



Consolidated Financial Results for Fiscal Year 2018 (Japanese GAAP)

July 13, 2018

Listed company name Suminoe Textile Co., Ltd. Listed on the Tokyo Stock Exchange
Code number 3501 URL: <http://suminoe.jp/>
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Date of holding Annual General Meeting of Shareholders: August 30, 2018 Scheduled date of dividend payment:
August 31, 2018
Scheduled date of filing of annual security report: August 30, 2018
Preparation of supplementary explanatory documents for financial results: No
Holding analyst meeting for financial results: Yes (For institutional investors and securities analysts)

(Amounts are rounded down to the nearest millions of yen) (Figures in brackets are negative)

1. Consolidated Financial Results of FY2018 (June 1, 2017 to May 31, 2018)

(1) Consolidated Operating Results (% change from the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2018	97,872	1.9	2,247	73.2	2,358	72.9	1,083	—
FY2017	96,038	(1.5)	1,297	(49.2)	1,364	(52.7)	26	(89.2)

(Note) Comprehensive income FY2018: 2,156 millions of yen (94.3%) FY2017: 1,109 millions of yen (—%)

	Profit per share Basic	Profit per share Diluted	Ratio of profit to equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2018	143.66	—	3.2	2.6	2.3
FY2017	3.50	—	0.1	1.5	1.4

(Reference) Equity in earnings or losses of affiliates FY2018: 36 millions of yen FY2017: 91 millions of yen

*Suminoe Textile Co., Ltd. ("The Company") consolidated its common shares at a ratio of 10 shares to 1 share, effective December 1, 2017. Therefore, profit per share was calculated on the assumption that the relevant share consolidation had been implemented at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Book-value per share
	Millions of Yen	Millions of Yen	%	Yen
FY2018	92,182	38,541	36.9	4,515.26
FY2017	90,254	37,398	36.9	4,412.34

(Reference) Shareholders' equity FY2018: 34,057 millions of yen FY2017: 33,285 millions of yen

*The Company consolidated its common shares at a ratio of 10 shares to 1 share, effective December 1, 2017. Therefore, book-value per share was calculated on the assumption that the relevant share consolidation had been implemented at the beginning of the previous consolidated fiscal year.

(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
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY2017	3,519	(244)	(843)	9,411
FY2016	983	(2,170)	354	6,930

2. Dividend Information

	Dividend per share					Total annual dividends	Payout ratio (consolidated)	Dividend to equity ratio (consolidated)
	First quarter	Second quarter	Third quarter	End of the year	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY2017	—	3.50	—	3.50	7.00	528	—	1.6
FY2018	—	3.50	—	35.00	—	528	48.7	1.6
FY2019 (Forecast)	—	35.00	—	35.00	70.00		27.8	

*The Company consolidated its common shares at a ratio of 10 shares to 1 share, effective December 1, 2017. Accordingly, the year-end dividend per share for the FY2018 is the value after reflecting the impact of the share consolidation, while the annual dividend per share is omitted. Meanwhile, the year-end dividend per share and the annual dividend per share for the FY2018, calculated without reflecting the impact of the share consolidation, are 3.50 yen and 7.00 yen, respectively.

3. Forecast of Consolidated Financial Results for FY2019 (June 1, 2018 to May 31, 2019)

(% change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share Basic
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Interim	48,500	(1.4)	1,500	12.5	1,600	5.6	850	(2.6)	112.68
Full year	97,500	(0.4)	3,100	37.9	3,350	42.0	1,900	75.3	251.88

*Notes

(1) Major changes in significant consolidated subsidiaries during the period (changes in specified subsidiaries accompanying change in the scope of consolidation): No

(2) Changes in accounting policies, financial estimates and restatements

- (i) Changes in accounting policies due to revisions of accounting standards: No
- (ii) Changes in accounting policies other than (i) above: No
- (iii) Changes in financial estimates: No
- (iv) Restatements of financial statements: No

(3) Number of shares issued (common stock)

(i) Number of shares issued at the end of the period (including treasury stock)

FY2018	7,682,162 shares	FY2017	7,682,162 shares
FY2018	139,368 shares	FY2017	138,461 shares
FY2018	7,543,303 shares	FY2017	7,544,112 shares

(ii) Number of treasury shares at the end of the period

(iii) Average number of shares during the period

*The Company consolidated its common shares at a ratio of 10 shares to 1 share, effective December 1, 2017. Therefore, the number of shares issued at the end of the period, number of treasury shares at the end of the period, and average number of shares during the period were calculated on the assumption that the relevant share consolidation had been implemented at the beginning of the previous consolidated fiscal year.

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Highlights for FY2018 (June 1, 2017 to May 31, 2018)

(1) Non-Consolidated Operating Results (% change from the previous fiscal year) (Figures in brackets are negative)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2018	37,807	1.6	479	—	1,719	80.9	88	(90.9)
FY2017	37,224	2.8	(786)	—	950	(42.8)	974	—
	Profit per share Basic		Profit per share Diluted					
		Yen		Yen				
FY2018		11.79		—				
FY2017		129.17		—				

* The Company consolidated its common shares at a ratio of 10 shares to 1 share, effective December 1, 2017. Therefore, profit per share was calculated on the assumption that the relevant share consolidation had been implemented at the beginning of the previous consolidated fiscal year.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Book-value per share
	Millions of Yen	Millions of Yen	%	Yen
FY2018	68,734	27,759	40.4	3,680.23
FY2017	68,876	28,110	40.8	3,726.30

(Reference) Shareholders' equity FY2018: 27,759 millions of yen FY2017: 28,110 millions of yen

(Note) The summary of financial results is outside the scope of the audit.

(Note) Explanation on the appropriate use of forecasts and other special issues

(Note on the forward-looking statements)

The forward-looking statements in this document concerning forecasts of performance, etc. are based on currently available information. The actual performance may be significantly different from the forecasts due to various factors. Concerning forecasting of performance, please refer to "1. Overview of business results, etc. (4) Forecast of financial results for FY2019" on page 2.

1. Overview of business results, etc.

(1) Overview of business results for the fiscal year under review

During the consolidated fiscal year ended May 31, 2018 under review, the Japanese economy continued recovering, supported by strong corporate earnings and a gradual improvement in employment and income. Meanwhile, the global economy recovered, but there remained uncertainty over the future due to the unpredictable policies of the Trump administration and rising geopolitical risks.

In accordance with the basic policy of its 5th three-year medium-term management plan, “2020,” the Suminoe Textile Group implemented various measures to achieve its target for the initial year. Net sales increased from the previous year, since the Automotive Textiles and Traffic Facilities Segment performed solidly against the backdrop of steady automobile sales in Japan, China, and Thailand. Meanwhile, profits grew from the previous year despite the negative impact of soaring raw material prices and distribution costs.

Consequently, our consolidated net sales for the fiscal year under review were 97,872 millions of yen (up 1.9% year-on-year), with operating income of 2,247 millions of yen (up 73.2%), ordinary income of 2,358 millions of yen (up 72.9%), and profit attributable to owners of parent of 1,083 millions of yen (profit attributable to owners of parent of 26 millions of yen in the previous year).

The performance by segment is as described below.

(Interior Fittings Segment)

Sales of commercial-use carpets declined from the previous year despite steady growth in the export of *ECOS*[®], eco-friendly carpet tiles under the *horizontal recycling* system. The decrease was due to the dearth of large-scale projects in Japan, although we launched sales of *BERRY ALLOC*[®] *PURE LVT*, a quality, high functional hard floor material, and concentrated our efforts on obtaining orders for carpets related to new construction and remodeling of office buildings, commercial facilities, and hotels. Sales of curtains fell over the previous year because sales of *Face*, curtains for medical, welfare, and educational institutions, were sluggish due to fewer projects, although sales of *mode S*[®] *Vol. 8* remained almost at the level of the previous year. Sales of carpets, rugs and mats for general households fell from the previous year, since consumer sentiment continued to be weak. Sales of wall coverings and materials increased from the previous year due to solid sales of *Runon Fresh Premium*.

Furthermore, we recorded a valuation loss on inventory as expenses for structural reform. Consequently, the Interior Fittings Segment posted operating income of 33 millions of yen (down 95.4% year-on-year) on net sales of 34,329 millions of yen (down 3.1%).

(Automotive Textiles and Traffic Facilities Segment)

In the area of automotive textiles, domestic sales increased from the previous year in the carpet, mat, and seat fabric businesses. In the seat fabric business, new fabric mixtures sold well due to the expansion of production supported by export demand. The carpet business experienced a growth in orders for exterior components as well as interior materials. In the mat business, sales were steady since high-grade mats were newly adopted by customers. Overseas, Suminoe Textile of America Corporation, a subsidiary in the U.S., continued to focus its efforts on improving its balance sheet. Meanwhile, our overseas sales rose from the previous year due to a rise in orders for new fabric mixtures in the seat fabric business in Asia, most notably China and Thailand, where production of Japanese cars was strong. In automotive textiles as a whole, both sales and operating income grew from the previous year.

In the area of traffic facilities, railway vehicle-related sales grew from the previous year since sales of non-textile products were steady, despite the lack of large orders from the Japan Railways (JR) Group and private railway companies. Bus-related sales decreased from the previous year, since the production of new buses declined due to a fall in the use of large buses. This was because there was a change in the preferences of inbound tourists, who have been driving the travel industry in recent years. Specifically, the travel pattern of inbound tourists changed from traveling in large groups to small-group travel. Furthermore, orders for the remodeling of buses also declined. Meanwhile, airplane-related sales decreased from the previous year, since sales of seat covering materials and new materials that we had started supplying reached saturation point. In traffic facilities as a whole, sales and operating income fell from the previous year.

Consequently, the Automotive Textiles and Traffic Facilities Segment posted operating income of 3,331 millions of yen (up 9.8% year-on-year) on net sales of 59,758 millions of yen (up 6.0%).

(Functional Materials Segment)

In the electric carpets business, sales and operating income decreased from the previous year due to a change in the product mix, although sales volume grew. In the deodorization and filter-related business, sales and operating income increased from the previous year, since deodorizing filters for air purifiers and heating equipment and the Tispa series, *Real odor deodorization without disguising with a scent* (a stationary deodorizer for home use) in a redesigned package, sold well. Although floor materials for bathrooms sold steadily, the business saw sales and operating income decrease from the previous year. Sales of *Sumitron*®, polyester filament for dust mats, and carpets for airplanes were strong. Thus, both businesses saw sales and operating income grow from the previous year.

Consequently, the Functional Materials Segment posted operating income of 176 millions of yen (up 40.2% year-on-year) on net sales of 3,647 millions of yen (down 10.8%). The exclusion of Suminoe Nakacho Device Technology Corporation from the scope of consolidation at the end of December 2016 also influenced the segment's results.

(2) Overview of financial position for the fiscal year under review

Total assets at the end of the current fiscal year amounted to 92,182 millions of yen, up 1,928 millions of yen from the end of the previous fiscal year, due to an increase in cash and deposits.

Liabilities stood at 53,640 millions of yen, up 785 millions of yen, due to a rise in short-term loans payable.

Net assets totaled 38,541 millions of yen, up 1,143 millions of yen, due to a growth in retained earnings.

As a result, the shareholders' equity ratio stands at 36.9 %.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents at the end of the current fiscal year amounted to 9,411 millions of yen, up 2,481 millions of yen from the end of the previous fiscal year. A summary of the cash flow situation is provided as follows:

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 3,519 millions of yen (983 millions of yen provided in the previous fiscal year) due to an increase in profit before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 244 millions of yen (2,170 millions of yen used in the previous fiscal year) due to purchase of property, plant, and equipment.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 843 millions of yen (354 millions of yen used in the previous fiscal year) due to repayments of lease obligations.

(Reference) Changes in cash flow indicators

	FY2014	FY2015	FY2016	FY2017	FY2018
Shareholders' equity ratio (%)	36.0	39.0	38.3	36.9	36.9
Shareholders' equity ratio on market value basis (%)	27.1	27.5	22.3	20.2	22.5
Ratio of cash flows to interest bearing debts (year)	3.9	4.6	12.7	20.8	5.9
Interest coverage ratio (times)	18.3	15.8	6.0	4.1	12.9

(Notes)

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio on market value basis: Market capitalization / Total assets

Ratio of cash flows to interest bearing debts: Interest-bearing debts / Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities / Interest payment

1. Each indicator is calculated using consolidated financial figures.
2. Market capitalization is calculated using the following formula: Fiscal year-end share price × Fiscal year-end number of outstanding shares (excluding treasury stock)
3. Operating cash flow represents net cash provided by (used in) operating activities in the consolidated statements of cash flows. Interest-bearing debts refer to all liabilities with an obligation to pay interest stated in the consolidated balance sheet. Interest payment represents interest expenses paid stated in the consolidated statements of cash flows.

(4) Forecast of financial results for FY2019

The fiscal year ending May 31, 2019 is the second year of "2020," our 5th three-year medium-term management plan. Although the Japanese economy is expected to continue recovering gradually, there is growing uncertainty

over the global economy due to the escalation of a trade dispute caused by the Trump administration's commercial policies and the risk of changes in emerging-market currencies.

We forecast net sales to decrease from FY2018 due to the impact of restructuring in the Interior Fittings Segment and foreign currency translation adjustments. However, we expect operating income to grow from FY2018 because of continued steady demand for automotive textiles.

Considering these circumstances, we plan to post net sales of 97,500 millions of yen, operating income of 3,100 millions of yen, ordinary income of 3,350 millions of yen, and profit attributable to owners of parent of 1,900 millions of yen for the fiscal year ending May 31, 2019.

2. Basic policy regarding selection of accounting standards

Considering the comparability of consolidated financial statements among fiscal years and companies, the Suminoe Textile Group plans to prepare its consolidated financial statements in accordance with Japanese GAAP for the time being. Regarding the adoption of International Financial Reporting Standards (IFRS) in the future, we plan to decide the timing for introducing IFRS appropriately, taking into account the situation in Japan and overseas.

3. Consolidated financial statements
 (1) Consolidated balance sheet

(Unit: millions of yen)

	FY2017 (As of May 31, 2017)	FY2018 (As of May 31, 2018)
Assets		
Current assets		
Cash and deposits	7,050	9,531
Notes and accounts receivable-trade	17,866	17,449
Electronically recorded monetary claims - operating	4,719	5,607
Securities	—	8
Merchandise and finished goods	10,449	11,077
Work in process	1,925	1,788
Raw materials and supplies	4,170	3,768
Deferred tax assets	529	622
Income taxes receivable	379	125
Other	3,867	3,431
Allowance for doubtful accounts	(23)	(17)
Total current assets	50,934	53,392
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,887	4,673
Machinery, equipment and vehicles, net	3,976	3,544
Land	17,604	17,600
Leased assets, net	888	794
Construction in progress	202	181
Other, net	284	343
Total property, plant and equipment	27,842	27,138
Intangible assets		
Leased assets	22	4
Other	1,024	1,081
Total intangible assets	1,047	1,085
Investments and other assets		
Investment securities	9,037	8,984
Long-term loans receivable	3	5
Deferred tax assets	206	515
Other	1,324	1,209
Allowance for doubtful accounts	(143)	(148)
Total investments and other assets	10,429	10,566
Total non-current assets	39,319	38,790
Total assets	90,254	92,182

(Unit: millions of yen)

	FY2017 (As of May 31, 2017)	FY2018 (As of May 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	15,381	14,571
Electronically recorded obligations - operating	3,854	4,783
Short-term loans payable	12,411	13,588
Lease obligations	587	528
Income taxes payable	462	550
Provision for loss on litigation	—	472
Other	3,521	3,377
Total current liabilities	36,218	37,872
Non-current liabilities		
Bonds payable	500	500
Long-term loans payable	6,035	5,308
Lease obligations	919	709
Deferred tax liabilities	519	548
Deferred tax liabilities for land revaluation	3,761	3,761
Provision for directors' retirement benefit	334	382
Net defined benefit liability	4,048	4,065
Other	518	493
Total non-current liabilities	16,636	15,768
Total liabilities	52,855	53,640
Net assets		
Shareholders' equity		
Capital stock	9,554	9,554
Capital surplus	2,652	2,652
Retained earnings	10,266	10,822
Treasury shares	(362)	(364)
Total shareholders' equity	22,111	22,664
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,035	3,154
Deferred gains or losses on hedges	(9)	11
Revaluation reserve for land	7,797	7,797
Foreign currency translation adjustment	549	600
Remeasurements of defined benefit plans	(198)	(170)
Total accumulated other comprehensive income	11,174	11,393
Non-controlling interests	4,113	4,484
Total net assets	37,398	38,541
Total liabilities and net assets	90,254	92,182

(2) Consolidated Statement of income and comprehensive income

Consolidated Statement of income

(Unit: millions of yen)

	FY2017 (June 1, 2016 to May 31, 2017)	FY2018 (June 1, 2017 to May 31, 2018)
Net sales	96,038	97,872
Cost of sales	76,627	78,633
Gross profit	19,410	19,239
Selling, general and administrative expenses	18,113	16,991
Operating income	1,297	2,247
Non-operating income		
Interest income	10	14
Dividend income	192	171
Share of profit of entities accounted for using equity method	91	36
Real estate rent	109	233
Other	156	170
Total non-operating income	560	626
Non-operating expenses		
Interest expenses	240	274
Sales discounts	52	51
Foreign exchange losses	38	75
Rent expenses on real estates	24	32
Environmental expenses	57	10
Other	81	70
Total non-operating expenses	493	514
Ordinary income	1,364	2,358
Extraordinary income		
Gain on sales of non-current assets	56	5
Gain on sales of investment securities	159	667
Total extraordinary income	215	673
Extraordinary loss		
Loss on sales and retirement of non-current assets	371	10
Impairment loss	—	20
Provision for loss on litigation	—	492
Loss incurred from the dissolution of employees' pension fund	21	—
Loss on valuation of golf club memberships	1	—
Total extraordinary loss	394	524
Profit before income taxes	1,185	2,507
Income taxes - current	832	1,058
Income taxes - deferred	(293)	(440)
Total income taxes	538	617
Profit	647	1,889
Profit attributable to non-controlling interests	620	806
Profit attributable to owners of parent	26	1,083

Consolidated statements of comprehensive income

(Unit: millions of yen)

	FY2017 (June 1, 2016 to May 31, 2017)	FY2018 (June 1, 2017 to May 31, 2018)
Profit	647	1,889
Other comprehensive income		
Valuation difference on available-for-sale securities	585	119
Deferred gains or losses on hedges	27	(2)
Foreign currency translation adjustment	(104)	98
Remeasurements of defined benefit plans, net of tax	(2)	27
Share of other comprehensive income of entities accounted for using equity method	(43)	23
Total other comprehensive income	462	266
Comprehensive income	1,109	2,156
Comprehensive income attributable to:		
Owners of parent	498	1,303
Non-controlling interests	611	853

(3) Consolidated statements of changes in shareholders' equity

FY2017 (June 1, 2016 to May 31, 2017)

(Unit: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	9,554	2,652	10,768	(360)	22,614
Changes of items during the period					
Dividends of surplus			(528)		(528)
Profit attributable to owners of parent			26		26
Purchase of treasury shares				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	(501)	(1)	(503)
Balance at the end of the period	9,554	2,652	10,266	(362)	22,111

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	2,450	5	7,797	645	(196)	10,701	3,861	37,178
Changes of items during the period								
Dividends of surplus								(528)
Profit attributable to owners of parent								26
Purchase of treasury shares								(1)
Net changes of items other than shareholders' equity	585	(15)	—	(95)	(2)	472	251	723
Total changes of items during the period	585	(15)	—	(95)	(2)	472	251	220
Balance at the end of the period	3,035	(9)	7,797	549	(198)	11,174	4,113	37,398

FY2018 (June 1, 2017 to May 31, 2018)

(Unit: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	9,554	2,652	10,266	(362)	22,111
Changes of items during the period					
Dividends of surplus			(528)		(528)
Profit attributable to owners of parent			1,083		1,083
Purchase of treasury shares				(2)	(2)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	555	(2)	552
Balance at the end of the period	9,554	2,652	10,822	(364)	22,664

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	3,035	(9)	7,797	549	(198)	11,174	4,113	37,398
Changes of items during the period								
Dividends of surplus								(528)
Profit attributable to owners of parent								1,083
Purchase of treasury shares								(2)
Net changes of items other than shareholders' equity	119	21	—	51	27	219	370	590
Total changes of items during the period	119	21	—	51	27	219	370	1,143
Balance at the end of the period	3,154	11	7,797	600	(170)	11,393	4,484	38,541

(4) Consolidated statement of cash flows

(Unit: millions of yen)

	FY2017 (June 1, 2016 to May 31, 2017)	FY2018 (June 1, 2017 to May 31, 2018)
Cash flows from operating activities		
Profit before income taxes	1,185	2,507
Depreciation	1,620	1,725
Impairment loss	—	20
Increase (decrease) in net defined benefit liability	139	55
Increase (decrease) in provision for directors' retirement benefits	11	47
Increase (decrease) in allowance for doubtful accounts	(22)	(1)
Increase (decrease) in provision for loss on litigation	—	492
Interest and dividend income	(203)	(186)
Interest expenses	240	274
Share of loss (profit) of entities accounted for using equity method	(91)	(36)
Loss (gain) on sales and retirement of non-current assets	314	5
Loss (gain) on sales of investment securities	(159)	(667)
Decrease (increase) in notes and accounts receivable - trade	(79)	(457)
Decrease (increase) in inventories	(1,240)	(225)
Increase (decrease) in notes and accounts payable - trade	1,163	80
Decrease (increase) in consumption taxes refund receivable	(264)	264
Increase (decrease) in accrued consumption taxes	(236)	222
Other	270	79
Subtotal	2,648	4,201
Interest and dividend income received	202	239
Interest expenses paid	(238)	(273)
Income taxes paid	(1,631)	(1,074)
Income taxes refund	3	427
Net cash provided by (used in) operating activities	983	3,519

(Unit: millions of yen)

	FY2017 (June 1, 2016 to May 31, 2017)	FY2018 (June 1, 2017 to May 31, 2018)
Cash flows from investing activities		
Payments into time deposits	(240)	(240)
Proceeds from withdrawal of time deposits	240	240
Purchase of securities	(2,001)	(3,517)
Proceeds from sales and redemption of securities	2,280	3,517
Purchase of property, plant and equipment	(2,696)	(950)
Proceeds from sales of property, plant and equipment	76	8
Purchase of intangible assets	(25)	(221)
Purchase of investment securities	(15)	(16)
Proceeds from sales and redemption of investment securities	210	919
Proceeds from shares of subsidiaries resulting in change in scope of consolidation	—	16
Payments of loans receivable	(1)	(4)
Collection of loans receivable	3	3
Other	(0)	—
Net cash provided by (used in) investing activities	(2,170)	(244)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,341	1,302
Proceeds from long-term loans payable	3,400	700
Repayments of long-term loans payable	(3,214)	(1,188)
Proceeds from issuance of bonds	483	—
Repayments of lease obligations	(754)	(625)
Purchase of treasury shares of subsidiaries	(1)	(2)
Proceeds from share issuance to non-controlling shareholders	—	54
Cash dividends paid	(527)	(527)
Cash dividends paid to non-controlling interests	(371)	(555)
Net cash provided by (used in) financing activities	354	(843)
Effect of exchange rate change on cash and cash equivalents	(48)	50
Net increase (decrease) in cash and cash equivalents	(880)	2,481
Cash and cash equivalents at beginning of period	7,810	6,930
Cash and cash equivalents at end of period	6,930	9,411

(5) Major notes on consolidated financial statements

(Notes on assumption of going concern)

Not applicable.

(Segment information, etc.)

(Segment information)

1. Outline of reportable segment information

The Company's reportable segments are components of an entity for which separate financial information is available and evaluated regularly by the Board of Directors in determining the allocation of management resources and in assessing performance.

The Company has business divisions and subsidiaries by the type of product and service. Each division and subsidiary draws up a comprehensive strategy for their products and services at home and abroad and conducts business activities.

Accordingly, our Group consists of segments divided by the type of product and service on the basis of business divisions. It has the following three reportable segments: *Interior Fittings Segment*, *Automotive Textiles and Traffic Facilities Segment*, and *Functional Materials Segment*.

The Interior Fittings Segment engages in the manufacture, sales, and interior works of carpets, curtains, wall papers, and a variety of floor materials. The Automotive Textiles and Traffic Facilities Segment engages in the manufacture and sales of interior materials for automobiles, buses, railway vehicles, and airplanes. The Functional Materials Segment engages in the manufacture and sales of electric carpets and deodorizing related products.

2. Method to calculate net sales, income or loss, assets, liabilities, and other items by reportable segment

The accounting treatment methods applied to the Group's reported business segments largely correspond to the description in "Significant Accounting Policies for the Preparation of Consolidated Financial Statements" disclosed in our latest Securities Report (submitted on August 30, 2017).

Segment income is based on operating income.

Inter-segment sales and transfers are based on current market prices.

3. Information on net sales, income or loss, assets, liabilities, and other items by reportable segment

FY2017 (June 1, 2016 to May 31, 2017)

(Unit: millions of yen)

	Reportable Segments				Other (Note 1)	Total	Adjustment (Note 2)	Figures in consolidated financial statements (Note 3)
	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total				
Net sales								
Net sales to outside customers	35,410	56,377	4,087	95,874	163	96,038	—	96,038
Inter-segment sales and transfers	581	16	4	602	245	848	(848)	—
Total	35,991	56,393	4,092	96,477	409	96,886	(848)	96,038
Segment income	720	3,034	125	3,881	96	3,977	(2,680)	1,297
Segment assets	28,681	36,276	2,368	67,327	469	67,796	22,458	90,254
Other								
Depreciation and amortization	333	1,115	65	1,514	18	1,532	87	1,620
Investments in equity method affiliates	—	603	—	603	—	603	—	603
Increase in property, plant, and equipment, and intangible assets	999	783	175	1,958	13	1,971	1,605	3,576

(Note) 1. *Other* represents businesses that are not included in reportable segments, such as the physical property and performance inspection businesses.

2. Adjustments are as follows:

- (1) Adjustment of -2,680 millions of yen in segment income includes eliminations among segments of 27 millions of yen and corporate expenses unallocated to relevant reportable segments of -2,707 millions of yen. Unallocated corporate expenses mainly consist of expenses for the Administrative division and R&D division that do not belong to any reportable segment.

- (2) Adjustment of 22,458 millions of yen in segment assets includes eliminations among segments of -277 millions of yen and corporate assets unallocated to relevant reportable segments of 22,735 millions of yen. Unallocated corporate assets mainly consist of investment of surplus funds by parent company (cash and deposits), long-term invested funds (investment securities), and assets related to the Administrative division that do not belong to any reportable segment.
3. Segment income is adjusted with operating income in the consolidated statement of income.

FY2018 (June 1, 2017 to May 31, 2018)

(Unit: millions of yen)

	Reportable Segments				Other (Note 1)	Total	Adjustment (Note 2)	Figures in consolidated financial statements (Note 3)
	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total				
Net sales								
Net sales to outside customers	34,329	59,758	3,647	97,734	137	97,872	—	97,872
Inter-segment sales and transfers	672	7	7	688	181	870	(870)	—
Total	35,001	59,766	3,655	98,423	319	98,742	(870)	97,872
Segment income	33	3,331	176	3,541	68	3,609	(1,361)	2,247
Segment assets	27,479	37,165	2,222	66,866	445	67,311	24,871	92,182
Other								
Depreciation and amortization	342	1,140	89	1,573	19	1,592	133	1,725
Investments in equity method affiliates	—	610	—	610	—	610	—	610
Increase in property, plant, and equipment, and intangible assets	186	763	27	976	32	1,009	263	1,272

(Note) 1. *Other* represents businesses that are not included in reportable segments, such as the physical property and performance inspection businesses.

2. Adjustments are as follows:

- (1) Adjustment of -1,361 millions of yen in segment income includes eliminations among segments of 24 millions of yen and corporate expenses unallocated to relevant reportable segments of -1,386 millions of yen. Unallocated corporate expenses mainly consist of expenses for the Administrative division and R&D division that do not belong to any reportable segment.
- (2) Adjustment of 24,871 millions of yen in segment assets includes eliminations among segments of -265 millions of yen and corporate assets unallocated to relevant reportable segments of 25,137 millions of yen. Unallocated corporate assets mainly consist of investment of surplus funds by parent company (cash and deposits), long-term invested funds (investment securities), and assets related to the Administrative division that do not belong to any reportable segment.
3. Segment income is adjusted with operating income in the consolidated statement of income.

(Relevant information)

FY2017 (June 1, 2016 to May 31, 2017)

1. Information by product and service

The disclosure of information by product and service was omitted, since similar information was disclosed in segment information.

2. Information by region

(1) Net sales

(Unit: millions of yen)

Japan	North and Central America	Asia	Other	Total
64,946	16,926	13,778	386	96,038

(Note) Net sales are classified into a country or regions based on the geographical location of customers.

(2) Property, plant, and equipment

(Unit: millions of yen)

Japan	North and Central America	Asia	Total
22,838	3,833	1,171	27,842

3. Information by major customer

The disclosure of information by major customer is omitted, since no sales to a specific outside customer exceeded 10% of the net sales reported on the consolidated income statements.

FY2018 (June 1, 2017 to May 31, 2018)

1. Information by product and service

The disclosure of information by product and service was omitted, since similar information was disclosed in segment information.

2. Information by region

(1) Net sales

(Unit: millions of yen)

Japan	North and Central America	Asia	Other	Total
65,732	15,120	16,674	345	97,872

(Note) Net sales are classified into a country or regions based on the geographical location of customers.

(2) Property, plant, and equipment

(Unit: millions of yen)

Japan	North and Central America	Asia	Total
22,614	3,455	1,068	27,138

3. Information by major customer

The disclosure of information by major customer is omitted, since no sales to a specific outside customer exceeded 10% of the net sales reported on the consolidated income statements.

(Impairment loss on non-current assets by reporting segment)

FY2017 (June 1, 2016 to May 31, 2017)

Not applicable.

FY2018 (June 1, 2017 to May 31, 2018)

(Unit: millions of yen)

	Reportable Segments				Other	elimination or corporate	Total
	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total			
Impairment loss	—	20	—	20	—	—	20

(Per share information)

	FY2017 (June 1, 2016 to May 31, 2017)	FY2018 (June 1, 2017 to May 31, 2018)
Net assets per share	4,412.34 yen	4,515.26 yen
Profit per share, basic	3.50 yen	143.66 yen

(Notes) 1. The Company consolidated its common shares at a ratio of 10 shares to 1 share, effective December 1, 2017.

Therefore, net assets per share and profit per share are calculated on the assumption that the relevant share consolidation had been implemented at the beginning of the previous consolidated fiscal year.

2. Profit per share diluted is not stated, since there is no potential common share.

3. The bases to calculate net assets per share are as follows:

	FY2017 (As of May 31, 2017)	FY2018 (As of May 31, 2018)
Total net assets (millions of yen)	37,398	38,541
Net assets related to common shares (millions of yen)	33,285	34,057
Main differences (millions of yen) Non-controlling interests	4,113	4,484
Number of common shares issued (1,000 shares)	7,682	7,682
Number of common shares of treasury stock (1,000 shares)	138	139
Number of common shares used to calculate net assets per share (1,000 shares)	7,543	7,542

4. The bases to calculate profit per share are as follows:

	FY2017 (As of May 31, 2017)	FY2018 (As of May 31, 2018)
Profit attributable to owners of parent (millions of yen)	26	1,083
Profit not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent concerning common shares (millions of yen)	26	1,083
Average number of common shares during the period (1,000 shares)	7,544	7,543

(Significant subsequent events)

Not applicable.