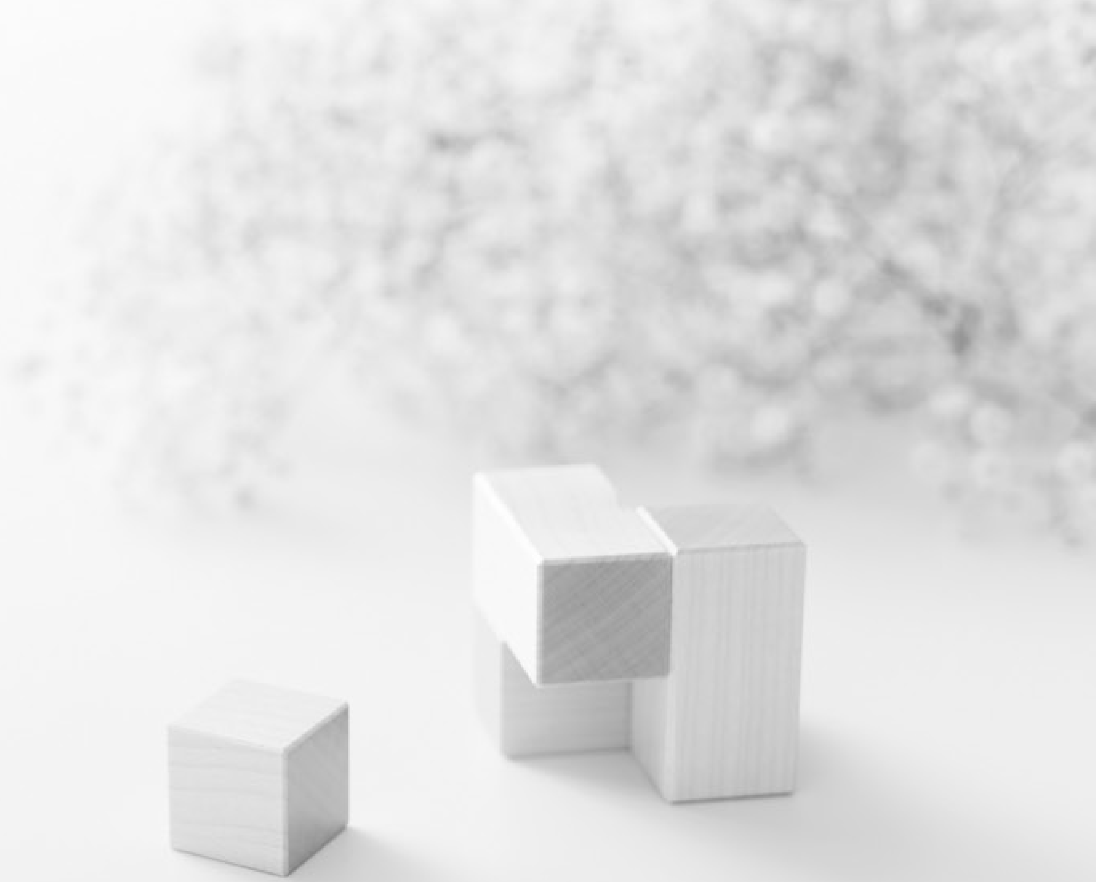
S.T.CORPORATION

Creating Corporate Value Report 2017
Financial Section

Year ended March 31, 2017

Refreshing the Air



Management's Discussion and Analysis

Group Outline

The S.T. CORPORATION Group is composed of S.T. CORPORATION, six consolidated subsidiaries, three equity method affiliated companies and other affiliated companies.

Sales Overview

In the fiscal year ended March 31, 2017 (hereinafter called "the current year"), the Japanese economy witnessed a gentle recovery, as the employment and income environments were healthy, the yen weakened and share prices rose after the U.S. presidential election, improving business confidence. However, consumer spending was sluggish, because the upward pressure on prices curbed household purchasing power, young people's propensity to spend is declining, and weathers were unfavorable. In addition, the outlook for the global economy remains uncertain, because of the Brexit and the concerns over U.S. political measures, although the slowdown of the global economy subsided.

In these circumstances, the S.T. Group concentrated on "market expansion," "share increase," and "profit-oriented management" for realizing sustainable growth and took measures for establishing a business division system with the basic policy of "brand value management," while continuing narrowing down and concentrating on targets, development of unprecedented products, and swift business administration.

The sales for the current year were ¥45,958 million, up 2.9% year on year, because the revenue in each business category increased as the S.T. Group managed the revenues thoroughly by promoting visualization of each business. Regarding individual segments, sales grew 3.5% in the Air Care category, dropped 1.4% in the Cloth Care category, increased 15.8% in the Thermal Care category, rose 3.1% in the Hand Care category, decreased 5.4% in the Humidity Care category, and declined 0.4% in the Home Care category, from the previous year.

Cost of Sales, SG&A Expenses, and Operating Income

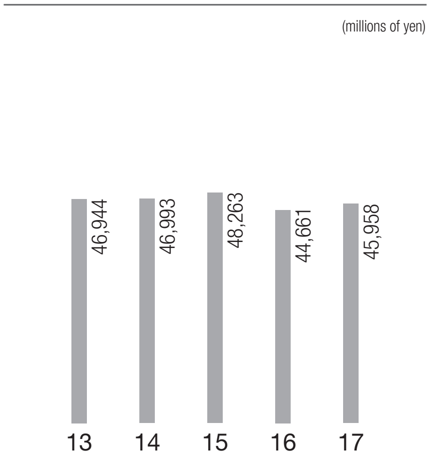
Cost of sales was ¥27,473 million, up 0.7% year on year, as quantity sold increased, the ratio of products with a high gross profit rose, and S.T. kept reducing product returns and manufacturing cost. Selling, general and administrative expenses were ¥15,630 million, up 4.0% year on year as marketing cost augmented, although S.T. made efforts to reduce expenses. Consequently, operating income was ¥2,854 million, up 21.9% year on year.

Other Income (Expenses), Profit Before Income Taxes and Profit Attributable to Owners of Parent

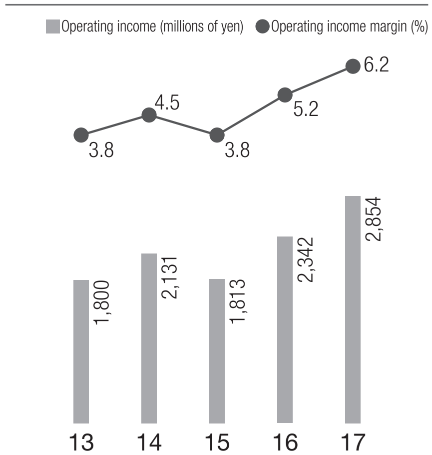
As for other income and expenses, profit before income taxes was ¥2,751 million, up 61.6% year on year, and profit attributable to owners of parent was ¥1,817 million, up 99.2% year on year, as share of profit of entities accounted for using equity method grew and sales cash discount dropped.

Accordingly, earnings per share increased from ¥42.01 in the previous year to ¥83.57. The ratio of profit attributable to owners of parent to sales increased from 2.0% in the previous year to 4.0%, and ROE rose from 4.1% to 7.6%.

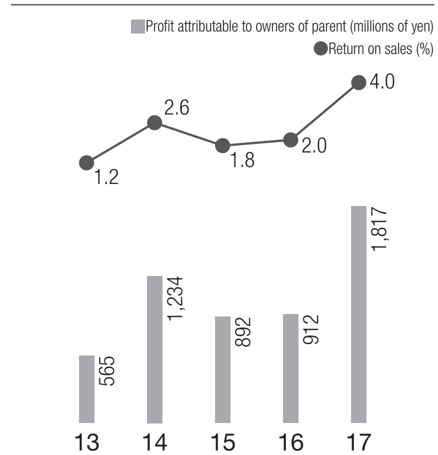
Net sales



Operating income /
Operating income margin



Profit attributable to owners of parent /
Return on sales



Note: As a result of new accounting standards being applied effective from the fiscal year ended March 31, 2017, the figures for fiscal years 2016 and 2017 reflect those changes. The figures for fiscal years 2013 to 2015 are as originally presented without retroactive application.

Financial Position

Total assets as of March 31, 2017 stood at ¥38,458 million, up ¥3,534 million from the end of the previous year. Among them, current assets grew ¥2,759 million to ¥22,467 million, mainly because cash and cash equivalents increased. On the other hand, non-current assets rose ¥755 million to ¥15,992 million, mainly due to the increase in investment securities.

Total liabilities were ¥12,646 million, up ¥1,217 million from the end of the previous year, mainly because of the augmentation of consumption taxes payable and long-term deferred tax liabilities. On the other hand, net assets were ¥25,812 million, up ¥2,316 million from the end of the previous year, mainly because of the growth of retained earnings and valuation difference on available-for-sale securities.

Consequently, net assets per share increased from ¥1,049.58 at the end of the previous year to ¥1,148.41. In addition, equity ratio increased from 65.2% at the end of the previous year to 65.3%, indicating sound financial standing.

Capital Expenditures and Depreciation and Amortization

Capital expenditures dropped from ¥1,758 million in the previous year to ¥608 million in the current year. Depreciation and amortization decreased from ¥1,128 million in the previous year to ¥997 million in the current year.

Cash Flows

Net cash provided by operating activities for the current year was ¥5,150 million, up ¥2,669 million from the previous year. This increase is mainly due to the growth of profit before income taxes. On the other hand, net cash used in investment activities was ¥622 million (in the same period of the previous fiscal year, net cash used in investment activities was ¥624 million). This is mainly due to the augmentation of expenditures through the acquisition of property, plant and equipment. In addition, net cash used in financing activities was ¥640 million, as expenditure decreased ¥236 million year on year. This is mainly because of the retirement of treasury shares.

As a result, the balance of cash and cash equivalents at the end of the current year was ¥11,396 million, up ¥3,844 million from the end of the previous year.

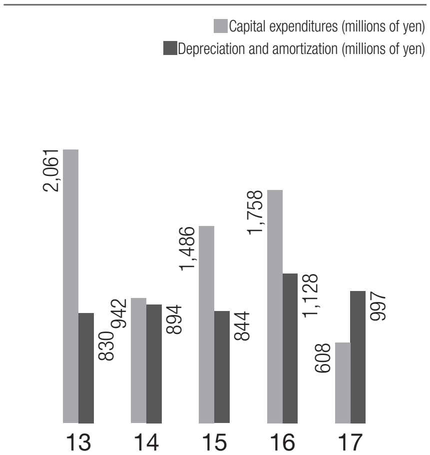
Dividends and Return to Shareholders

Taking into consideration such factors as profit attributable to owners of parent and the need to realize shareholder returns, we decided to distribute a term-end dividend of ¥12.0 (¥24.0 for the full year, including the interim dividend, with a consolidated payout ratio being 28.7%). The company will continue to place importance on returns to shareholders.

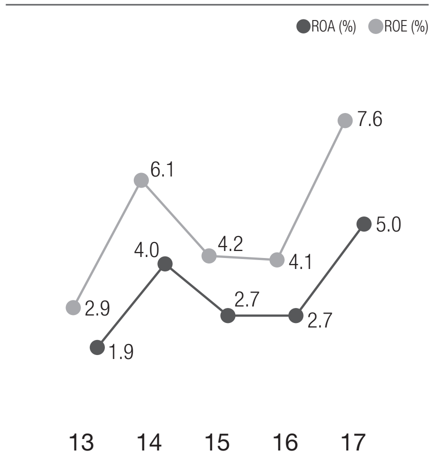
Business and Operational Risks

Factors that could impact the Group's operating results, financial position or stock prices include the following: (1) an escalation in raw materials prices; (2) the impact on manufacturing operations from natural disasters and changes in international political or other conditions; (3) sales fluctuations due to unseasonal weather; (4) and the failure of initiatives to raise new businesses. Forward-looking statements in this annual report are based on certain assumptions made by the Group as of the end of this fiscal year.

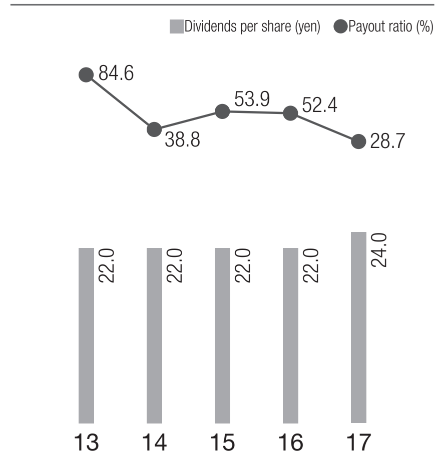
Capital expenditures / Depreciation and amortization



ROA / ROE



Dividends per share / Payout ratio



Consolidated Balance Sheets

S.T.CORPORATION and consolidated subsidiaries
March 31, 2017 and 2016

	millions of yen		thousands of U.S. dollars (Note 2)
Assets	**2017**	2016	**2017**
Current assets:			
Cash and time deposits (Notes 7, 11 and 17)	**¥ 11,439**	¥ 7,566	**$ 101,959**
Trade notes and accounts receivable (Note 7)	**5,220**	5,380	**46,532**
Merchandise and finished goods	**3,940**	4,897	**35,116**
Work in process	**266**	235	**2,372**
Raw materials and supplies	**867**	795	**7,726**
Deferred tax assets (Note 12)	**414**	384	**3,688**
Other current assets	**325**	455	**2,896**
Less - allowance for doubtful accounts	**(4)**	(4)	**(35)**
Total current assets	**22,467**	19,708	**200,255**
Property, plant and equipment, at cost:			
Land (Note 10)	**3,096**	3,195	**27,596**
Buildings and structures	**7,441**	7,465	**66,322**
Machinery, equipment and vehicles	**6,548**	6,603	**58,364**
Tools, furniture and fixtures	**3,908**	3,931	**34,834**
Construction in progress	**—**	124	**—**
Leased assets (Note 18)	**937**	967	**8,356**
Less - accumulated depreciation	**(13,929)**	(13,626)	**(124,154)**
Property, plant and equipment, net	**8,001**	8,659	**71,318**
Intangible assets, net of accumulated amortization	**334**	228	**2,976**
Total intangible assets	**334**	228	**2,976**
Investments and other assets:			
Investments in non-consolidated subsidiaries and affiliates	**423**	435	**3,771**
Investment securities (Notes 7 and 9)	**6,092**	4,850	**54,298**
Long-term loans	**15**	26	**130**
Net defined benefit asset (Notes 1 and 13)	**103**	—	**917**
Deferred tax assets other than unrealized revaluation loss on land (Note 12)	**11**	11	**96**
Other assets	**1,013**	1,008	**9,033**
Total investments and other assets	**7,657**	6,330	**68,246**
Total assets	**¥ 38,458**	¥ 34,924	**$ 342,795**

Liabilities and net assets	2017 (millions of yen)	2016 (millions of yen)	2017 (thousands of U.S. dollars (Note 2))
Current liabilities:			
Trade payables (Note 7)	¥ 2,159	¥ 2,202	$ 19,240
Electronically recorded obligations-operating (Note 7)	2,937	2,982	26,180
Short-term loans payable	—	47	—
Lease obligations	163	169	1,451
Other payables (Note 7)	2,405	2,160	21,439
Accrued expenses	754	606	6,721
Electronically recorded obligations-non-operating	20	58	178
Income taxes payable	680	360	6,058
Consumption taxes payable	379	16	3,378
Allowance for sales returns	108	124	964
Other current liabilities	62	57	549
Total current liabilities	9,666	8,781	86,159
Long-term liabilities:			
Lease obligations	435	571	3,874
Provision for directors' retirement and severance benefits	127	127	1,135
Provision for executive officers' incentive plan (Note 5)	40	17	358
Net defined benefit liability (Notes 1 and 13)	1,201	1,296	10,705
Deferred tax liabilities (Note 12)	718	373	6,404
Deferred tax liabilities - unrealized revaluation gain on land (Note 10)	262	262	2,337
Other non-current liabilities	196	1	1,746
Total long-term liabilities	2,980	2,648	26,559
Net assets (Note 14):			
Shareholders' equity:			
Common stock:			
Authorized - 96,817,000 shares in 2017 and 2016			
Issued and outstanding - 23,000,000 shares in 2017 and 2016	7,066	7,066	62,978
Capital surplus	7,068	7,068	62,999
Retained earnings	11,016	9,739	98,189
Treasury stock, at cost	(1,487)	(1,734)	(13,255)
Total shareholders' equity	23,662	22,138	210,911
Accumulated other comprehensive income (loss):			
Unrealized holding gain on other securities, net of taxes	2,379	1,482	21,201
Unrealized revaluation loss on land, net of taxes (Note 10)	(537)	(537)	(4,788)
Translation adjustments	(354)	(287)	(3,159)
Remeasurements of defined benefit plans	(25)	(20)	(225)
Total accumulated other comprehensive income (loss)	1,462	638	13,029
Subscription rights	46	75	412
Non-controlling interests	642	646	5,725
Total net assets	25,812	23,496	230,077
Total liabilities and net assets	¥ 38,458	¥ 34,924	$ 342,795

See notes to consolidated financial statements.

Consolidated Statements of Income

S.T.CORPORATION and consolidated subsidiaries
For the years ended March 31, 2017 and 2016

	millions of yen		thousands of U.S. dollars (Note 2)
	2017	2016	**2017**
Net sales	**¥ 45,958**	¥ 44,661	**$ 409,644**
Cost of sales (Notes 16 and 21)	**27,490**	27,328	**245,027**
Gross profit before reversal of allowance for sales returns	**18,468**	17,332	**164,617**
Reversal of allowance for sales returns	**16**	34	**144**
Gross profit	**18,485**	17,366	**164,761**
Selling, general and administrative expenses (Note 16)	**15,630**	15,025	**139,320**
Operating income	**2,854**	2,342	**25,441**
Non-operating income (expenses):			
Interest and dividends received	**106**	92	**946**
Interest expense	**(0)**	(1)	**(2)**
Purchase discounts	**144**	164	**1,284**
Sales discounts	**(521)**	(885)	**(4,643)**
Share of profit of entities accounted for using equity method	**25**	—	**220**
Share of loss of entities accounted for using equity method	**—**	(15)	**—**
Other, net	**295**	28	**2,625**
Total non-operating income (expenses)	**48**	(617)	**430**
Ordinary income	**2,903**	1,725	**25,872**
Special gains (losses), net:			
Loss on disposition of property, plant and equipment, net	**(10)**	(43)	**(89)**
Impairment loss	**(130)**	—	**(1,161)**
Gain on reversal of subscription rights to shares	**5**	17	**42**
Gain (loss) on sales of investment securities, net	**4**	—	**32**
Gain on extinguishment of tie-in shares, net	**—**	5	**—**
Loss on abolishment of retirement benefit plan	**(19)**	—	**(169)**
Other	**(0)**	—	**(2)**
Total special gains (losses), net	**(151)**	(22)	**(1,348)**
Profit before income taxes	**2,751**	1,703	**24,524**
Income taxes (Note 12):			
Current	**873**	570	**7,783**
Prior periods	**—**	107	**—**
Deferred	**(67)**	2	**(601)**
Total income taxes	**806**	679	**7,182**
Profit	**1,946**	1,023	**17,342**
Profit attributable to non-controlling interests	**129**	111	**1,146**
Profit attributable to owners of parent	**¥ 1,817**	¥ 912	**$ 16,196**

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

S.T.CORPORATION and consolidated subsidiaries
For the years ended March 31, 2017 and 2016

	millions of yen		thousands of U.S. dollars (Note 2)
	2017	2016	**2017**
Profit	**¥ 1,946**	¥ 1,023	**$ 17,342**
Other comprehensive income (Note 6)			
Unrealized holding gain on other securities, net of taxes	**897**	739	**7,993**
Unrealized revaluation loss on land, net of taxes	**—**	8	**—**
Translation adjustments	**(76)**	(102)	**(678)**
Remeasurements of defined benefit plans, net of tax	**(5)**	(42)	**(43)**
Share of other comprehensive income (loss) of entities accounted for using equity method	**(18)**	(12)	**(157)**
Total other comprehensive income	**798**	591	**7,115**
Comprehensive income	**¥ 2,744**	¥ 1,615	**$ 24,457**
Total comprehensive income attributable to:			
Owners of parent	**2,641**	1,533	**23,543**
Non-controlling interests	**103**	82	**914**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

S.T.CORPORATION and consolidated subsidiaries
For the years ended March 31, 2017 and 2016

		millions of yen				
	Number of shares of common stock (Thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2016	23,000	¥ 7,066	¥ 7,068	¥ 9,739	¥ (1,734)	¥ 22,138
Cash dividends paid by distribution of retained earnings				(504)		(504)
Profit attributable to owners of parent				1,817		1,817
Purchases of treasury stock					(1)	(1)
Disposal of treasury stock				(36)	248	212
Increase by merger				0		0
Net changes in items other than those in shareholders' equity						
Balance at March 31, 2017	23,000	¥ 7,066	¥ 7,068	¥ 11,016	¥ (1,487)	¥ 23,662

	millions of yen							
	Unrealized holding gain on other securities, net of taxes	Unrealized revaluation loss on land, net of taxes (Note 10)	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive loss	Subscription rights	Non-controlling interests	Total net assets
Balance at April 1, 2016	¥ 1,482	¥ (537)	¥ (287)	¥ (20)	¥ 638	¥ 75	¥ 646	¥ 23,496
Cash dividends paid by distribution of retained earnings								(504)
Profit attributable to owners of parent								1,817
Purchases of treasury stock								(1)
Disposal of treasury stock								212
Increase by merger								0
Net changes in items other than those in shareholders' equity	896		(67)	(5)	824	(29)	(3)	792
Balance at March 31, 2017	¥ 2,379	¥ (537)	¥ (354)	¥ (25)	¥ 1,462	¥ 46	¥ 642	¥ 25,812

		millions of yen				
	Number of shares of common stock (Thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2015	23,000	¥ 7,066	¥ 7,068	¥ 9,394	¥ (1,654)	¥ 21,874
Cash dividends paid by distribution of retained earnings				(481)		(481)
Profit attributable to owners of parent				912		912
Purchases of treasury stock					(167)	(167)
Disposal of treasury stock				(86)	86	—
Net changes in items other than those in shareholders' equity						
Balance at March 31, 2016	23,000	¥ 7,066	¥ 7,068	¥ 9,739	¥ (1,734)	¥ 22,138

	millions of yen							
	Unrealized holding gain on other securities, net of taxes	Unrealized revaluation loss on land, net of taxes (Note 10)	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive loss	Subscription rights	Non-controlling interests	Total net assets
Balance at April 1, 2015	¥ 743	¥ (546)	¥ (202)	¥ 21	¥ 17	¥ 81	¥ 629	¥ 22,600
Cash dividends paid by distribution of retained earnings								(481)
Profit attributable to owners of parent								912
Purchases of treasury stock								(167)
Disposal of treasury stock								—
Net changes in items other than those in shareholders' equity	739	8	(85)	(42)	621	(6)	17	632
Balance at March 31, 2016	¥ 1,482	¥ (537)	¥ (287)	¥ (20)	¥ 638	¥ 75	¥ 646	¥ 23,496

		thousands of U.S. dollars (Note 2)				
	Number of shares of common stock (Thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2016	23,000	$ 62,978	$ 62,999	$ 86,804	$ (15,458)	$ 197,323
Cash dividends paid by distribution of retained earnings				(4,494)		(4,494)
Profit attributable to owners of parent				16,196		16,196
Purchases of treasury stock					(5)	(5)
Disposal of treasury stock				(317)	2,208	1,891
Increase by merger				0		0
Net changes in items other than those in shareholders' equity						
Balance at March 31, 2017	23,000	$ 62,978	$ 62,999	$ 98,189	$ (13,255)	$ 210,911

	thousands of U.S. dollars (Note 2)							
	Unrealized holding gain on other securities, net of taxes	Unrealized revaluation loss on land, net of taxes (Note 10)	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive loss	Subscription rights	Non-controlling interests	Total net assets
Balance at April 1, 2016	$ 13,213	$ (4,788)	$ (2,560)	$ (182)	$ 5,683	$ 670	$ 5,754	$ 209,429
Cash dividends paid by distribution of retained earnings								(4,494)
Profit attributable to owners of parent								16,196
Purchases of treasury stock								(5)
Disposal of treasury stock								1,891
Increase by merger								0
Net changes in items other than those in shareholders' equity	7,988		(599)	(43)	7,346	(258)	(28)	7,060
Balance at March 31, 2017	$ 21,201	$ (4,788)	$ (3,159)	$ (225)	$ 13,029	$ 412	$ 5,725	$ 230,077

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

S.T.CORPORATION and consolidated subsidiaries
For the years ended March 31, 2017 and 2016

	millions of yen		thousands of U.S. dollars (Note 2)
	2017	2016	2017
Cash flows from operating activities:			
Profit before income taxes	¥ 2,751	¥ 1,703	$ 24,524
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation and amortization	997	1,128	8,883
Impairment loss	130	—	1,161
Gain on reversal of subscription rights to shares	(5)	(17)	(42)
Gain on extinguishment of tie-in shares	—	(5)	—
Loss on sales of property, plant and equipment	10	43	89
Loss (gain) on sales and valuation of investment securities	(4)	—	(32)
Loss on abolishment of retirement benefit plan	19	—	169
Increase (decrease) in allowance for doubtful receivables	(0)	(1)	(3)
Increase (decrease) in net defined benefit asset and liability	(239)	18	(2,128)
Increase (decrease) in provision for directors' retirement and severance benefits	—	5	—
Increase (decrease) in provision for executive officers' incentive plan	23	17	208
Increase (decrease) in allowance for sales returns	(16)	(34)	(144)
Interest and dividends received	(106)	(92)	(946)
Interest expenses	0	1	2
Foreign exchange losses (gains)	(170)	82	(1,519)
Share of (profit) loss of entities accounted for using equity method	(25)	15	(220)
Changes in operating assets and liabilities:			
Receivables	144	436	1,285
Inventories	838	(201)	7,473
Payables and accrued expenses	(32)	324	(287)
Accrued consumption taxes	363	(251)	3,239
Other, net	957	(117)	8,530
Subtotal	5,637	3,054	50,241
Interest and dividends received	109	106	974
Interest paid	(0)	(1)	(2)
Income taxes paid	(595)	(677)	(5,306)
Net cash provided by operating activities	5,150	2,481	45,907
Cash flows from investing activities:			
Payments into deposits (more than three months)	(33)	(0)	(291)
Proceeds from withdrawal of time deposits (more than three months)	—	1,022	—
Purchases of property, plant and equipment	(449)	(1,687)	(4,000)
Proceeds from sales of property, plant and equipment	8	3	73
Purchases of investment securities	(9)	(9)	(84)
Proceeds from sales of investment securities	13	—	115
Proceeds from redemption of securities	—	106	—
Other investments, net	(152)	(60)	(1,354)
Net cash used in investing activities	(622)	(624)	(5,542)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	(45)	(10)	(404)
Purchases of treasury stock	(1)	(167)	(5)
Proceeds from disposal of treasury stock	185	—	1,650
Payments of dividends	(504)	(481)	(4,494)
Payments of dividends to non-controlling interests	(106)	(65)	(943)
Other finance, net	(169)	(152)	(1,507)
Net cash used in financing activities	(640)	(876)	(5,704)
Effect of exchange rate changes on cash and cash equivalents	(50)	(19)	(441)
Net increase (decrease) in cash and cash equivalents	3,839	962	34,220
Cash and cash equivalents at beginning of year	7,552	6,585	67,316
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	5	5	45
Cash and cash equivalents at end of year (Note 17)	¥ 11,396	¥ 7,552	$ 101,580

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

S.T.CORPORATION and Consolidated Subsidiaries
March 31, 2017

1 Summary of Significant Accounting Policies

(a) Basis of presentation
S.T. CORPORATION (the "Company") and its domestic subsidiaries maintain their books of account in conformity with accounting principles generally accepted in Japan, and its overseas subsidiaries maintain their books of account in conformity with those of their countries of domicile. Effective April 1, 2008, the Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18, issued by the Accounting Standards Board of Japan (ASBJ) on May 17, 2006).

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of IFRS, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically for readers outside Japan. The notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information. Furthermore, certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

As permitted by Financial Instruments and Exchange Law, amounts are rounded to the nearest million yen. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

(b) Scope of consolidation
(1) Number of consolidated subsidiaries:
6 companies

(2) Names of consolidated subsidiaries:
S.T. TRADING CO., LTD., S.T. BUSINESS SUPPORT CO., LTD., S.T. (THAILAND) CO., LTD., FAMILY GLOVE CO., LTD. (TAIWAN), S.T. KOREA CORPORATION (SOUTH KOREA), and SHALDAN (THAILAND) CO., LTD.

(3) Name of major non-consolidated subsidiary:
JAPAN AROMA LABORATORY CO., LTD.
The number of non-consolidated subsidiaries decreased by one from the previous fiscal year because the former subsidiary, S.T. GLOVE CO., LTD. was combined into S.T. TRADING CO., LTD. through an absorption-type merger effective September 28, 2016.

(Reasons for exclusion from scope of consolidation)
The non-consolidated subsidiary has been excluded from the scope of consolidation because the total amounts of its assets, net sales, profit or loss (amount equivalent to equity interests), retained earnings (amount equivalent to equity interests) and other amounts are limited, and the effect on the consolidated financial statements as a whole is not significant.

(c) Scope of application of equity-method accounting
(1) Number of affiliated companies accounted for by the equity method:
3 companies

(2) Names of major companies:
SHALDAN (PHILIPPINES), INC., AEKYUNG S.T. CO., LTD., and NS FAFA JAPAN CO., LTD.

(3) Name of non-consolidated subsidiary for which equity method is not applied
The non-consolidated subsidiary to which the equity method does not apply (JAPAN AROMA LABORATORY CO., LTD) is accounted for using the cost method rather than the equity method because the total amounts of its profit or loss (amount equivalent to equity interests), retained earnings (amount equivalent to equity interests) and other amounts are limited, and the effect on the consolidated financial statements as a whole is not significant.

(d) Accounting period
The accounting period of the Company begins on April 1 and ends on March 31 of the following year. The four overseas subsidiaries have fiscal years ending on December 31. The necessary adjustments for significant transactions, if any, during the intervening period are made on consolidation.

(e) Translation of foreign currency transactions and financial statements
Monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date and the accounts of the overseas consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date. Foreign exchange gains and losses are credited or charged to income and translation adjustments are included in net assets.

(f) Marketable securities and investment securities
Other securities with determinable market value are carried at market value with any changes in unrealized holding gain or loss, net of the related deferred income tax assets or liabilities, included in net assets. Other securities without determinable market value are stated at cost determined by the moving-average method and the cost of other securities sold is computed based on the moving-average method. During the years ended March 31, 2017 and 2016, the Company and its consolidated subsidiaries did not have any trading securities.

(g) Inventories
Inventories are stated at the lower of cost or net selling value, cost being determined by the average method.

(h) Property, plant and equipment, except for leased assets, and depreciation
Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its domestic subsidiaries, except for buildings (excluding structures attached to the buildings) acquired on or after April 1, 1998, and facilities attached to the buildings and structures acquired on or after April 1, 2016, is computed by the declining-balance method in conformity with the Corporation Tax Law of Japan. Depreciation of property and equipment of overseas subsidiaries and buildings (excluding structures attached to the buildings) acquired on or after April 1, 1998 and facilities attached to the buildings and structures acquired on or after April 1, 2016 of the Company and domestic subsidiaries is computed by the straight-line method.

The estimated useful lives of the major depreciable assets are as follows:

Buildings and structures	3 to 50 years
Machinery, equipment and vehicles	2 to 17 years
Tools, furniture and fixtures	2 to 20 years

(i) Intangible assets
Intangible assets, except for leased assets, are amortized by the straight-line method. Cost of software purchased for internal use is amortized by the straight-line method over a period of mainly 5 years, the useful life applicable to commercially available software.

(j) Leases
Non-cancelable lease transactions that transfer substantially all the risks and rewards associated with the ownership of the leased assets are accounted for as finance leases. All other lease transactions are accounted for as operating leases and related payments are charged to income as incurred.

Depreciation is computed by the straight-line method over the respective lease terms assuming a nil residual value.

(k) Allowance for doubtful receivables
The allowance for doubtful receivables is provided based on past experience for normal receivables and on an estimate of the collectability of receivables from companies in financial difficulty.

(l) Allowance for sales returns
The allowance for sales returns is provided for losses on sales returns subsequent to the balance sheet date at an amount equivalent to that calculated based on the actual percentage of returns in prior years.

(m) Employees' retirement and severance benefits
(1) Method of attributing expected benefit payments to the period
In calculating the retirement benefit obligation, the method of attributing expected benefit payments to periods is based on the benefit formula.

(2) Amortization method of actuarial gains/losses
Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over a period of a certain number of years (5 years) which is shorter than the average remaining years of service of the employees.

(3) Adoption of a simplified method in some consolidated subsidiaries
Some consolidated subsidiaries adopt the simplified method which assumes retirement benefit obligation to be equal to the benefits payable if all eligible employees voluntarily terminated their employment at the end of fiscal year for the calculation of net defined benefit liability and retirement benefit expenses.

(n) Provision for directors' retirement and severance benefits
The Company has accrued provision for directors' retirement and severance benefits at the amount which would be required to be paid if all directors resigned from their positions and left the Company as of the balance sheet date in accordance with its internal regulations.

(o) Provision for executive officers' incentive plan
The Company has established an executive officers' incentive plan trust and a provision is made at the amount required for stock awards based on the Company's internal regulations for awarding stock.

(p) Consumption taxes
Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(q) Cash and cash equivalents
Cash and cash equivalents in the accompanying consolidated statements of cash flows consist of cash on hand, demand deposits and liquid short-term investments with a maturity of three months or less from their respective dates of acquisition.

2 Basis of Translation

The consolidated financial statements presented herein are expressed in yen and, solely for the convenience of the reader, have been translated into U.S. dollars at ¥112.19 = U.S.$1.00, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2017. This translation should not be construed as a representation that all amounts shown could have been, or could in the future be, converted into U.S. dollars at that or any other rate.

3 Change in Accounting Policies

(Adoption of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)
Effective from the fiscal year ended March 31, 2017, the Company has adopted the "Practical Solution on a Change in Depreciation Method due to Tax Reform 2016" (ASBJ PITF No.32 issued on June 17, 2016) in accordance with the reform of the Corporation Tax Act of Japan. Accordingly, the Company has changed the depreciation method applied to facilities attached to buildings and non-building structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

As a result of this change, operating income, ordinary income, and profit before income taxes increased by approximately ¥1 million (U.S.$10 thousand) for the fiscal year ended March 31, 2017.

(Changes in Accounting Policy for Sales Recognition)
In the past, the sales promotion expenses paid to certain customers for the purpose of expanding sales were recorded in selling, general and administrative expenses. However, the accounting treatment for sales promotion expenses has been changed to one in which the corresponding amounts are deducted directly from net sales effective from the fiscal year ended March 31, 2017.

In line with a more competitive business environment in recent years as well as centralized and large-scaled distribution, management of sales promotion expenses has become increasingly important.

In consideration of such changes in the management environment, the Company examined details of transactions with customers in order to deliberate on achieving more appropriate sales management and business management under the business division system that started as part of management reform activities. As a result, a certain portion of sales promotion expenses tend to be taken into consideration when determining sales terms and transaction conditions, and they constitute a substantial part of the sale price. The Company concluded that the method of recording net sales after deducting sales promotion expenses more appropriately reflects actual business operations.

This change in accounting policy has been adopted retrospectively and the consolidated financial statements for the previous fiscal year were adjusted to reflect such retrospective adoption.

As a result of this change, compared with the amounts recognized prior to the retrospective adoption, net sales, gross profit and selling, general and administrative expenses for the previous fiscal year decreased by ¥3,690 million, respectively. However, there was no impact on operating income, ordinary income, and profit before income taxes.

4 Changes in Presentation

(Consolidated Statements of Income)
"Insurance income," which had been presented separately under "Non-operating income" for the previous fiscal year was included in "Other non-operating income" for the fiscal year ended March 31, 2017, because the amount was insignificant. In order to reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result of this change, "Insurance income" of ¥21 million under "Non-operating income" which had been included in "Other non-operating income" in the consolidated statement of income for the previous fiscal year has been reclassified.

(Consolidated Statements of Cash Flows)
"Accrued consumption taxes," which had been included in "Other, net" of "Net cash provided by operating activities" for the previous fiscal year were presented separately for the fiscal year ended March 31, 2017 due to an increase in materiality. In order to reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result of this change, "Other, net" of ¥ (369) million under "Net cash provided by operating activities" has been reclassified as "Accrued consumption taxes" of ¥ (251) million and "Other, net" of ¥ (117) million under "Net cash provided by operating activities" in the consolidated statement of cash flows for the previous fiscal year.

"Insurance income" and "Proceeds from insurance income," which had been presented separately under "Net cash provided by operating activities" for the previous fiscal year were included in "Other, net" for the fiscal year ended March 31, 2017 because the amount was insignificant. In order to reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result of this change, "Insurance income" of ¥ (21) million and "Proceeds from insurance income" of ¥21 million under "Net cash provided by operating activities" have been included in "Other, net" under "Net cash provided by operating activities" in the consolidated statement of cash flows for the previous fiscal year.

5 Additional Information

(Implementation Guidance on Recoverability of Deferred Tax Assets)
Effective from the fiscal year ended March 31, 2017, the Company has adopted the "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Implementation Guidance No.26 issued on March 28, 2016).

(Change in Retirement Benefit Plans)
Effective from April 1, 2017, the Company transferred the defined benefit portion of its pension plans for current employees to a defined contribution pension plan. To account for this transfer, effective from the year ended March 31, 2017, the Company adopted "Guidance on Accounting for Transfers between Retirement Benefit Plans" (ASBJ Implementation Guidance No.1 issued on December 16, 2016) and "Practical Solution on Accounting for Transfers between Retirement Benefit Plans" (ASBJ PITF No.2 issued on February 7, 2007).

Due to this transfer, loss on abolishment of retirement benefit plan in the amount of ¥19 million (U.S.$169 thousand) was recorded in special loss in the consolidated statement of income for the fiscal year ended March 31, 2017.

(Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts)

(a) Board Benefit Trust (BBT)

The Company introduced a "Board Benefit Trust" with the goal of increasing awareness of the importance of contributing to further enhancing the Company's corporate value and performance over the medium-to-long-term.

(1) Summary
The Company awards the Company's stock to the executive officers who satisfy certain requirements based on predetermined regulations for awarding stocks. Executive officers are granted a certain number of points depending on the financial results, and upon their retirement, the officers will receive stock depending on the number of points they have accumulated.
The Company has established the Trust by contributing funds to be used for the acquisition of the Company's stock on behalf of executive officers. The Trust will acquire the Company's stock to be awarded to the executive officers in the future, and the shares are managed as trust assets.

(2) The Company's stock in the Trust
The Company's own stock in the Trust is recorded in treasury shares under net assets based on the book value of the shares in the Trust (excluding ancillary expenses). The book value and the number of these treasury shares in the Trust as of March 31, 2017 were ¥105 million (U.S.$933 thousand) and 100,000 shares, respectively.

(b) Employee Stock Ownership Plan (ESOP) Trust

The Company introduced an Employee Stock Ownership Plan (ESOP) Trust as an employee incentive plan with the aim of raising awareness of the Company's share price and strengthening financial performance.

(1) Summary
The Company awards the Company's stock to the employees who satisfy certain requirements based on predetermined regulations for awarding stocks.
If the Company's profit is higher than a pre-determined standard, the Company awards a certain number points to employees. Upon their retirement, employees will receive the Company's stock depending on the number of points they have accumulated.
The Company has established the Trust by contributing funds to be used for the acquisition of the Company's stock on behalf of participating employees. The Trust will acquire the Company's stock to be awarded to employees in the future, and the shares are managed as trust assets.

(2) The Company's stock in the Trust
The Company's own stock in the Trust is recorded in treasury shares under net assets based on the book value of the shares in the Trust (excluding ancillary expenses). The book value and the number of these treasury shares in the Trust as of March 31, 2017 were ¥126 million (U.S.$1,120 thousand) and 120,000 shares, respectively.

6 Consolidated Statements of Comprehensive Income

The amount of recycling and amount of income tax effect associated with other comprehensive income for the years ended March 31, 2017 and 2016 were as follows:

	millions of yen		thousands of U.S. dollars
	2017	2016	2017
Unrealized holding gain (loss) on other securities, net of taxes			
Amount recognized in the year	¥ 1,286	¥ 1,081	$11,460
Reclassification adjustments included in the statement of income	(4)	(6)	(32)
Before income tax effect adjustment	1,282	1,074	11,428
Amount of income tax effect	(385)	(335)	(3,435)
Unrealized holding gain (loss) on other securities, net of taxes	897	739	7,993
Unrealized revaluation loss on land, net of taxes			
Amount of income tax effect	—	8	—
Translation adjustments			
Amount recognized in the year	(76)	(102)	(678)
Remeasurements of defined benefit plans, net of tax			
Amount recognized in the year	(25)	(89)	(227)
Reclassification adjustments included in the statement of income	18	28	164
Before income tax effect adjustment	(7)	(61)	(63)
Amount of income tax effect	2	19	19
Remeasurements of defined benefit plans, net of tax	(5)	(42)	(43)
Share of other comprehensive income (loss) of entities accounted for using equity method			
Amount recognized in the year	(15)	(12)	(136)
Reclassification adjustments included in the statement of income	(2)	—	(20)
Share of other comprehensive income (loss) of entities accounted for using equity method	(18)	(12)	(157)
Total other comprehensive income	¥ 798	¥ 591	$ 7,115

7 Financial Instruments

(1) Current status of financial instruments

(a) Policy in relation to financial instruments

The Company and its consolidated subsidiaries (collectively, the “Group”) raise necessary funds following capital investment plans for undertaking the manufacturing-and-selling businesses. Surplus funds of the Group are only invested in highly secure financial assets.

(b) Details of financial instruments and related risk

Trade receivables—trade notes and accounts receivable—are exposed to credit risk in relation to customers. In addition, receivables denominated in foreign currencies are exposed to foreign currency exchange risk.

Investment securities, most of which are stocks of other companies with which the Group has business relationships, are exposed to market price fluctuation risk.

Substantially all trade payables—notes and accounts payable-trade, electronically recorded obligations-operating and other payables—have payment due dates within one year. In addition, payables denominated in foreign currencies are exposed to foreign currency exchange risk.

(c) Risk management system for financial instruments

(Credit risk management—the risk that customers or counterparties may default)

The Company has established a management policy whereby the Company evaluates the financial conditions of its customers and monitors due dates and outstanding balances regularly to identify and mitigate risks of bad debts from customers who are having financial difficulties.

The consolidated subsidiaries perform equivalent management procedures as the Company.

(Market risk management—the risk arising from fluctuations in exchange rates and interest rates)

The Company uses forward exchange contract transactions with the aim of avoiding risk related to fluctuation in future foreign exchange.

For investment securities, the Company periodically confirms the market value of such financial instruments and reports to the director in charge. The Company reviews the status of these investments on a continuing basis.

(Liquidity risk management—the risk that the Group may not able to meet its payment obligations on the schedule dates)

The Company manages liquidity risk by means of preparing monthly financial plans.

(d) Supplementary explanation of items relating to the fair value of financial instruments

The fair value of financial instruments is based on their quoted market prices if available. If there are no market prices available, fair value is reasonably estimated. Because estimation of fair values incorporates variable factors, adopting different assumptions can change the value.

(2) Estimated fair value of financial instruments

The carrying value of financial instruments recognized on the consolidated balance sheets as of March 31, 2017 and 2016, the estimated fair value of such items and the differences between them are shown below. Financial instruments for which fair value is extremely difficult to estimate are not included in the following table.

	millions of yen		
Year ended March 31, 2017	Carrying value	Fair value	Difference
a Cash and time deposits	¥ 11,439	¥ 11,439	—
b Trade notes and accounts receivable	5,220	5,220	—
c Investment securities	6,077	6,077	—
Assets	¥ 22,736	¥ 22,736	—
a Trade payables	¥ 2,159	¥ 2,159	—
b Electronically recorded obligations-operating	2,937	2,937	—
c Other payables	2,405	2,405	—
Liabilities	¥ 7,501	¥ 7,501	—

	millions of yen		
Year ended March 31, 2016	Carrying value	Fair value	Difference
a Cash and time deposits	¥ 7,566	¥ 7,566	—
b Trade notes and accounts receivable	5,380	5,380	—
c Investment securities	4,794	4,794	—
Assets	¥ 17,740	¥ 17,740	—
a Trade payables	¥ 2,202	¥ 2,202	—
b Electronically recorded obligations-operating	2,982	2,982	—
c Other payables	2,160	2,160	—
Liabilities	¥ 7,344	¥ 7,344	—

	thousands of U.S. dollars		
Year ended March 31, 2017	Carrying value	Fair value	Difference
a Cash and time deposits	$ 101,959	$ 101,959	—
b Trade notes and accounts receivable	46,532	46,532	—
c Investment securities	54,163	54,163	—
Assets	$ 202,655	$ 202,655	—
a Trade payables	$ 19,240	$ 19,240	—
b Electronically recorded obligations-operating	26,180	26,180	—
c Other payables	21,439	21,439	—
Liabilities	$ 66,859	$ 66,859	—

Notes: 1. Method of estimating the fair value of financial instruments and other matters relating to investment securities

Assets

a. Cash and time deposits and b. Trade notes and accounts receivable

Because these items are settled over the short term, the fair value and carrying value are nearly equivalent. Therefore, the relevant carrying value is used.

c. Investment securities

Stocks are valued at the exchange trading price. Bonds are valued at the exchange trading price or at the price provided by the financial institutions offering these securities. For information on securities classified by purpose of holding, please refer to the "Investment Securities" section of the notes to the financial statements.

Liabilities

a. Trade payables, b. Electronically recorded obligations-operating and c. Other payables

Because these items are settled over the short term, the fair value and carrying value are nearly equivalent. Therefore, the relevant carrying value is used.

2. Financial instruments for which fair value is extremely difficult to determine

	Carrying value		
	millions of yen		thousands of U.S. dollars
	2017	2016	**2017**
Unlisted equity securities	**¥ 15**	¥ 55	**$ 135**

Because the fair value of these financial instruments is extremely difficult to determine, given that no quoted market price is available, they are not included in the above table.

3. Redemption schedule for receivables and other securities with maturity dates at March 31, 2017 and 2016 are summarized as follows:

	millions of yen			
Year ended March 31, 2017	One year or less	More than 1 year and within 5 years	More than 5 years and within 10 years	More than 10 years
Time deposits	**¥ 11,438**	**¥ —**	**—**	**—**
Trade notes and accounts receivable	**5,220**	**—**	**—**	**—**
Investment securities				
Other	**—**	**100**	**—**	**—**
Total	**¥ 16,659**	**¥ 100**	**—**	**—**

	millions of yen			
Year ended March 31, 2016	One year or less	More than 1 year and within 5 years	More than 5 years and within 10 years	More than 10 years
Time deposits	¥ 7,565	¥ —	—	—
Trade notes and accounts receivable	5,380	—	—	—
Investment securities				
Other	—	100	—	—
Total	¥ 12,945	¥ 100	—	—

	thousands of U.S. dollars			
Year ended March 31, 2017	One year or less	More than 1 year and within 5 years	More than 5 years and within 10 years	More than 10 years
Time deposits	**$ 101,953**	**$ —**	**—**	**—**
Trade notes and accounts receivable	**46,532**	**—**	**—**	**—**
Investment securities				
Other	**—**	**891**	**—**	**—**
Total	**$ 148,486**	**$ 891**	**—**	**—**

8 Derivatives

The Company and its consolidated subsidiaries had no derivative instruments outstanding at March 31, 2017 and 2016.

9 Investment Securities

(1) Other securities
The acquisition cost and related carrying value of other securities with a determinable market value at March 31, 2017 and 2016 are summarized as follows:

	millions of yen		thousands of U.S. dollars
	2017	2016	**2017**
Acquisition cost	**¥ 2,662**	¥ 2,662	**$ 23,727**
Carrying value	**6,077**	4,794	**54,163**
Total unrealized gain	**3,446**	2,170	**30,715**
Total unrealized loss	**31**	37	**279**

At March 31, 2017 and 2016, unlisted stocks (whose carrying value was ¥15 million (U.S.$135 thousand) and ¥55 million, respectively) are not included in the above table because their fair value is extremely difficult to determine, given that no quoted market price is available.

(2) Sales of other securities
(Year ended March 31, 2017)

	millions of yen		
	Proceeds from sales	Gain on sales	Loss on sales
(1) Stocks	¥ 13	¥ 4	—
(2) Bonds			
1. Government bonds	—	—	—
2. Corporate bonds	—	—	—
3. Others	—	—	—
(3) Other securities	—	—	—
Total	¥ 13	¥ 4	—

(Year ended March 31, 2016)
Not applicable

(Year ended March 31, 2017)

	thousands of U.S. dollars		
	Proceeds from sales	Gain on sales	Loss on sales
(1) Stocks	$ 116	$ 32	—
(2) Bonds			
1. Government bonds	—	—	—
2. Corporate bonds	—	—	—
3. Others	—	—	—
(3) Other securities	—	—	—
Total	$ 116	$ 32	—

(3) Impairment of investment securities
There were no significant impairment losses on investment securities to be recorded for the years ended March 31, 2017.

10 Land Revaluation

In accordance with the Land Revaluation Law (Proclamation No. 34 dated March 31, 1998), land used for business activities was revalued at March 31, 2002. The revaluation difference, net of taxes, is stated as “Unrealized revaluation loss on land, net of taxes” in net assets. Deferred tax liabilities arising from this revaluation difference are presented separately from deferred tax liabilities for other temporary differences in the accompanying consolidated balance sheets. The market value of the land as of March 31, 2017 and 2016 decreased by ¥509 million (U.S.$4,539 thousand) and ¥562 million, respectively, after the revaluation.

11 Pledged Assets

Pledged assets for the years ended March 31, 2017 and 2016 are summarized as follows:

	millions of yen		thousands of U.S. dollars
	2017	2016	2017
Time deposits	¥ 4	¥ 4	$ 38

Time deposits were pledged as collateral mainly for leased office space at March 31, 2017 and 2016.

12 Income Taxes

At March 31, 2017 and 2016, the tax effect of the temporary differences which gave rise to a significant portion of the deferred tax assets (excluding deferred taxes on unrealized revaluation loss on land) was as follows:

	millions of yen		thousands of U.S. dollars
	2017	2016	2017
Deferred tax assets:			
Accrued employees' bonuses	¥ 158	¥ 126	$ 1,411
Allowance for sales returns	34	39	299
Accrued business taxes	56	34	499
Loss on valuation of inventories	37	44	329
Net defined benefit liability	355	393	3,166
Accrued payable due to transfer to defined contribution pension plan	79	—	707
Provision for directors' retirement and severance benefits	39	39	352
Provision for executive officers' incentive plan	12	5	111
Write-downs of securities	54	59	484
Impairment loss	46	7	413
Other	142	148	1,266
Gross deferred tax assets	1,014	895	9,037
Valuation allowance	(154)	(112)	(1,371)
Total deferred tax assets	860	783	7,666
Deferred tax liabilities:			
Deferred gain on sales of property	(12)	(13)	(108)
Net defined benefit asset	(32)	—	(282)
Undistributed earnings of controlled foreign companies	(73)	(97)	(651)
Unrealized holding gain on other securities, net of taxes	(1,037)	(652)	(9,244)
Total deferred tax liabilities	(1,154)	(761)	(10,285)
Net deferred tax assets	—	22	—
Net deferred tax liabilities	¥ (294)	¥ —	$ (2,619)

At March 31, 2017 and 2016, net deferred tax assets or net deferred tax liabilities were included in the following items in the consolidated balance sheets.

	millions of yen		thousands of U.S. dollars
	2017	2016	2017
Current assets - deferred tax assets	¥ 414	¥ 384	$ 3,688
Non-current assets - deferred tax assets	11	11	96
Non-current liabilities - deferred tax liabilities	(718)	(373)	(6,404)

A reconciliation of the statutory tax rates to the Company's effective tax rates for the years ended March 31, 2017 and 2016 is summarized as follows:

	2017	2016
Japanese statutory tax rate	31.00%	33.00%
Permanent differences, such as entertainment expenses, etc.	0.72	1.35
Permanent differences, such as dividend income	(0.30)	(0.33)
Tax credit	(2.61)	(1.93)
Undistributed earnings of controlled foreign companies	(0.86)	0.50
Equity in loss of affiliates	(0.28)	0.28
Downward adjustment of deferred tax assets at end of year due to tax rate change	—	1.31
Income taxes for prior periods	—	6.35
Other	1.62	(0.64)
Effective tax rate	29.29%	39.89%

13 Employees' Retirement and Severance Benefits

The Company and its consolidated subsidiaries have either funded or unfunded defined benefit plans for payments of employees' retirement.

The Group pays a pension or lump sum based on length of service and salary in the defined benefit corporate pension plan.

In unfunded retirement benefit plans, the Company pays a lump sum based on length of service and salary as a retirement benefit.

Some consolidated subsidiaries adopt the simplified method which assumes retirement benefit obligation to be equal to the benefits payable if all eligible employees voluntarily terminated their employment at fiscal year end for the calculation of net defined benefit liability and retirement benefit expenses.

In addition, effective from April 1, 2017, the Company transferred the defined benefit portion of its pension plans for current employees to a defined contribution pension plan. To account for this transfer, effective from the year ended March 31, 2017, the Company adopted "Guidance on Accounting for Transfers between Retirement Benefit Plans" (ASBJ Implementation Guidance No.1 issued on December 16, 2016) and "Practical Solution on Accounting for Transfers between Retirement Benefit Plans" (ASBJ PITF No.2 issued on February 7, 2007).

Due to this transfer, loss on abolishment of retirement benefit plan in the amount of ¥19 million (U.S.$169 thousand) was recorded in special loss in the consolidated statement of income for the fiscal year ended March 31, 2017.

(1) Defined benefit plans

Adjustments of beginning and ending balance of retirement benefit obligations

	millions of yen		thousands of U.S. dollars
	2017	2016	2017
Balance at the beginning of the year	¥ 3,903	¥ 3,810	$ 34,785
Service cost	237	257	2,117
Interest cost	31	30	273
Actuarial gain or loss	(9)	5	(80)
Payment of retirement benefits	(220)	(199)	(1,959)
Decrease due to transfer of retirement benefit obligation to defined contribution pension plan	(2,623)	—	(23,377)
Other	(1)	(1)	(8)
Balance at the end of the year	¥ 1,318	¥ 3,903	$ 11,751

Adjustments of beginning and ending balance of plan assets

	millions of yen		thousands of U.S. dollars
	2017	2016	2017
Balance at the beginning of the year	¥ 2,606	¥ 2,620	$ 23,231
Expected return on plan assets	52	52	465
Actuarial loss	(34)	(83)	(306)
Employer's contributions	154	159	1,376
Payment of retirement benefits	(156)	(142)	(1,394)
Decrease due to transfer of retirement benefit obligation to defined contribution pension plan	(2,402)	—	(21,408)
Balance at the end of the year	¥ 220	¥ 2,606	$ 1,963

Adjustments of ending balance of retirement benefit obligations and plan assets, and net defined benefit asset and liability on consolidated balance sheet

	millions of yen		thousands of U.S. dollars
	2017	2016	2017
Funded retirement benefit obligations	¥ 117	¥ 2,736	$ 1,046
Plan assets	(220)	(2,606)	(1,963)
	(103)	130	(917)
Unfunded retirement benefit obligations	1,201	1,166	10,705
Net defined benefit asset and liability on consolidated balance sheet	1,098	1,296	9,788
Net defined benefit liability	1,201	1,296	10,705
Net defined benefit asset	(103)	—	(917)
Net defined benefit asset and liability on consolidated balance sheet	¥ 1,098	¥ 1,296	$ 9,788

The following table summarizes the components of net retirement benefit expenses:

	millions of yen		thousands of U.S. dollars
	2017	2016	**2017**
Service cost	**¥ 237**	¥ 257	**$ 2,117**
Interest cost on benefit obligation	**31**	30	**273**
Expected return on plan assets	**(52)**	(52)	**(465)**
Amortization of actuarial loss	**34**	28	**307**
Extraordinary additional retirement payments	**8**	18	**70**
Net retirement benefit expenses	**258**	281	**2,303**
Profit or loss due to transfer of retirement benefit obligation to defined contribution pension plan (*)	**¥ (19)**	¥ —	**$ (169)**

(*) It is recorded as special loss.

Remeasurements of defined benefit plans, before tax, in the consolidated statements of comprehensive income

	millions of yen		thousands of U.S. dollars
	2017	2016	**2017**
Actuarial gain (loss)	**¥ 9**	¥ (61)	**$ 81**
Adjustment due to transfer of retirement benefit obligation to defined contribution pension plan	**(16)**	—	**(143)**
Total	**¥ (7)**	¥ (61)	**$ (63)**

Remeasurements of defined benefit plans, before tax, in the consolidated balance sheets

	millions of yen		thousands of U.S. dollars
	2017	2016	**2017**
Unrecognized actuarial gain (loss)	**¥ 37**	¥ 30	**$ 326**

Plan assets
(1) Plan assets
The fair value of plan assets, by major category, as a percentage of total plan assets is as follows:

	2017	2016
Domestic bonds	**—%**	21.8%
Domestic equities	**—**	1.1
Foreign bonds	**—**	15.7
Foreign equities	**—**	3.8
General accounts	**100.0**	46.3
Other	**—**	11.3
Total	**100.0%**	100.0%

(2) Calculation method of expected long-term rate of return on plan assets
The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in the actuarial calculation
The main assumptions used in the actuarial calculation (presented as a weighted average) are as follows:

	2017	2016
Discount rate	**0.8%**	0.8%
Expected rate of return on plan assets	**2.0%**	2.0%

(2) Other retirement benefits
The assets to be transferred to the defined contribution pension plan total ¥256 million (U.S.$2,281 thousand), and the transfer to other pension assets will be made over four years. On March 31, 2017, the assets that have not yet been transferred to the plan amounted to ¥256 million (U.S.$2,281 thousand) included in “Other payables” and “Other non-current liabilities.”

14 Net Assets

The Corporation Law of Japan (the “Law”), which superseded most of the provisions of the Commercial Code of Japan, went into effect on May 1, 2006. The Law provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

Capital surplus and the legal reserve are not available for the distribution of dividends but may be used to reduce or eliminate a deficit or may be transferred to stated capital. At March 31, 2017, the legal reserve of the Company included in retained earnings amounted to ¥550 million (U.S.$4,901 thousand).

The maximum amount which the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company and in accordance with the Corporation Law of Japan.

15 Amounts per Share

Net assets per share as of March 31, 2017 and 2016 were ¥1,148.41 (U.S.$10.24) and ¥1,049.58, respectively. Basic earnings per share for the years ended March 31, 2017 and 2016 was ¥83.57 (U.S.$0.74) and ¥42.01, respectively.

Diluted earnings per share for the years ended March 31, 2017 and 2016 was ¥83.17 (U.S.$0.74) and ¥41.97, respectively.

The basis for the calculation of basic earnings per share and diluted earnings per share for the years ended March 31, 2017 and 2016 was as follows:

	millions of yen		thousands of U.S. dollars
	2017	2016	2017
Basic earnings per share:			
Profit attributable to owners of parent	¥ 1,817	¥ 912	$ 16,196
Amount not attributable to shareholders of common stock	—	—	—
Amount attributable to shareholders of common stock	1,817	912	16,196
Weighted-average number of shares outstanding (millions of shares)	22	22	—
Diluted earnings per share:			
Adjustments to profit attributable to owners of parent	—	—	—
Increase in number of shares outstanding (millions of shares)	0	0	—
(Subscription rights to shares)	(0)	(0)	—
Shares having an anti-dilutive effect (millions of shares)	—	—	—

The basis for calculation of total net assets per share as of March 31, 2017 and 2016 was as follows:

	millions of yen		thousands of U.S. dollars
	2017	2016	2017
Total net assets per share:			
Total net assets	¥ 25,812	¥ 23,496	$ 230,077
Deductions:	689	721	6,137
Subscription rights	46	75	412
Non-controlling interests	642	646	5,725
Amounts attributable to shareholders of common stock	25,124	22,775	223,940
Number of shares outstanding at year end (millions of shares)	22	22	—

16 Major Expenses

Major expenses included in selling, general and administrative expenses for the years ended March 31, 2017 and 2016 were as follows:

	millions of yen		thousands of U.S. dollars
	2017	2016	2017
Sales promotion expenses	¥ 3,096	¥ 2,797	$ 27,593
Advertising costs	2,618	2,742	23,339
Salaries	2,145	2,095	19,119
Shipment and storage expenses	1,350	1,358	12,031
Provision for employees' retirement and severance benefits	210	235	1,874
Provision for directors' retirement and severance benefits	—	5	—
Provision for executive officers' incentive plan	23	17	208

Research and development expenses included in general and administrative expenses and cost of sales for the years ended March 31, 2017 and 2016 amounted to ¥611 million (U.S.$5,444 thousand) and ¥536 million, respectively.

17 Cash and Time Deposits

A reconciliation of cash and cash equivalents in the accompanying consolidated statements of cash flows to cash and time deposits in the accompanying consolidated balance sheets at March 31, 2017 and 2016 is as follows:

	millions of yen		thousands of U.S. dollars
	2017	2016	2017
Cash and time deposits	¥ 11,439	¥ 7,566	$ 101,959
Time deposits with a maturity in excess of three months	(52)	(20)	(462)
Other current assets (*)	9	7	83
Cash and cash equivalents	¥ 11,396	¥ 7,552	$ 101,580

(*) These represent the Company's contributions of funds to a bank in order to establish the "Board Benefit Trust (BBT)" and "Employee Stock Ownership Plan (ESOP) Trust."

18 Leases

(Finance Leases)
Leased assets included in property, plant and equipment are buildings and structures, machinery, equipment and vehicles, tools, furniture and fixtures in the daily necessities segment. Leased assets included in intangible assets are software.

(Operating Leases)
The Company and its consolidated subsidiaries had no significant operating leases at March 31, 2017 and 2016.

19 Segment Information

(1) Summary of Reporting Segments
Segment information for the years ended March 31, 2017 and 2016 is omitted as the Group operates as a single segment.

(2) Calculation method of sales, profits or losses, and other items by reportable segment
Information on the calculation method is omitted as the Group operates as a single segment.

(3) Information on the amounts of sales, income, and other items by reportable segments
Information on the amounts of sales and other items for the years ended March 31, 2017 and 2016 is omitted as the Group operates as a single segment.

(4) Related Information
(Change in Accounting Policies)
Changes in the Group's accounting policy for sales recognition have been adopted retrospectively.

(a) Information by products and services

	millions of yen					
Year ended March 31, 2017	Air Care	Cloth Care	Thermal Care	Hand Care	Others	Total
Sales to third parties	¥ 19,640	¥ 8,938	¥ 5,728	¥ 5,290	¥ 6,361	¥ 45,958

	millions of yen					
Year ended March 31, 2016	Air Care	Cloth Care	Thermal Care	Hand Care	Others	Total
Sales to third parties	¥ 18,976	¥ 9,061	¥ 4,947	¥ 5,130	¥ 6,547	¥ 44,661

	thousands of U.S. dollars					
Year ended March 31, 2017	Air Care	Cloth Care	Thermal Care	Hand Care	Others	Total
Sales to third parties	$ 175,064	$ 79,672	$ 51,054	$ 47,154	$ 56,700	$ 409,644

(b) Information by geographical segment
(Sales)
Geographical segment information is not presented as overseas sales were less than 10% of consolidated net sales for the years ended March 31, 2017 and 2016.

(Property, plant and equipment)
Geographical segment information is not presented as the amount of property, plant and equipment in Japan exceeded 90% of the total of property, plant and equipment at March 31, 2017 and 2016.

(c) Information by major customers

Customers	Sales: millions of yen		Sales: thousands of U.S. dollars	Related segment
	2017	2016	**2017**	
PALTAC CORPORATION	¥ 16,292	¥ 14,562	$ 145,216	Daily necessities
ARATA CORPORATION	¥ 9,628	¥ 8,895	$ 85,822	Daily necessities

20 Related Party Transactions

(Years ended March 31, 2017 and 2016)
Not applicable

21 Inventory Valuation Loss Included in Cost of Sales

Inventory valuation loss write-downs below cost to net selling value are included in cost of sales and amounted to ¥301 million (U.S.$2,686 thousand) and ¥483 million for the years ended March 31, 2017 and 2016, respectively.

22 Note to Consolidated Statements of Changes in Net Assets

Shares in issue and outstanding and treasury stock at March 31, 2017 and 2016 were as follows:

(Year ended March 31, 2017)
Number of shares in issue and outstanding:
Common stock 23,000 thousand
Number of shares held in treasury:
Common stock 1,123 thousand

Note: Details of the change in the number of shares of treasury stock are as follows:
Increase due to purchase of shares less than standard unit: 0 thousand
Decrease due to the exercise of stock options: 178 thousand

The common stock owned by the Trust (220 thousand shares) is included in the number of shares held in treasury stock.

(Year ended March 31, 2016)
Number of shares in issue and outstanding:
Common stock 23,000 thousand
Number of shares held in treasury:
Common stock 1,300 thousand

Note: Details of the change in the number of shares of treasury stock are as follows:
Increase due to purchase on the stock market: 150 thousand
Increase due to purchase of shares less than standard unit: 1 thousand
Increase due to acquisition of treasury stock by the Trust: 220 thousand
Decrease due to disposition of treasury stock by third-party allotment: 220 thousand

The common stock owned by the Trust (220 thousand shares) is included in the number of shares held in treasury stock.

Subscription rights at March 31, 2017 were as follows:
Subscription rights for stock options ¥46 million (U.S.$412 thousand)

Subscription rights at March 31, 2016 were as follows:
Subscription rights for stock options ¥75 million

Dividends paid from retained earnings for the year ended March 31, 2017 were as follows:

Resolution	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Board of directors' meeting held on May 16, 2016	¥ 241	¥ 11	March 31, 2016	May 31, 2016
Board of directors' meeting held on October 27, 2016	263	12	September 30, 2016	December 2, 2016

Dividends paid from retained earnings for the year ended March 31, 2016 were as follows:

Resolution	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Board of directors' meeting held on May 18, 2015	¥ 240	¥ 11	March 31, 2015	June 1, 2015
Board of directors' meeting held on October 29, 2015	241	11	September 30, 2015	December 4, 2015

Dividends for which the record date was in the year ended March 31, 2017 and the effective date is in the year ending March 31, 2018 were as follows:

Resolution	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Board of directors' meeting held on May 22, 2017	¥ 265	Retained earnings	¥ 12	March 31, 2017	May 31, 2017

Dividends for which the record date was in the year ended March 31, 2016 and the effective date was in the year ended March 31, 2017 were as follows:

Resolution	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Board of directors' meeting held on May 16, 2016	¥ 241	Retained earnings	¥ 11	March 31, 2016	May 31, 2016

23 Stock Option Plans

At March 31, 2017, the Company had stock option plans, which were approved at the annual general meetings of the shareholders and by the Board of Directors. Details of these stock option plans are summarized as follows:

Date of approval	Number of shares granted	Eligible participants	Exercisable period
June 18, 2009	20,000	4 employees	Aug 4, 2011 – Aug 3, 2016
June 18, 2010	155,000	4 officers and 17 employees	Aug 3, 2012 – Aug 2, 2017
June 17, 2011	35,000	7 employees	Aug 2, 2013 – Aug 1, 2018
June 15, 2012	130,000	3 officers and 8 employees	Aug 2, 2014 – Aug 1, 2019
June 14, 2013	130,000	2 officers and 10 employees	Aug 2, 2015 – Aug 1, 2020
June 17, 2014	175,000	6 officers and 11 employees	Aug 2, 2016 – Aug 1, 2021

The option price per share was determined on the date the options were granted based on an established formula for determining option prices. The options are exercisable during the above periods provided that the recipients are still directors, officers or employees of the Company or its subsidiaries.

Stock option expenses related to the 2017 stock option plan amounting to ¥3 million (U.S.$25 thousand) were included in selling, general and administrative expenses.

Description of stock options

	2010	2011	2012	2013	2014	2015
Grantees	4 employees	4 officers and 17 employees	7 employees	3 officers and 8 employees	2 officers and 10 employees	6 officers and 11 employees
Type of stock	Common stock	Common stock	Common stock	Common stock	Common stock	Common stock
Number of stock options granted (*)	20,000	155,000	35,000	130,000	130,000	175,000
Grant date	August 3, 2009	August 2, 2010	August 1, 2011	August 1, 2012	August 1, 2013	August 1, 2014
Condition for exercise	Working from August 3, 2009 to August 3, 2011	Working from August 2, 2010 to August 2, 2012	Working from August 1, 2011 to August 1, 2013	Working from August 1, 2012 to August 1, 2014	Working from August 1, 2013 to August 1, 2015	Working from August 1, 2014 to August 1, 2016
Working period	August 3, 2009 to August 3, 2011	August 2, 2010 to August 2, 2012	August 1, 2011 to August 1, 2013	August 1, 2012 to August 1, 2014	August 1, 2013 to August 1, 2015	August 1, 2014 to August 1, 2016
Exercisable period	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)

(*) Number of stock options in the column “Number of stock options granted” has been converted into the equivalent numbers of shares.

Stock option activity during the year ended March 31, 2017 was as follows:

Number of shares

	2010	2011	2012	2013	2014	2015
Non-vested Outstanding at beginning of year	—	—	—	—	—	175,000
Granted during the year	—	—	—	—	—	—
Forfeited during the year	—	—	—	—	—	—
Vested during the year	—	—	—	—	—	175,000
Outstanding at end of year	—	—	—	—	—	—
Vested Outstanding at beginning of year	20,000	140,000	35,000	70,000	125,000	—
Vested during the year	—	—	—	—	—	175,000
Exercised during the year	—	96,000	8,000	17,000	15,000	42,000
Forfeited during the year	20,000	—	—	5,000	—	—
Outstanding at end of year	—	44,000	27,000	48,000	110,000	133,000

Price of stock options

	yen					
	2010	2011	2012	2013	2014	2015
Exercise price	¥ 1,037	¥ 1,049	¥ 976	¥ 946	¥ 1,066	¥ 1,059
Weighted-average market price	—	1,599	1,745	1,494	1,690	1,713
Fair value per option on grant date	¥ 197	¥ 178	¥ 194	¥ 153	¥ 117	¥ 97

The fair value of each stock option grant was estimated at the grant date using the Black-Scholes option pricing model.

Method of estimating exercised stock options
The Company estimated the number of exercised stock options based on the actual number of forfeitures because it is difficult to estimate the number of stock options which will be forfeited in the future.

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho, Chiyoda-ku
Tokyo 100-0011, Japan

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197
www.shinnihon.or.jp

Building a better working world

Independent Auditor's Report

The Board of Directors
S.T.CORPORATION

We have audited the accompanying consolidated financial statements of S.T.CORPORATION and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2017, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of S.T.CORPORATION and its consolidated subsidiaries as at March 31, 2017, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

June 14, 2017
Tokyo, Japan

Ernst & Young ShinNihon LLC

Five-Year Financial Summary

S.T. CORPORATION and consolidated subsidiaries
Years ended March 31

	millions of yen (except per share data and ratios)					thousands of U.S. dollars (except per share data and ratios)
	2017	2016	2015	2014	2013	**2017**
For the Year:						
Net sales	**¥ 45,958**	¥ 44,661	¥ 48,263	¥ 46,993	¥ 46,944	**$ 409,644**
Cost of sales	**27,473**	27,294	28,235	26,980	27,738	**244,883**
Selling, general and administrative expenses	**15,630**	15,025	18,216	17,881	17,406	**139,320**
Operating income	**2,854**	2,342	1,813	2,131	1,800	**25,441**
Profit before income taxes	**2,751**	1,703	1,536	1,637	1,105	**24,524**
Profit attributable to owners of parent	**1,817**	912	892	1,234	565	**16,196**
Capital expenditures	**608**	1,758	1,486	942	2,061	**5,422**
Depreciation and amortization	**997**	1,128	844	894	830	**8,883**
R&D expenses	**611**	536	513	564	572	**5,444**
Cash flows from operating activities	**5,150**	2,481	2,137	2,110	980	**45,907**
Cash flows from investing activities	**(622)**	(624)	(1,768)	514	(1,924)	**(5,542)**
Free cash flow	**4,529**	1,857	369	2,624	(944)	**40,365**
Cash flows from financing activities	**(640)**	(876)	(614)	(465)	(557)	**(5,704)**
At Year-End:						
Total current assets	**¥ 22,467**	¥ 19,708	¥ 20,221	¥ 18,956	¥ 15,533	**$ 200,255**
Property, plant and equipment, net	**8,001**	8,659	8,110	7,555	7,524	**71,318**
Total assets	**38,458**	34,924	33,785	32,370	30,076	**342,795**
Total current liabilities	**9,666**	8,781	9,008	8,966	8,058	**86,159**
Total long-term liabilities	**2,980**	2,648	2,176	2,318	1,805	**26,559**
Total net assets	**25,812**	23,496	22,600	21,087	20,213	**230,077**
Cash and cash equivalents	**11,396**	7,552	6,585	6,728	4,469	**101,580**
Number of shares issued (thousand shares)	**23,000**	23,000	23,000	23,000	23,000	
Treasury stock (thousand shares)	**1,123**	1,301	1,149	1,147	1,284	
Number of employees	**890**	860	859	760	663	
Per Share (yen and U.S. dollars)**:**						
Profit attributable to owners of parent	**¥ 83.57**	¥ 42.01	¥ 40.83	¥ 56.74	¥ 26.01	**$ 0.74**
Dividends	**24.00**	22.00	22.00	22.00	22.00	**0.21**
Net assets	**1,148.41**	1,049.58	1,001.84	936.06	905.84	**10.24**
Common stock price	**1,809**	1,114	1,021	999	988	**16.12**
Ratios (%)**:**						
Operating income margin	**6.2**	5.2	3.8	4.5	3.8	
Profit before income taxes/net sales	**6.0**	3.8	3.2	3.5	2.4	
Return on sales	**4.0**	2.0	1.8	2.6	1.2	
ROA	**5.0**	2.7	2.7	4.0	1.9	
ROE	**7.6**	4.1	4.2	6.1	2.9	
Equity ratio	**65.3**	65.2	64.8	63.2	65.4	

Notes: 1. U.S. dollar amounts are translated from yen for convenience only, at the rate of ¥112.19 = U.S.$1.00, the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2017.
2. As a result of new accounting standards being applied effective from the fiscal year ended March 31, 2017, the figures for fiscal years 2016 and 2017 reflect those changes. The figures for fiscal years 2013 to 2015 are as originally presented without retroactive application.
3. The common stock prices listed are as of the end of the fiscal year ended in March.
4. ROA = Profit attributable to owners of parent divided by average total assets for the fiscal year.
5. ROE = Profit attributable to owners of parent divided by average total equity (total net assets minus subscription rights less non-controlling interests in consolidated subsidiaries) for the fiscal year.

Investor Information

As of March 31, 2017

Corporate Data

Company name	S.T. CORPORATION
Headquarters	4-10, Shimo-ochiai 1-chome, Shinjuku-ku, Tokyo 161-8540, Japan
Establishment	August 31, 1948
Common stock	¥7,065,500,000
Fiscal year-end	March 31
Shares issued and outstanding	23,000,000
Listed stock exchange	Tokyo Stock Exchange, First Section
Shareholders	14,078
Registered transfer agent	Mizuho Trust & Banking Co., Ltd.
Accounting auditors	Ernst & Young ShinNihon LLC
Annual shareholders' meeting	Middle of June each year
Employees	890 (consolidated) 415 (non-consolidated)
Contact	Kouichi Yoshizawa, Public Relations Department
E-mail	ir@st-c.co.jp
Telephone	+81-3-3367-6115
Facsimile	+81-3-3367-6320

Group Companies

S.T. TRADING CO., LTD.

S.T. BUSINESS SUPPORT CO., LTD.

S.T. (THAILAND) CO., LTD.

FAMILY GLOVE CO., LTD. (TAIWAN)

S.T. KOREA CORPORATION (SOUTH KOREA)

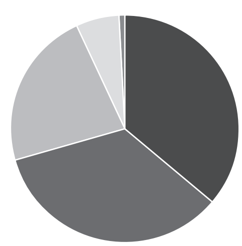
JAPAN AROMA LABORATORY CO., LTD.

SHALDAN (THAILAND) CO., LTD.

Major Shareholders

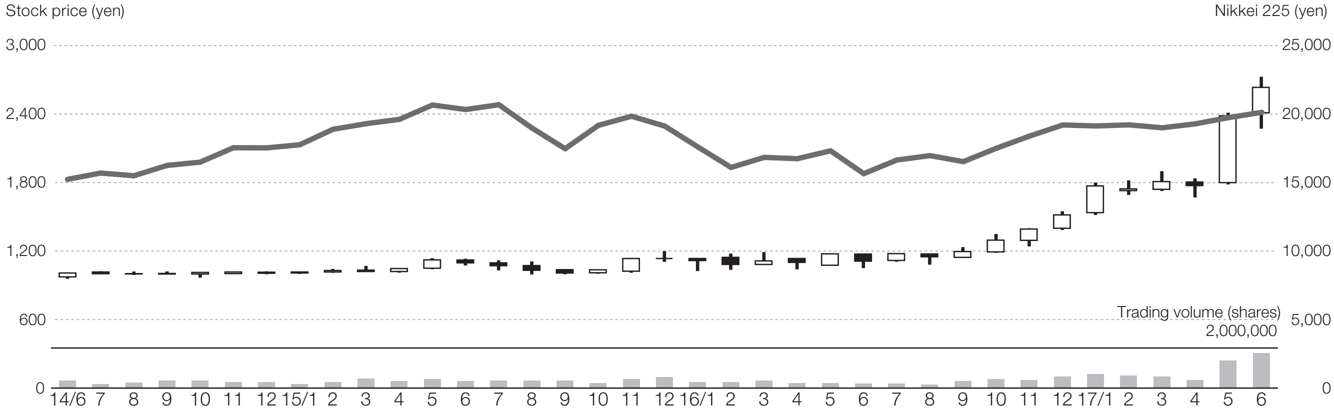
	Thousands of shares	% of total
Shaldan Co., Ltd.	5,587	25.3
Nippon Life Insurance Company	1,336	6.1
TCSB (Mizuho Bank)	884	4.0
Takashi Suzuki	675	3.1
FUMAKILLA LIMITED	541	2.4
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	524	2.4
Japan Trustee Services Bank, Ltd. (Trust Account)	510	2.3
Kanichi Suzuki	500	2.3
Takako Suzuki	446	2.0
Suzuki Kanichi Shouten	433	2.0

Note: The Company holds treasury stock of 903 thousand shares as of March 31, 2017; however, it is excluded from the list of major shareholders shown above.



- Individuals, etc. 36.2%
- Other Japanese corporations 34.5%
- Financial institutions 22.6%
- Non-Japanese institutions 6.1%
- Securities firms 0.8%

Stock Chart



S.T.CORPORATION

4-10, Shimo-ochiai 1-chome, Shinjuku-ku, Tokyo 161-8540, Japan
http://www.st-c.co.jp/english/company/ index.html

Printed in Japan, August 2017