

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 2019	136,961	80,444	58.6	1,296.94
As of Mar. 2018	130,887	80,058	61.1	1,291.26

(Reference) Shareholders' equity As of Mar. 2019: ¥80,306 million  
 As of Mar. 2018: ¥79,949 million

#### (3) Consolidated 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
As of Mar. 2019	(2,254)	(14,867)	14,374	12,028
As of Mar. 2018	5,542	(7,273)	2,559	14,799

### 2. Dividends

	Annual dividend					Total	Dividend payout ratio (Consolidated)	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. 2018	—	17.00	—	20.00	37.00	2,290	25.1	3.0
FY ended Mar. 2019	—	20.00	—	8.00	28.00	1,733	36.2	2.2
FY ending Mar. 2020 (forecast)	—	8.00	—	12.00	20.00		31.0	

3. Forecast of consolidated business results for the fiscal year ending March 31, 2020 (April 1, 2019 to March 31, 2020)  
(% 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. 2019	50,000	-17.3	1,400	-53.0	1,400	-53.2	1,000	-55.3	16.15
FY ending Mar. 2020	106,000	-8.4	5,700	5.0	5,700	5.1	4,000	-16.6	64.60

Notes:

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None
- (2) Changes in accounting policies, accounting estimates, and restatements
- Changes in accounting policies due to revisions of accounting standards: None
  - Changes in accounting policies other than above a.: None
  - Changes of accounting estimates: None
  - Restatements: None

(3) Number of shares issued (common stock)

a. Number of shares issued at the end of period (treasury stock included)	As of Mar. 2019	68,909,449 shares	As of Mar. 2018	68,909,449 shares
b. Number of treasury stock at the end of period	As of Mar. 2019	6,989,136 shares	As of Mar. 2018	6,993,934 shares
c. Average number of shares over the period	Fiscal 2019	61,918,863 shares	Fiscal 2018	61,916,131 shares

**(Reference) Summary of non-consolidated business results**

**Non-consolidated business results for the fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)**

(1) Non-consolidated operating results (% 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. 2019	97,175	1.3	2,989	-64.9	3,394	-62.7	3,609	-47.9
FY ended Mar. 2018	95,942	15.4	8,527	6.6	9,096	6.1	6,933	11.0

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended Mar. 2019	58.30	—
FY ended Mar. 2018	111.98	—

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 2019	120,882	71,918	59.5	1,161.46
As of Mar. 2018	117,870	72,518	61.5	1,171.25

(Reference) Shareholders' equity As of Mar. 2019: ¥71,918 million  
As of Mar. 2018: ¥72,518 million

**\*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**

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. Actual performance, etc. may differ substantially due to various factors.

CKD Corporation is planning to hold a briefing session for institutional investors and analysts on May 15, 2019. Any explanatory materials used in this session 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 fiscal year**

#### **[1] Review of the fiscal year**

Japanese economic conditions continued improving employment and income in the consolidated fiscal year under review. Corporate earnings improved with firm domestic demand and a moderate increase in exports. In the second half, however, sales decreased, particularly for manufacturers, due mainly to slowing economic growth in China. Capital expenditure continued in production streamlining and labor-saving, but became more cautious as the US-China trade friction cast a shadow over the future outlook.

In overseas, US exports to China decreased while internal demand in the US remained strong. Europe started the year steady, but the economic conditions slowed down in the second half. China's economic growth slowed due to the trade friction with the United States.

In these conditions, the CKD Group's consolidated results for the fiscal year under review came out with net sales of ¥115,665 million, down 0.03% year on year; operating income of ¥5,429 million, down 56.5%; and ordinary income of ¥5,425 million, down 56.5%. Net income attributable to owners of parent was ¥4,793 million, down 47.6%.

#### **[2] Results of operations by segment**

##### **Automatic Machinery Products**

Industrial machinery sales increased in the 3D solder paste printing inspection machines and the lithium-ion battery production system businesses. In the automatic packaging system business, sales for pharmaceuticals decreased.

Overall, segment sales declined 1.9% year on year to ¥16,027 million, but improved in profitability resulted in segment income rising 20.9% year on year to ¥1,422 million.

##### **Component Products**

Sales in Japan turned sharply downward in the third quarter as the brisk investment that had continued from the previous fiscal year in semiconductor manufacturing equipment, particularly for memory production equipment, started to be postponed or canceled.

Sales overseas similarly briskly expanded in the first half, then turned downward in the third quarter due to slowing capital investment in automation in China, in addition to decreased investment in semiconductor manufacturing equipment.

Overall, segment sales amounted to ¥99,638 million, up 0.3% year on year. Segment income was ¥8,582 million, down 45.8% year on year. The decline in income was largely due to increased spending to increase production capacity to respond to the rising order volume since the previous fiscal year along with costs switching to a new ERP system.

### **(2) Financial position**

The total assets at the end of the fiscal year was ¥136,961 million, up ¥6,073 million from the end of the previous fiscal year. The main factors included increases in inventories and property, plant and equipment, despite decreases in cash and deposits, notes and accounts receivable-trade, and investment securities.

Total liabilities were ¥56,516 million, up ¥5,687 million from the end of the previous fiscal year. This was mainly due to an increase in loans payable, despite decreases in notes and accounts payable-trade, accrued bonuses, and income taxes payable.

Total net assets were ¥80,444 million, up ¥386 million from the end of the previous fiscal year.

The shareholders' equity to asset ratio was 58.6%, a 2.4 point decrease from the previous fiscal year.

### (3) Cash flows

Cash and cash equivalents (hereinafter, cash) at the end of the fiscal year was ¥12,028 million, which was ¥2,771 million lower than that at the end of the previous consolidated fiscal year.

Changes in consolidated cash flows by categories through the end of the fiscal year were as follows:

#### Cash flows from operating activities

Through the end of the fiscal year under review, net cash used in operating activities was ¥2,254 million (compared with ¥5,542 million provided by operating activities in the previous fiscal year).

Factors contributing positively to cash flows from operating activities were income before income taxes of ¥5,846 million, depreciation and amortization of ¥5,173 million, an increase in provision for bonuses of ¥1,744 million, and a decrease in notes and accounts receivable-trade of ¥3,873 million. These cash flows were offset by a decrease in accrued bonuses of ¥2,362 million, an increase in inventories of ¥5,220 million, a decrease in notes and accounts payable-trade of ¥6,328, a decrease in advances received of ¥263 million, and income taxes paid of ¥3,932 million.

#### Cash flows from investing activities

Through the end of the fiscal year under review, net cash used in investing activities was ¥14,867 million (up 104.4% YOY).

The factor contributing positively to cash flows from investing activities was proceeds from sales of investment securities of ¥1,516. These cash flows were offset by purchase of property, plant and equipment of ¥15,946 million and purchase of intangible assets of ¥364 million.

#### Cash flows from financing activities

Through the end of the fiscal year under review, net cash provided by financing activities was ¥14,374 million (up 461.5% YOY).

Factors contributing positively to cash flows from financing activities were net increase (decrease) in short-term loans payable of ¥5,309 million and proceeds from long-term loans payable of ¥16,015 million. These cash flows were offset by repayment of long-term loans payable of ¥4,351 million, and cash dividends paid of ¥2,473 million.

Reference: Changes in cash flow-related indexes

	FY ended Mar. 2015	FY ended Mar. 2016	FY ended Mar. 2017	FY ended Mar. 2018	FY ended Mar. 2019
Shareholders' equity ratio (%)	68.3	68.9	66.7	61.1	58.6
Shareholders' equity ratio based on current market price (%)	73.2	59.7	82.0	112.0	45.1
Ratio of interest-bearing debt to cash flow (times)	0.9	0.6	0.4	2.1	-12.7
Interest coverage ratio (times)	141.4	165.3	259.4	77.1	-22.6

Shareholders' equity ratio (%) = total shareholders' equity ÷ total assets

Shareholders' equity ratio based on current market price (%) = total market value of common stock ÷ total assets

Ratio of interest-bearing debt to cash flow (times) = interest-bearing debt ÷ cash flow

Interest coverage ratio (times) = cash flows ÷ interest payments

Notes: 1. All indicators are calculated based on consolidated financial figures.

2. Total market value of common stock is calculated based on the number of shares outstanding, excluding treasury stock.

3. Cash flows provided by (used in) operating activities are used for figures for cash flow.

4. Interest-bearing debt includes all balance-sheet debt for which interest payments are being made. For figures of interest paid, interest payments are those amounts of interest paid from consolidated financial statements of cash flows.

#### **(4) Future outlook**

In the coming fiscal year, we anticipate stable employment conditions supporting ongoing firm consumer spending in Japan. However, we expect exports to be sluggish as overseas economic growth continues to slow, particularly in China. We also anticipate the brisk growth in capital investment to slow as investment in production streamlining and labor-saving loses momentum.

However, it will be important to watch the trade friction between the USA and China, along with geopolitical risks and the effects of exchange fluctuations.

Below are the consolidated projections for the next fiscal year.  
These are based on an exchange rate of ¥110 to the U.S. dollar.

(Million yen)

	For the six months ending Sept. 2019	Full fiscal year
Net sales	50,000	106,000
Operating income	1,400	5,700
Ordinary income	1,400	5,700
Net income attributable to owners of parent	1,000	4,000

These projections are based on information available as of this release. The actual results may differ due to various factors.

#### **(5) Basic policy for allocation of profit and dividends for FY2018 and FY2019**

CKD's basic policy for returning profits to shareholders is to carry out investment such as facility investment and research and development investment to enhance the foundation of our management and further expand business, thereby raise the value of our Company, while also returning steady dividends to our shareholders as guideline for dividend payout ratio of 30%.

Under this policy, it was decided at the directors' meeting on May 15, 2019 that year-end dividends of ¥8 per share would be paid on June 6, 2019. Combined with the ¥20 per share paid as interim dividends in December 2018, this makes a total of ¥28 per share for the year, a ¥9 decrease on the previous year.

Projected dividends for the next fiscal year are ¥8 per share at the end of the second quarter and year-end dividend of ¥12 per share, for a total of ¥20 per share.

## **2. Basic approach to selection of accounting standards**

To enable comparison between companies and years, the CKD Group creates its consolidated financial statements according to "the Rules for Terminology, Forms, and Preparation of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 in 1976)" (excluding Chapter 7 and 8).

When applying international accounting standards, domestic and overseas information is considered and applied as appropriate.

### 3. Consolidated financial statements and major notes

#### (1) Consolidated balance sheets

(Million yen)

	As of March 31, 2018	As of March 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	15,245	12,463
Notes and accounts receivable-trade	26,721	22,958
Electronically recorded monetary claims-operating	5,215	4,933
Operating accounts receivable	249	242
Merchandise and finished goods	8,840	10,020
Work-in-process	4,782	4,170
Raw materials and supplies	21,094	25,678
Other	1,687	3,009
Allowance for doubtful accounts	(109)	(30)
Total current assets	83,726	83,447
Noncurrent assets		
Property, plant and equipment		
Buildings and structures (net)	13,350	20,799
Machinery, equipment and vehicles (net)	10,449	12,049
Tools, furniture and fixtures (net)	1,903	2,105
Land	6,206	6,179
Lease assets (net)	134	79
Construction in progress	1,153	1,431
Total property, plant and equipment	33,199	42,644
Intangible assets	2,612	2,376
Investments and other assets		
Investment securities	9,411	6,146
Net defined benefit assets	768	573
Deferred tax assets	234	863
Other	966	947
Allowance for doubtful accounts	(31)	(38)
Total investments and other assets	11,349	8,492
Total noncurrent assets	47,160	53,513
Total assets	130,887	136,961

(Million yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	19,021	12,681
Electronically recorded obligations-operating	2,429	2,326
Short-term loans payable	2,899	8,207
Current portion of bonds	55	45
Current portion of long-term loans payable	3,691	3,581
Lease obligations	76	37
Accrued expenses	3,808	1,252
Income taxes payable	2,261	582
Provision for bonuses	414	2,157
Provision for product warranties	412	523
Provision for loss on order received	78	57
Other	7,923	5,877
<b>Total current liabilities</b>	<b>43,074</b>	<b>37,332</b>
<b>Noncurrent liabilities</b>		
Bonds payable	191	146
Long-term loans payable	4,845	16,645
Lease obligations	66	45
Deferred tax liabilities	465	101
Provision for environmental measures	161	89
Net defined benefit liabilities	390	408
Asset retirement obligations	192	224
Other	1,440	1,520
<b>Total noncurrent liabilities</b>	<b>7,754</b>	<b>19,183</b>
<b>Total liabilities</b>	<b>50,829</b>	<b>56,516</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	11,016	11,016
Capital surplus	12,383	12,390
Retained earnings	56,812	59,119
Treasury stock	(4,908)	(4,905)
<b>Total shareholders' equity</b>	<b>75,304</b>	<b>77,619</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,857	2,117
Foreign currency translation adjustment	1,686	1,427
Remeasurements of defined benefit plans	(899)	(858)
<b>Total accumulated other comprehensive income</b>	<b>4,644</b>	<b>2,686</b>
<b>Non-controlling interests</b>	<b>109</b>	<b>138</b>
<b>Total net assets</b>	<b>80,058</b>	<b>80,444</b>
<b>Total liabilities and net assets</b>	<b>130,887</b>	<b>136,961</b>



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

Consolidated statements of income

(Million yen)

	FY2017 (April 1, 2017 to March 31, 2018)	FY2018 (April 1, 2018 to March 31, 2019)
Net sales	115,700	115,665
Cost of sales	79,864	87,154
Gross profit	35,835	28,510
Selling, general and administrative expenses		
Personal expenses	9,769	9,966
Retirement benefit expenses	417	428
Packing and transportation expenses	1,590	1,560
Rent expenses	1,382	1,512
Business consignment expenses	1,585	1,621
Depreciation	450	553
Provision of allowance for doubtful accounts	—	(6)
Research and development expense	4,330	3,637
Enterprise tax	422	337
Other	3,412	3,470
Total selling, general and administrative expenses	23,363	23,081
Operating income	12,472	5,429
Non-operating income		
Interest income	16	18
Dividends income	135	168
Share of profit of entities accounted for using equity method	—	1
Office work fee	62	65
Other	380	399
Total non-operating income	594	652
Non-operating expenses		
Interest expenses	71	100
Sales discounts	155	171
Share of loss of entities accounted for using equity method	48	—
Loss on valuation of derivatives	93	99
Foreign exchange losses	104	149
Other	125	135
Total non-operating expenses	598	656
Ordinary income	12,469	5,425
Extraordinary income		
Gain on sales of noncurrent assets	324	2
Gain on sales of investment securities	76	670
Gain on bargain purchase	149	—
Subsidy income	56	137
Total extraordinary income	607	810
Extraordinary loss		
Loss on sales of noncurrent assets	8	42
Loss on retirement of noncurrent assets	89	210
Loss on reduction of noncurrent assets	56	137
Provision for environmental measures	85	—
Total extraordinary loss	240	389
Income before income taxes	12,836	5,846

(Million yen)

	FY2017 (April 1, 2017 to March 31, 2018)	FY2018 (April 1, 2018 to March 31, 2019)
Income taxes-current	3,875	1,260
Income taxes-deferred	(246)	(238)
Total income taxes	3,629	1,021
Net income	9,207	4,825
Net income attributable to non-controlling interests	65	31
Net income attributable to owners of parent	9,142	4,793

Consolidated statements of comprehensive income

(Million yen)

	FY2017 (April 1, 2017 to March 31, 2018)	FY2018 (April 1, 2018 to March 31, 2019)
Net income	9,207	4,825
Other comprehensive income		
Valuation difference on available-for-sale securities	1,203	(1,740)
Foreign currency translation adjustment	359	(261)
Remeasurements of defined benefit plans	326	41
Share of other comprehensive income of entities accounted for using equity method	3	(0)
Total other comprehensive income	1,893	(1,960)
Comprehensive income	11,100	2,864
(Details)		
Comprehensive income attributable to owners of the parent	11,035	2,835
Comprehensive income attributable to non- controlling interests	64	28

### (3) Consolidated statement of changes in net assets

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 at the beginning of current period	11,016	12,372	49,723	(4,906)	68,206
Changes of items during the period					
Dividends from surplus			(2,043)		(2,043)
Net income attributable to owners of parent			9,142		9,142
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock		0		0	0
Employee encouragement and welfare fund			(9)		(9)
Purchase of shares of consolidated subsidiaries		11			11
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	11	7,089	(2)	7,097
Balance at the end of current period	11,016	12,383	56,812	(4,908)	75,304

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	2,653	1,323	(1,225)	2,751	—	70,957
Changes of items during the period						
Dividends from surplus						(2,043)
Net income attributable to owners of parent						9,142
Purchase of treasury stock						(2)
Disposal of treasury stock						0
Employee encouragement and welfare fund						(9)
Purchase of shares of consolidated subsidiaries						11
Net changes of items other than shareholders' equity	1,203	363	326	1,893	109	2,002
Total changes of items during the period	1,203	363	326	1,893	109	9,100
Balance at the end of current period	3,857	1,686	(899)	4,644	109	80,058

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	11,016	12,383	56,812	(4,908)	75,304
Changes of items during the period					
Dividends from surplus			(2,476)		(2,476)
Net income attributable to owners of parent			4,793		4,793
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		6		3	9
Employee encouragement and welfare fund			(10)		(10)
Purchase of shares of consolidated subsidiaries					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	6	2,306	3	2,315
Balance at the end of current period	11,016	12,390	59,119	(4,905)	77,619

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	3,857	1,686	(899)	4,644	109	80,058
Changes of items during the period						
Dividends from surplus						(2,476)
Net income attributable to owners of parent						4,793
Purchase of treasury stock						(0)
Disposal of treasury stock						9
Employee encouragement and welfare fund						(10)
Change in the scope of consolidation						—
Net changes of items other than shareholders' equity	(1,740)	(258)	41	(1,958)	28	(1,929)
Total changes of items during the period	(1,740)	(258)	41	(1,958)	28	386
Balance at the end of current period	2,117	1,427	(858)	2,686	138	80,444

#### (4) Consolidated statements of cash flows

(Million yen)

	FY2017 (April 1, 2017 to March 31, 2018)	FY2018 (April 1, 2018 to March 31, 2019)
<b>Cash flows from operating activities</b>		
Income before income taxes	12,836	5,846
Depreciation and amortization	4,230	5,173
Share of (profit) loss of entities accounted for using equity method	48	(1)
Gain on bargain purchase	(149)	—
Increase (decrease) in provision for bonuses	86	1,744
Increase (decrease) in accounts payable-bonuses	376	(2,362)
Decrease (increase) in net defined benefit assets	156	254
Decrease (increase) in notes and accounts receivable-trade	(3,069)	3,873
Decrease (increase) in inventories	(9,913)	(5,220)
Increase (decrease) in notes and accounts payable-trade	4,156	(6,328)
Increase (decrease) in advances received	(153)	(263)
Other	813	(1,260)
Sub-total	9,419	1,455
Interest and dividends income received	151	185
Interest expenses paid	(71)	(99)
Income taxes paid	(3,957)	(3,932)
Subsidy income	—	137
Net cash provided by (used in) operating activities	5,542	(2,254)
<b>Cash flows from investing activities</b>		
Payments into time deposits	(53)	(8)
Proceeds from withdrawal of time deposits	33	11
Purchase of property, plant and equipment	(6,596)	(15,946)
Proceeds from sales of property, plant and equipment	400	21
Purchase of intangible assets	(1,532)	(364)
Purchase of investment securities	(819)	(92)
Proceeds from sales of investment securities	457	1,516
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	826	—
Other	10	(4)
Net cash provided by (used in) investing activities	(7,273)	(14,867)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	1,650	5,309
Proceeds from long-term loans payable	6,313	16,015
Repayment of long-term loans payable	(3,202)	(4,351)
Redemption of bonds	(62)	(55)
Purchase of treasury stock	(2)	(0)
Cash dividends paid	(2,038)	(2,473)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(11)	—
Other	(86)	(69)
Net cash provided by (used in) financing activities	2,559	14,374
Effect of exchange rate change on cash and cash equivalents	65	(24)
Net increase (decrease) in cash and cash equivalents	894	(2,771)
Cash and cash equivalents at beginning of period	13,905	14,799
Cash and cash equivalents at end of period	14,799	12,028

## **(5) Notes to the consolidated financial statements**

### **Notes regarding assumptions as a going concern**

Not applicable

### **Material Items which form the basis for preparation of the consolidated financial statements**

#### **1. Scope of consolidation**

Consolidated subsidiaries: 20 companies

The names of companies:

(4 Japanese companies)

CKD Shikoku Seiko Corporation

CKD Global Service Corporation

CKD Field Engineering Corporation

CKD NIKKI DENSO CO., LTD.

(16 overseas companies)

CKD THAI CORPORATION LTD.

CKD SINGAPORE PTE. LTD.

CKD USA CORPORATION

CKD Korea Corporation

M-CKD PRECISION SDN. BHD.

CKD (China) Corporation

CKD (Shanghai) Corporation

Taiwan CKD Corporation

CKD VIETNAM ENGINEERING CO., LTD.

PT CKD TRADING INDONESIA

PT CKD MANUFACTURING INDONESIA

CKD ILLINOIS LLC

CKD MEXICO, S. de R.L. de C.V.

CKD India Private Limited

CKD Europe B.V.

Nikki Denso International Korea Co., Ltd.

#### **2. Application of equity method**

Non-consolidated subsidiaries accounted for by the equity method: 1 company

Name of the company: EPSITEC S.R.L.

#### **3. Fiscal year of consolidated subsidiaries**

Among the consolidated subsidiaries, the fiscal year-ends on December 31 for CKD (China) Corporation, CKD (Shanghai) Corporation, and CKD MEXICO S. de R.L. de C.V., and we provisionally close their accounts on the consolidated closing date (March 31).

#### 4. Accounting policies

##### (1). Basis and method of evaluation of significant assets

###### [1] Marketable Securities

###### Available-for-sale securities

With market value: At fair market value as of the account closing date (changes in fair value are accounted for under the direct addition to the net assets method, and the moving average method is used to calculate the sale value.)

Without market value: At cost, as determined by the moving average method

###### [2] Derivatives

At fair value

###### [3] Inventories

a. Merchandise and finished goods	Automatic machineries	Recorded at cost using the individual method (values on the balance sheet are subject to the book value reduction method based on decreased profitability)
	Components merchandise and finished goods	Mainly recorded at cost using the periodic average method (values on the balance sheet are subject to the book value reduction method based on decreased profitability)
b. Work-in-process	Automatic machineries work-in-process	Recorded at cost using the individual method (values on the balance sheet are subject to the book value reduction method based on decreased profitability)
	Components work-in-process	Mainly recorded at cost using the periodic average method (values on the balance sheet are subject to the book value reduction method based on decreased profitability)
c. Raw materials and supplies	Raw materials	Mainly recorded at cost using the periodic average method (values on the balance sheet are subject to the book value reduction method based on decreased profitability)
	Supplies	Mainly recorded at cost using the last purchase price method (values on the balance sheet are subject to the book value reduction method based on decreased profitability)

##### (2) Depreciation methods for material depreciable assets

###### [1] Property, plant and equipment (excluding lease assets)

Mainly calculated by the declining-balance method.

Useful lives of property, plant and equipment are as follows:

Buildings and structures: 3-50 years

Machinery, equipment and vehicles: 3-17 years

###### [2] Intangible assets (excluding lease assets)

Calculated by the straight-line method.

Capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years).

###### [3] Lease assets

The method employed is to take the useful life of the asset as the term of the lease and depreciate the residual value to zero.

##### (3) Accounting for reserves and allowances

###### [1] Allowance for doubtful accounts

To prepare for the possible losses on doubtful accounts, provisions for normal accounts in good standing are calculated using historical default ratios. Provisions for specific doubtful accounts are calculated by examining the probability of recovery for individual accounts and setting aside an amount equivalent to the portion deemed to be unrecoverable.



[2] Provision for bonuses

To cover bonus payments to employees, a provision for bonuses is made based on an estimated amount of payment for the year under review.

[3] Provision for product warranties

To prepare for claims regarding products delivered to customers, a provision for a reasonably projectable amount of expenses to be incurred in the future is made.

[4] Provision for losses on order received

To prepare for losses related to future order contracts, a provision for the estimated losses at the end of the current consolidated fiscal year is made.

[5] Provision for environmental Measures

To prepare for expenses related to the management of waste and removal of harmful substances obligated under laws and regulations, a provision for a reasonably projectable amount of expenses is made.

(4) Accounting treatment of retirement benefits

[1] Method of attributing expected benefit to periods

In calculating retirement benefit obligations, expected benefits are attributed to periods on a payment calculation basis.

[2] Accounting method of actuarial gains and losses and prior service costs

Prior service costs are amortized on a straight-line basis over a certain period (12 years) within the average remaining service years for employees at the time of recognition.

Actuarial gains and losses are amortized on a straight-line basis over a certain period (12 years) within the average remaining service years for employees at the time of recognition and allocated proportionately from the fiscal year following the respective fiscal year of recognition.

[3] Adoption of simplified method for small-scale companies

The simplified method payment, which assumes benefit obligations to be equal to the benefits payable assuming the voluntary retirement of all employees at fiscal year-end, is applied to some consolidated subsidiaries in the calculation of liabilities regarding the payment of retirement benefits and retirement benefit expenses.

(5) Accounting method of material revenues and expenses

The percentage-of-completion method is applied to construction projects recognized to hold certainty of outcomes for the portion completed by the end of the consolidated fiscal year under review, while the completed-contract method is applied to the remaining construction projects. Moreover, the cost-to-cost method is applied for the percentage of completion estimate at the end of the consolidated fiscal year under review for construction projects that use the percentage-of-completion method.

(6) Foreign currency translation of material assets and liabilities

Monetary assets and liabilities denominated in foreign currencies are translated at the current exchange rates in effect at each fiscal year-end date and the resulting foreign exchange gains or losses are recognized as income or expenses.

Assets and liabilities of the foreign consolidated subsidiaries are translated at the current exchange rates in effect at each fiscal year-end date, and revenue and expense accounts are translated at the average rate of exchange in effect during the year. The amounts of translation adjustments are included in the foreign currency translation adjustments under net assets.

(7) Scope of cash equivalents in consolidated statements of cash flows

Currency on hand, bank deposits, and all highly liquid short-term investments with a maturity of three months or less when purchased and which are readily convertible into cash and are exposed to insignificant risk of changes in value are considered cash equivalents.

(8) Other material items for preparing the consolidated financial statements

Accounting for Consumption Tax

The accounting treatment of the consumption tax and the local consumption tax is based on the tax exclusion method.

### **Changes in methods of presentation**

(Changes stipulated under the Partial Amendments to Accounting Standard for Tax Effect Accounting).

In accordance with the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018), beginning with the consolidated fiscal year under review, the Company has changed to include deferred tax assets in “investments and other assets” and deferred tax liabilities under “noncurrent liabilities.”

Due to this change, in the consolidated balance sheets for the previous fiscal year, deferred tax assets under current assets decreased by ¥2,045 million, and deferred tax assets under investments and other assets increased by ¥112 million. On the other hand, deferred tax liabilities under noncurrent liabilities decreased by ¥1,933 million.

Furthermore, deferred tax assets and deferred tax liabilities of the same taxable entity were shown after offset, resulted in decreasing total assets by ¥1,933 million compared to the previous methods of presentation.

### **Segment information, etc.**

(Segment information)

#### **1. Outline of reporting segments**

The reporting segments of the CKD Group refers to the constituents of CKD and its subsidiaries that separate financial statements are available and that are the scope of regular discussion by the Board of Directors of CKD to determine how corporate resources are to be allocated and to evaluate business performance.

The constituents of the CKD Group consist of product segments, which include two reporting segments of ‘Automatic Machineries’ and ‘Components’ separated based on the type, properties, and sales method of products.

In Automatic Machineries Products, automatic packaging system, lithium ion battery manufacturing system, and other large-scale facilities are manufactured and sold. They are produced upon receiving an order.

In Component Products, functional parts that can be applied to semiconductor-related businesses, automobile-related industries, and other markets of diversified kinds are manufactured and sold. They are produced by forecasting demands of each item.

#### **2. Calculation methods of sales, income/loss, assets, liabilities and other accounting items for each reporting segment**

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

The income in each reporting segment are based on operating income. Internal gains and amount of transfer among segments are based on current market prices.

3. Information on reporting-segment-wise sales, income/loss, assets, liabilities, and other accounting items  
Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Million yen)

	Reporting segment			Amount Adjusted (Note 1)	Amount shown in the consolidated financial statement (Note 2)
	Automatic Machineries	Components	Total		
Net sales					
Sales to external customers	16,344	99,355	115,700	—	115,700
Intersegment sales or transfers	0	84	84	(84)	—
Total	16,345	99,439	115,784	(84)	115,700
Segment income	1,176	15,831	17,007	(4,534)	12,472
Segment assets	20,479	98,054	118,533	12,353	130,887
Other items					
Depreciation and amortization	822	3,175	3,997	233	4,230
Increase in property, plant and equipment and intangible assets	569	8,221	8,791	631	9,422

Note 1: Details of the amount adjusted

1. The amount of adjustment for 'Net sales' of ¥(84) million is derived from elimination of transactions among segments.
2. The amount of adjustment for 'Segment income' of ¥(4,534) million includes ¥34 million for elimination of transactions among segments and ¥(4,568) million as the total company expenses that are not allocated to each reporting segment. The total company expenses mainly refers to expenses related to administration and long-term R&D expenses of CKD and costs related to CKD Global Service Corporation.
3. The amount of adjustment for 'Segment assets' of ¥12,353 million is the total company assets not allocated to each reporting segment. This mainly consists of working surplus funds (cash and deposits) and long-term investment funds (investment securities).
4. The amount adjusted for depreciation of ¥233 million consists of depreciation related to assets for the entire Company.
5. The amount adjusted for increase in property, plant and equipment and intangible assets of ¥631 million consists of the amount of property, plant and equipment and intangible assets for the entire Company.

Note 2: 'Segment income' has already been adjusted with operating income shown in the consolidated statement of income.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Million yen)

	Reporting segment			Amount Adjusted (Note 1)	Amount shown in the consolidated financial statement (Note 2)
	Automatic Machineries	Components	Total		
Net sales					
Sales to external customers	16,027	99,638	115,665	—	115,665
Intersegment sales or transfers	—	85	85	(85)	—
Total	16,027	99,723	115,750	(85)	115,665
Segment income	1,422	8,582	10,004	(4,575)	5,429
Segment assets	19,398	105,593	124,992	11,968	136,961
Other items					
Depreciation and amortization	765	4,131	4,896	276	5,173
Increase in property, plant and equipment and intangible assets	636	13,843	14,480	362	14,843

Note 1: Details of the amount adjusted

1. The amount of adjustment for 'Net sales' of ¥(85) million is derived from elimination of transactions among segments.
2. The amount of adjustment for 'Segment income' of ¥(4,575) million includes ¥32 million for elimination of transactions among segments and ¥(4,608) million as the total company expenses that are not allocated to each reporting segment. The total company expenses mainly refers to expenses related to administration and long-term R&D expenses of CKD and costs related to CKD Global Service Corporation.
3. The amount of adjustment for 'Segment assets' of ¥11,968 million is the total company assets not allocated to each reporting segment. This mainly consists of working surplus funds (cash and deposits) and long-term investment funds (investment securities).
4. The amount adjusted for depreciation of ¥276 million consists of depreciation related to assets for the entire Company.
5. The amount adjusted for increase in property, plant and equipment and intangible assets of ¥362 million consists of the amount of property, plant and equipment and intangible assets for the entire Company.

Note 2: 'Segment income' has already been adjusted with operating income shown in the consolidated statement of income.

(Related information)

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

1. Information regarding products and services

Disclosure is omitted as the same information is disclosed in segment information.

2. Information regarding each region

[1] Net sales

(Million yen)

Japan	China	Rest of Asia	Other	Total
83,518	13,360	15,168	3,652	115,700

Note: 1. Net sales are classified by country or region based on the customer's location.

2. The amount under "Rest of Asia" is net sales in Asia excluding both Japan and China.

[2] Property, plant and equipment

(Million yen)

Japan	China	Other	Total
26,968	5,462	768	33,199

3. Information by principal customer

Of the net sales to outside customers, there are no customers accounting for 10% or more of total net sales under the consolidated statements of income.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

1. Information regarding products and services

Disclosure is omitted as the same information is disclosed in segment information.

2. Information regarding each region

[1] Net sales

(Million yen)

Japan	China	Rest of Asia	Other	Total
84,515	13,016	14,236	3,897	115,665

Note: 1. Net sales are classified by country or region based on the customer's location.

2. The amount under "Rest of Asia" is net sales in Asia excluding both Japan and China.

[2] Property, plant and equipment

(Million yen)

Japan	China	Other	Total
34,604	7,106	933	42,644

### 3. Information by principal customer

Of the net sales to outside customers, there are no customers accounting for 10% or more of total net sales under the consolidated statements of income.

(Information on impairment losses on noncurrent assets by reporting segment)

None applicable

(Information related to the amount of amortization of goodwill and the unamortized amount of goodwill by reporting segment)

None applicable

(Information on gain on bargain purchase by reporting segment)

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

Due to the acquisition of shares in NIKKI DENSO CO., LTD (trade name changed to CKD NIKKI DENSO CO., LTD. on June 1, 2017) resulting in it becoming a consolidated subsidiary, gain on bargain purchase of ¥149 million was recorded in the "Component Products" segment. For reference, as gain on bargain purchase is extraordinary income, it is not included in the income of the reporting segment.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

None applicable

### Per share information

	FY2017 (April 1, 2017 to March 31, 2018)	FY2018 (April 1, 2018 to March 31, 2019)
	Yen	Yen
Net assets per share	1,291.26	1,296.94
Net income per share	147.65	77.42

Notes: 1. There are no latent shares and no figures for net income per share after adjustment for latent shares has been disclosed.

2. Basis for calculations of net income per share

	FY2017 (April 1, 2017 to March 31, 2018)	FY2018 (April 1, 2018 to March 31, 2019)
Net income per share		
Net income attributable to owners of parent (Million yen)	9,142	4,793
Value not attributable to common stock (Million yen)	—	—
Net income attributable to common stock and owners of parent (Million yen)	9,142	4,793
Average number of outstanding shares during the period (Thousand shares)	61,916	61,918

### Material subsequent events

None applicable

## 4. Others

### (1) Production, orders, and sales

[1] Actual production

The table below shows actual production by reporting segment in the fiscal year under review.

Segment name	Production output (Million yen)	Change YoY (%)
Automatic machineries	16,847	(8.1)
Components	100,829	(1.7)
Total	117,677	(2.7)

Notes: 1. Intersegment transactions have been offset and eliminated.

2. Amounts are based on sales prices.

3. Above figures are exclusive of consumption tax.

[2] Actual orders

The table below shows actual orders by reporting segment in the fiscal year under review.

Segment name	Orders (Million yen)	Change YoY (%)	Order backlog (Million yen)	Change YoY (%)
Automatic machineries	17,755	+8.1	12,394	+16.2

Notes: 1. Production is carried out by expected demand, excluding the Automatic machineries segment.

3. Above figures are exclusive of consumption tax.

[3] Actual sales

The table below shows actual sales by business segment in the fiscal year under review.

Segment name	Sales (Million yen)	Change YoY (%)
Automatic machineries	16,027	(1.9)
Components	99,638	+0.3
Total	115,665	(0.0)

Notes: 1. Intersegment transactions have been offset and eliminated.

2. Above figures are exclusive of consumption tax.

### (2) Change of officers

For changes in officers, please refer to the attachment from the next page onwards.



Reference

May 15, 2019

Listed company name: CKD Corporation  
 TES Code: 6407  
 Address: 2-250 Oji, Komaki City, Aichi Prefecture  
 Listed stock exchange: First Sections of Tokyo Stock Exchange  
 and Nagoya Stock Exchange  
 Contact: Toshiaki Sugiura, General Manager of General  
 Affairs Department  
 Phone: +81-568-74-1238

Changes of Officers (As of June 21, 2019)

(1) Directors to be promoted

Name	New role(s)	Current role(s)
Katsuhito Okuoka	Executive Director and Senior Managing Officer of Quality Management/Environment, concurrently serving as General Manager of Components Division	Director and Senior Executive Officer of Quality Management, concurrently serving as General Manager of Components Division
Masafumi Kokubo	Director and Senior Executive Officer of Profit and Budget, concurrently serving as General Manager of Corporate Planning Department, General Manager of Security Export Control Office, General Manager of Internal Control and Auditing Office	Director and Executive Officer of Profit and Budget, concurrently serving as General Manager of Corporate Planning Department, General Manager of Security Export Control Office, General Manager of Internal Control and Auditing Office

(2) Prospective new Director

Name	New role(s)	Current role(s)
Katsunori Hayashida	Director and Executive Officer General Manager of Automatic Machinery Business Division	Executive Officer General Manager of Automatic Machinery Business Division

(3) Prospective new Executive Officer

Name	New role(s)	Current role(s)
Shigeru Kawamura	Executive Officer CEO CKD NIKKI DENSO CO., LTD.	CEO CKD NIKKI DENSO CO., LTD.



## New Director Resume Summary and Responsibilities

New role	Director
Name	Katsunori Hayashida
Date of birth	April 2, 1961 (age 58)
Place of birth	Aichi Prefecture
Current residence	Minokamo City, Gifu Prefecture
Most recent education	
March 1984	Graduated from Department of Mechanical Engineering, Faculty of Technology, Nagoya Institute of Technology
Brief resume	
April 1984	Joined CKD Corporation
June 2006	Manager of Production Department, Automatic Machinery Business Division
May 2009	Manager of Battery Engineering Department, Automatic Machinery Business Division,
April 2011	Manager of Procurement Department
June 2018	Executive Officer and General Manager of Automatic Machinery Business Division (current position)
June 2019	To be appointed as Director and Executive Officer, and General Manager of Automatic Machinery Business Division

Planned appointment date June 21, 2019