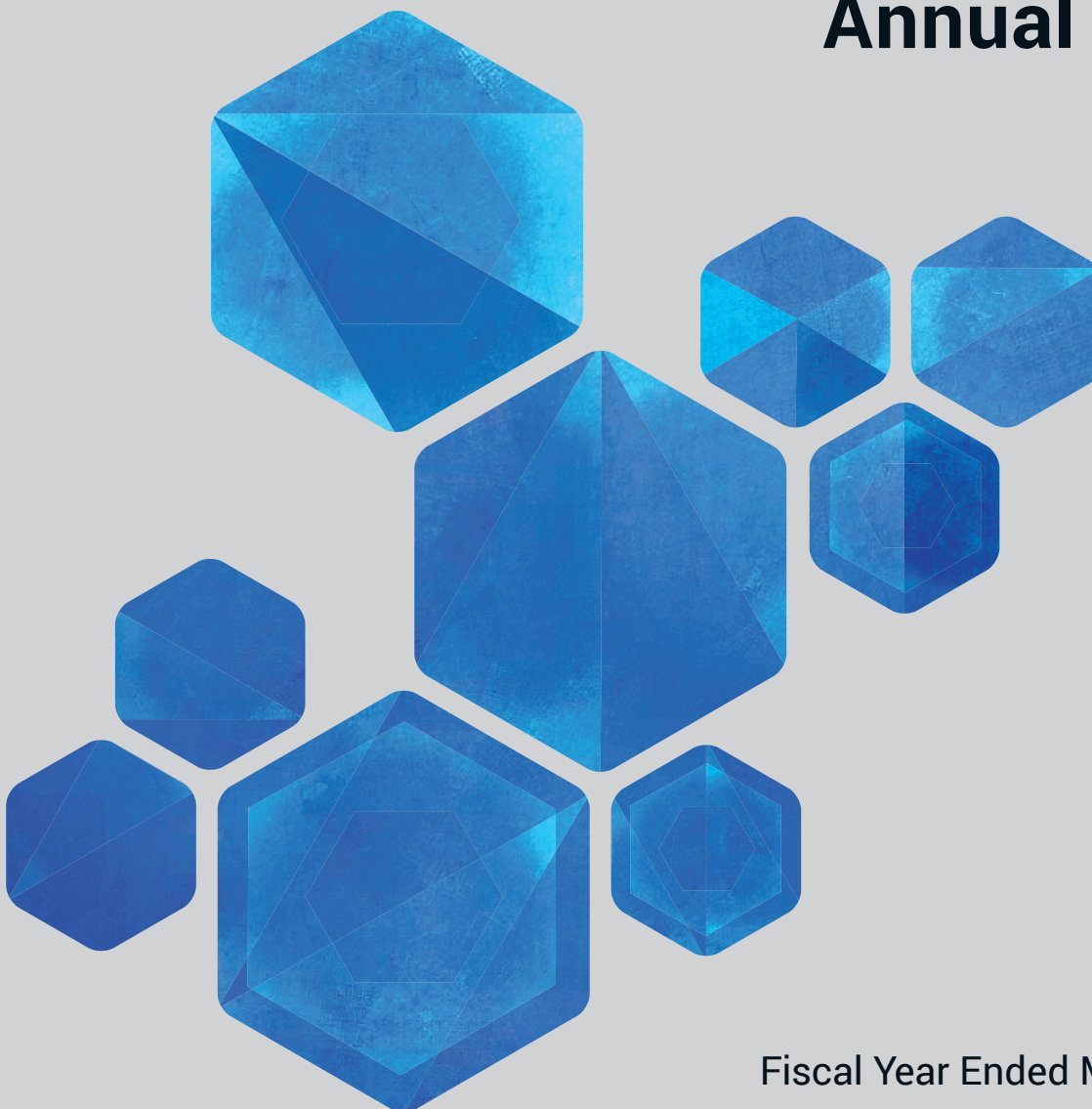


A&D Company, Ltd. Annual Report



Fiscal Year Ended March 31, 2018

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MESSAGE FROM THE PRESIDENT



Yasunobu Morishima
President and CEO

Measurement Solutions for Changing Business Environments

Precision measurement is A&D's business. Our business is largely supported by two pillars, Medical and Weighing/Measurement, which are being changed by technological progress. Advancements in IoT and AI are powering technological innovation that is drastically changing the global economy and impacting our social lives. Emerging economies are benefitting from globalization and are ripe with business opportunities for companies who work hard to identify regional needs. Medical technology development is being driven by a need for preventive medicine and disease management as the global population continues to age. Precision measurement, that is, A&D's business, has an important role in this changing global business environment. We see this potential change as a welcome opportunity for future innovation and expansion.

Medical Business

Our medical business centers on providing blood pressure monitors and medical weighing devices to both homes and hospitals. Currently, our devices are used for health management and illness treatment. However, demand is increasing for a better quality of life in the "golden" years and advancements in preventive medicine and disease prediction are helping people stay out of the hospital as they age. Japan is home to the world's oldest population and our business successes with this unique population give us a perspective that can be leveraged in

countries around the world. The IoT era is moving to vastly increase the amount of personal data being collected, while sophisticated AI technology is moving to analyze this data and provide personalized healthcare. A&D will be at the center of this technology, developing new devices to obtain biometric data and allow for the advancement of new services.

Weighing/Measurement Business

Our weighing business is made up of balances and scales, load cells and indicators, metal detectors, checkweighers and X-ray inspection devices as well as amplifiers and recorders for industrial measurement. We have the largest market share in Japan and South Korea, and a significant presence in Australia, Europe, North America and many emerging countries. To increase our global market share we are working to strengthen sales in more markets by improving our marketing capabilities and developing new distribution channels through our overseas subsidiaries and partners. Our metal detectors, checkweighers and X-ray inspection systems are indispensable for ensuring food safety under Japan's strict standards. Going forward, we aim to better leverage this success outside of Japan. Our industrial measurement unit is being positioned as a growth business by providing sophisticated technology required in the industrial measurement field.

DSP Business

A&D's next-generation business provides tools for automobile development as well as semiconductor inspection. Our automotive tool business develops test machines and simulators—essential tools for meeting increasing regulatory and market requirements for cutting-edge vehicle development. Development must be quick to meet market demands, but maintaining the highest standards of accuracy is our number one priority. A&D provides quick and accurate simulation through our precision measurement technology, active use of model-based simulation (MBS), and tools that measure a wide variety of parameters and inputs.

This fiscal year we will expand our semiconductor inspection equipment business with further investment into Holon Co., Ltd. (JASDAQ listed company). Systems combining Holon's semiconductor manufacturing expertise and our company's fundamental technology (DA converters, high voltage power supplies, EB lens alignment) will offer unparalleled performance and meet demand for high density, multi-layer semiconductor manufacturing equipment.



Growth through Change

Since our founding, we have developed our growth businesses around new technologies with the potential for global expansion. Driven by early successes, we have leveraged our fundamental technologies to create a dynamic network of sales channels in key markets around the world. For our 40th anniversary milestone in 2017, we launched a new medium-term plan to seek out business and growth opportunities in a constantly changing world. By pivoting on these strategies according to the market position of our primary business units, we can respond quickly to change and continue to grow.

Growth Imperatives

- **Double the global share of our home healthcare and balance/scale businesses**
- **Enter new markets with our professional medical and inspection system businesses**
- **Develop technologies of the future with our DSP platforms**
- **Improve profitability by leveraging our service and field engineering businesses**

One A&D

A&D is a growing company with more than 20 entities; manufacturing bases, sales subsidiaries and affiliated companies in Japan and abroad. We are pushing forward with a concept we call One A&D, which aims to make the A&D group more united and efficient as a whole. Our One A&D initiatives are guiding how we evaluate performance and promoting the exchange of personnel across our companies. We are also aiming to optimize our overall cost structure and global procurement processes through a range of initiatives that will make us more efficient and offer the greatest return on investment.

Discover Precision

In commemoration of our 40th anniversary, we developed a new tagline that defines us as a company. Using our precision technology and heavy investment in research & development, we will discover new ways to achieve growth in rapidly changing markets. This tagline builds on our Honmono values and encourages our group companies to collaborate more closely to create a new sense of who we are and where we are going.



Creating New Technologies for Growth

A&D develops products based on the creation of fundamental technologies with the ability to be shared across product platforms. We currently have eight core technologies that guide our development and separate us from our competitors.

1. **Analog circuit technology**
2. **Metal film and foil technology**
3. **CPU mounting and digital circuit technology**
4. **Signal processing technology**
5. **Modeling technology**
6. **Tool technology for software development**
7. **Real-time database technology**
8. **Mechanical design technology using the finite element method**

Our portfolio gives us the strength to flexibly commercialize new markets by providing a wide range of synergistic opportunities. These technologies are the basis for our research efforts and continue to play a leading role in everything we create. We will continue to strategically invest in research that differentiates our products from our competitors, in training for our engineers and designers, and in the creation of knowledge for our future generations.

Yasunobu Morishima
President and CEO



DISCOVER PRECISION

Throughout our history and as we look to the next era of growth, we will push forward to Discover new technologies and ways of doing business. We will aspire to develop more accurate measurement through our dedication to Precision, all while staying true to our principle of Honmono (authenticity).

Discover Precision means that we will play a leading role in bringing precision to the world while facing the important challenges that lead us to new discoveries.

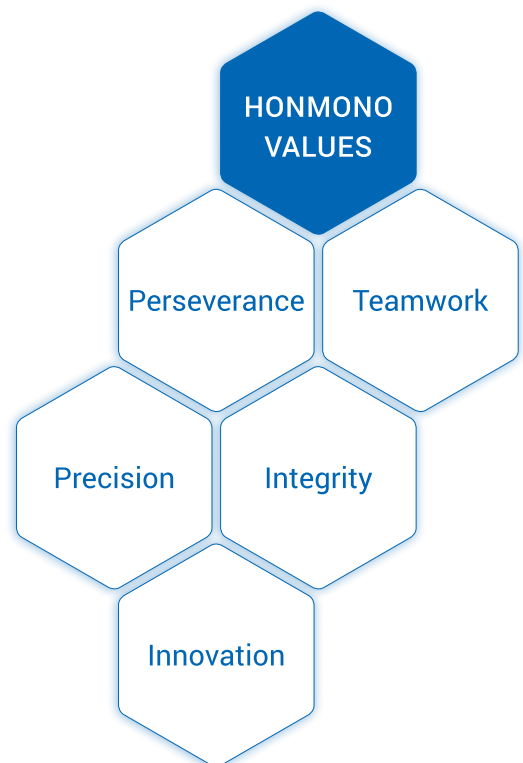
As technology and business environments evolve, so too do the needs of customers and society. A&D is not satisfied to simply provide for the present, but rather will strive to become a pioneer for discoveries of the future needs of society. We will continue to take on new and diverse business challenges through our advanced portfolio of high precision technologies and products that help connect the analog with the digital world.

MISSION

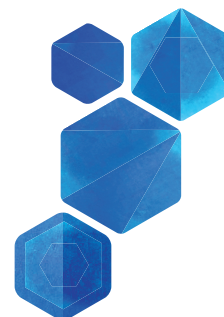
We use our core competence in analog to digital conversion technology to promote healthy lifestyles and give our customers the world's most advanced tools to precisely gather, analyze and utilize data from the environments.

BELIEF

We strive for Honmono, welcome challenges and are relentless until we deliver solutions.



BOARD OF DIRECTORS



Seated in front (left to right):

Yutaka Murata, Director

Yasunobu Morishima, Representative Director

Masatake Eto, Director

Standing in rear (left to right)

Hideo Umezawa, Auditor

Masaru Machida, Auditor

Hiroshi Kawada, External Director

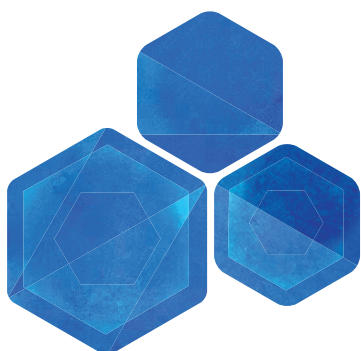
Shingo Takada, Director

Satoshi Furukawa, Director

Sadao Ito, Director

Terumi Haraguchi, Auditor

Katsumi Aya, Auditor



STRATEGIC BUSINESS UNITS

MEDICAL

MILESTONES

2017 was an excellent year for our Medical business with revenue reaching 17.4 billion Yen. This was achieved through the combined efforts of our domestic and international divisions, with sales particularly strong outside of Japan. Strategically targeting our sales and product mix helped push operating profit to 2.1 billion Yen.

A&D has roughly 10% of the global market for blood pressure monitors. In the 2017 fiscal year alone we produced approximately 3 million units. In addition to our blood pressure monitors, we also maintain the number one market share for medical weighing devices in Japan, with nearly 60% of the market.

Ambulatory BPMs, fully automated BPMs and clinical BPMs make up the bulk of sales in our professional line-up. Our recently launched ambulatory BPM combines clinical validation with connectivity and has seen great success in the Japanese market. Fully automatic BPMs have been particularly successful in clinics, major hospitals and medical kiosks across Asia. These devices are often visibly located and provide an excellent showcase for A&D's professional brand. Our Mercury-free BPM line continues to position A&D as a leader in the global movement to ban the use of mercury.



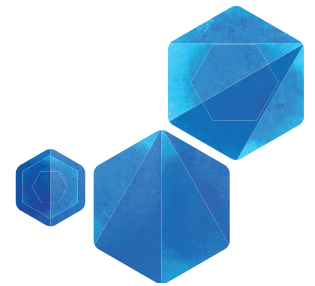
GOALS

In 2018, expansion of our global market share in HHC products will be a major theme supported by the global launch of our cool design line-up of tubeless blood pressure monitors. Expansion of business partnerships with distributors, retail chains and government agencies will also play an important role.

For our professional devices, we will be aiming to make international sales a larger portion of overall revenue. Building on our successful launches in Japan, the clinically validated TM series of ambulatory BPMs will be rolled out in select global markets to meet the need for greater rigor in hypertension diagnosis. Our fully automatic BPMs are also well positioned to help respond to an increasing demand for hypertension screening.

Going into 2018, we will leverage our success in Japan selling affordable, high quality medical weighing devices to growth markets across the globe.





WEIGHING AND INSPECTION

MILESTONES

Since the early 2000s, the GX/GF series of precision balances have played a central role in our weighing business. In 2017, we released an improved GX-A/GF-A series with new features to make this line easier to use, more flexible and accurate. These functions will provide enhanced applications in our future balances and will improve the A&D brand in the laboratory and factory markets.

Near the end of the fiscal year, we announced the launch of the HV-CEP/HW-CEP series to the international market. These platform scales are certified by IECEx, ATEX and FM/FMc as intrinsically safe and were designed to bring safety and security to users in potentially explosive environments at a price that beats the competition.

The food and beverage sector remains an important target for promoting healthy living and is a critical area for growing the market for our product inspection devices. We have continued to see significant gains in this sector both in Japan and internationally.

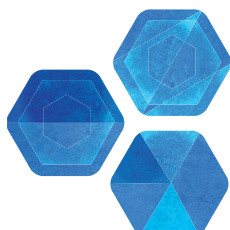


GOALS

Weighing is expected to become increasingly automated in the years ahead. In 2018 we will work to strengthen partnerships with system integrators through the sale of indicators, load cells, in-line balances and other products while making a strong effort to develop targeted solutions for the battery, liquid crystal and automotive parts markets. We also plan to launch a stand-alone sensor head to meet requirements for installation into existing lines and conveyor systems.

For research labs, we are launching the MPB series of multiple channel electronic pipettes, and two new lines of analytical balances. We will also expand our BA product offering with the first model to include automatic doors.

We will continue to target food and beverage factories with products that enhance productivity, including multi-colored LED comparator lights that are now a trademark of A&D scales. We also plan to strengthen our checkweigher and metal detector line-up with new X-ray inspection systems, aiming at synergistic effects and greater presence in the overall inspection market.



DIGITAL SIGNAL PROCESSING

MILESTONES

With vehicle systems becoming increasingly complex amid the emergence of electric cars, advanced driver-assistance systems (ADAS), and autonomous operation, FY2017 provided another year of challenge and success for our DSP business unit.

Responding to many customer requests, we released our next-generation Xils (hardware/software in the loop simulation) system, a highly scalable platform for building integrated Xils systems that combines all functions—validation and verification of powertrain and body control systems, interactions with surrounding environments, and steering ability—into one platform. Following its release, this system (code-named HELIOS) has earned a solid industry reputation for scalability and is being widely adopted by a number of major automotive manufacturers.

Internal collaboration between our industrial measuring instruments and DSP teams led to the creation of large scale testing systems for the aerospace industry. This past year we provided measurement systems to the Japan Aerospace Exploration Agency (JAXA) for the development of first and second stage engines for the H3 Launch Vehicle. These systems are the culmination of our distributed measurement and sound vibration analysis technology.



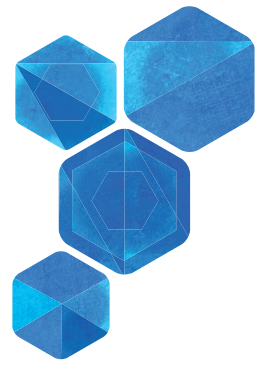
GOALS

In April of 2018, A&D held its first Powertrain Testing Software User Conference in Tokyo to wide acclaim. As part of the program, Waseda University Professor Yasuhiro Daisho, a leader in automotive research, delivered a keynote address on the future of energy research and automobile mobility. Building strong relationships with research and business leaders is a key part of the future success of our technology portfolio.

We continue to grow and promote our MBS subsidiary, which provides development consulting and collaborative research on projects related to automobile powertrain testing and vehicle dynamics. Our next-generation Model Based Development testing solutions have succeeded in positioning A&D as a driving force in modern automobile development.

The DSP division will continue to actively pursue innovation by contributing our research findings to academic societies. We will leverage breakthrough technologies to provide even greater customer insights for testing and systems development in the transportation sector.





QUALITY 

OUR QUALITY POLICY



“Provide greater value through continuous quality improvement”



COMMITMENT

A&D is committed to providing our customers with products that are built to last. To do this, we manage quality with a rigorous system based on ISO9001 and other regional standards. We are committed to ensuring that our products are safe, robust and able to fully satisfy customer expectations. Any issue that impacts quality is systematically reviewed, catalogued and responded to in a company-wide effort. Our goal is to quickly detect and correct any problems at an early stage in order to minimize impact in the field. Our quality assurance systems then check and utilize this information to prevent similar problems from appearing in the future.

In 2018, we are implementing a number of further improvements to our quality management structure to better guarantee the safety and efficacy of our products in an increasingly global network of users, dealers and partners. As our international business continues to grow, assuring quality and managing new risks associated with this growth is a critical issue for A&D, one which we view as a top priority for protecting our brand image and creating a competitive advantage.

EMPLOYEE SPOTLIGHT

YOKO FUKUHARA has worked at A&D for 10 years and currently manages weighing sales for Southeast Asia as part of the International Sales Division. She is an avid mountaineer and enjoys hiking, free climbing and ice climbing. Following is an excerpt from an interview with her about working (and playing!) at A&D:

How did you get into climbing?

Six years ago a coworker invited me to go out and I fell in love with it. Now I go out on hikes and climb as often as I can. I also do indoor rock and wall climbing whenever I can't get out of the city.

What do you enjoy most about climbing?

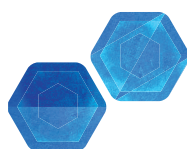
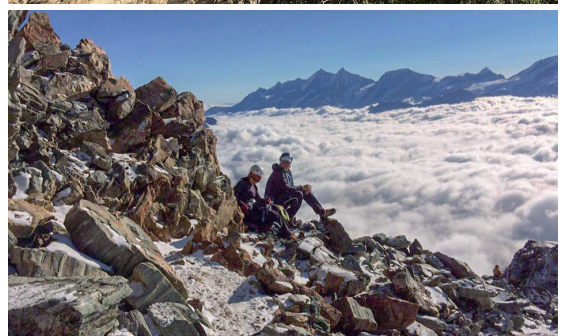
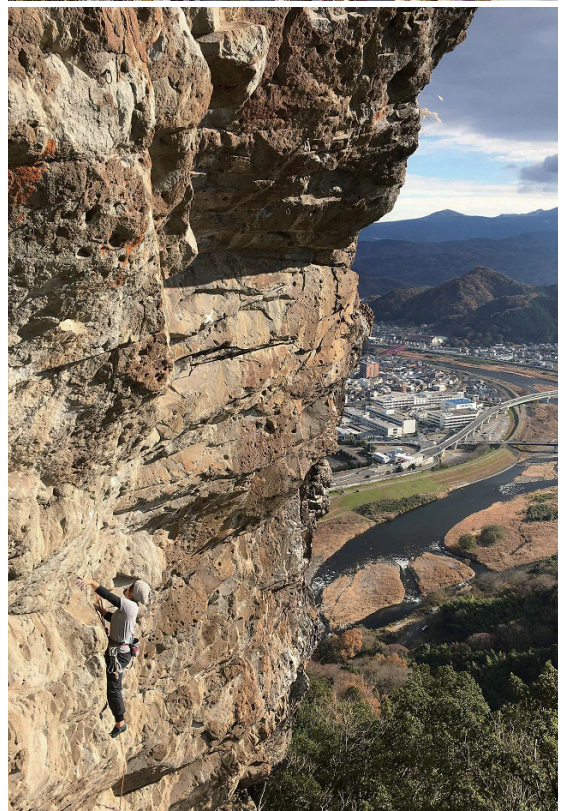
I really enjoy getting out and seeing picturesque landscapes firsthand. When I look at a postcard of the Matterhorn, I can proudly say that I've seen it with my own eyes. I am looking forward to going to Yosemite this year and seeing firsthand the scenery I've only seen in pictures.

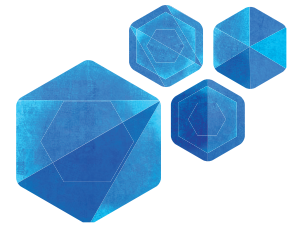
How does climbing tie in with your work?

Trust is very important for both work and climbing. It is easy to blindly trust and follow the person leading you. At work if a leader makes a mistake the company loses profits but if a leader makes a mistake while climbing, someone can die. It is important to speak up when you feel that something is wrong, both at work and when climbing.

Has climbing affected your work philosophy?

I believe honesty is important for good work. Without honesty it is hard to trust your coworkers and work effectively as a team. The same is true with climbing. Trust and teamwork are critical. Without both you can never reach the summit.





GLOBAL COVERAGE

JAPAN

RESEARCH AND DEVELOPMENT

A&D is able to continuously demonstrate excellence in innovation due to the efforts of our talented team of engineers. In 2017, design and development of products was powered by 12% of our revenues. We released over 20 new and updated products during the fiscal year.

As we transition towards selling a larger portion of our products outside of Japan, we have instituted measures to improve the efficiency of our development processes. To accomplish this ambitious goal, R&D teams will work to better leverage knowledge across fields, broaden the scope of our product line-up, and standardize designs to make production more efficient.

Developing innovative products requires effective communication with our customers and industry experts. We maintain partnerships with key research and opinion leaders to develop clinically validated hardware and software for our medical devices and to ensure that our automotive-related testing machines are ready to grow in the current automotive revolution. To accomplish this, we will continue to utilize new methodologies to obtain and analyze data.



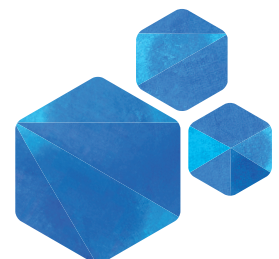
MANUFACTURING BASE HIGHLIGHTS

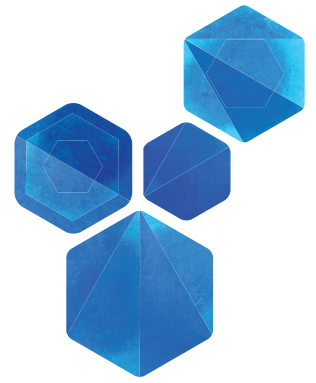
A&D's manufacturing is concentrated in the Asia Pacific region. Production efficiency was a hot topic in 2017 and will continue to be a focal point in the coming years. Orientec (our Japanese DSP and automotive testing equipment manufacturer) and Litra (our mass production manufacturer of load cells, indicators and other weighing products) have been at the forefront as we implement new strategies to optimize productivity.

Last year, Litra successfully merged with CM Seiki (previously an A&D group company) and added checkweighers, metal detectors and other inspection products to its line-up. Moving forward, Litra aims to standardize some of its inspection product line-up to improve profitability, while retaining the ability to respond to custom requests. Skills enhancement and technical training programs are being tested at Orientec to improve the flexibility of our technicians and to enhance our ability to satisfy market requirements for unique and highly specialized DSP solutions.



Anechoic chamber for EMC testing





AMERICAS

MILESTONES

In 2017, we secured a number of large contracts to provide home healthcare devices to retailers and government agencies. In addition to our home-use upper arm and wrist devices, the TM-2915 Non-Invasive Blood Pressure Modules boosted medical sales and further secured our position as a leader in the market for blood pressure measurement.

Our US-based DSP and automotive technology subsidiary entered into a collaborative partnership with Southwest Research Institute (SwRI) to perform high-efficiency powertrain development and emissions research. The skill of our technicians coupled with our advanced suite of software and solutions allowed us to solidify this valuable partnership.

Our newly established subsidiary in Canada acquired ManthaMed, a distributor of diagnostic and monitoring solutions in the professional medical arena, as part of our plans to grow business in the Americas and enlarge our footprint in Canada.



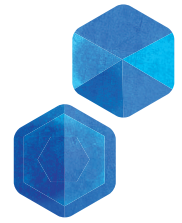
GOALS

In 2018, strengthening partnerships and ensuring the success of our current partnerships will be a major goal in the Americas. Successfully delivering on many large scale projects will require greater collaboration and cooperation between international teams, and is critical for the continued growth and success of the A&D group.

The Americas remains a challenging market for our weighing division, but one that is nevertheless expected to be an engine of growth going forward. The launch of the Apollo GX/GF-A series this year is anticipated to bolster weighing sales and provide momentum to expand into other markets.

Our iTest system automation platform will be integral for increasing A&D's DSP market share and finding new business in the ongoing automotive revolution. As part of the One A&D initiative, our experienced technicians in the United States will share valuable knowledge and assistance overseas to further strengthen our global network.





GLOBAL COVERAGE

ASIA PACIFIC

AUSTRALIA AND NEW ZEALAND

MILESTONES

We saw substantial growth in Australia from strong sales of our weighing and inspection products and after winning a number of key government and retail contracts. Product innovation played a major role in this success. The strength of our partnerships with local suppliers also contributed to sales and product innovation.

GOALS

The business climate looks favorable for our medical devices as we expand sales of BPMs to pharmacies and leverage the TM-2441 and medical weighing products to secure market share in hospital and medical facilities. We will build on our strength in the agriculture market to boost weighing and inspection system sales as well.

SOUTH KOREA

MILESTONES

A&D Korea CEO J.C. Lee was awarded the Order of Industrial Service Merit for his contributions to the Korean weighing industry. Weighing is a significant part of our business in this country and our weighing sensors and platform scales are held in high regard. ADK is also an important global manufacturing center for A&D. The AD-4212 series was particularly successful with over 1100 units sold in FY2017.

GOALS

Heading into the new fiscal year, we aim to further grow our weighing business with new products including the GX/GF-A series. One clear challenge will be to expand our weighing strength into the inspection and medical markets while leveraging our relationships with leading institutions and governments locally and nationally.



CHINA

MILESTONES

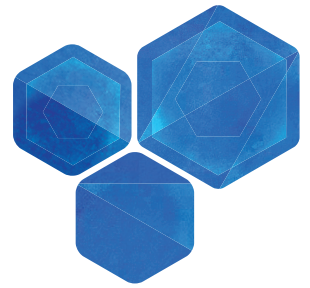
Sales in China grew in 2017, led by our testing and DSP products. We were active in the new energy vehicle market and provided our cutting-edge technology for regional battery lab projects and electric motor testing. Our reputation as a provider of professional medical devices continues to grow, as witnessed in the deployment of our automatic BPMs at health kiosks across the country.

GOALS

Due to the highly technical nature of our DSP product lines, increased cooperation and skill sharing between our global teams will be a major theme as we further expand into the new energy market. We will further promote the A&D brand across all business units with our ICT product lines, the regional TM-2441 launch and testing machines.



GLOBAL COVERAGE



EURASIA

EUROPE

MILESTONES

Medical device sales saw double-digit growth following successful efforts to optimize and expand our online sales channels. Weighing sensors also saw favorable improvements among system integrators in the region. Powertrain system sales and upgrades to major automotive companies including Jaguar, Land Rover and Fiat further helped to fuel our DSP sales in Europe.

GOALS

In the coming years, ensuring the success of new product launches and strengthening e-commerce will be key to our regional growth. Our UK subsidiary will play an increasingly important role in organizing sales territories in Europe and ensuring the success of regional business partnerships. Uncertainty surrounding Brexit and the tightening of EU regulations may provide potential challenges, but we are confident in our management teams and expect favorable results going forward.

INDIA

MILESTONES

Weighing revenue benefitted from strong BM microbalance sales in the jewelry and laboratory markets. Sales of precision balances also increased steadily in spite of the challenge of a new goods and service tax. Rising adoption of the TM-2657 at hospitals bolstered Medical sales and will give us an important foothold in this growing and dynamic marketplace.

GOALS

Improving price competitiveness and diversifying our professional line will be major challenges. The jewelry and laboratory markets will continue to be important for balances and scales. We will leverage our experience with food, beverage and pharmaceutical applications from our inspection systems to improve sales across the overall weighing market.



RUSSIA AND THE COMMONWEALTH OF INDEPENDENT STATES

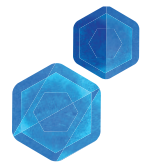
MILESTONES

Russia is one of the biggest markets for our HHC products and our Russian subsidiary leads the market in the sale of blood pressure monitors, thermometers and nebulizers. Sales of weighing products also grew significantly in the research institutes and university segment.

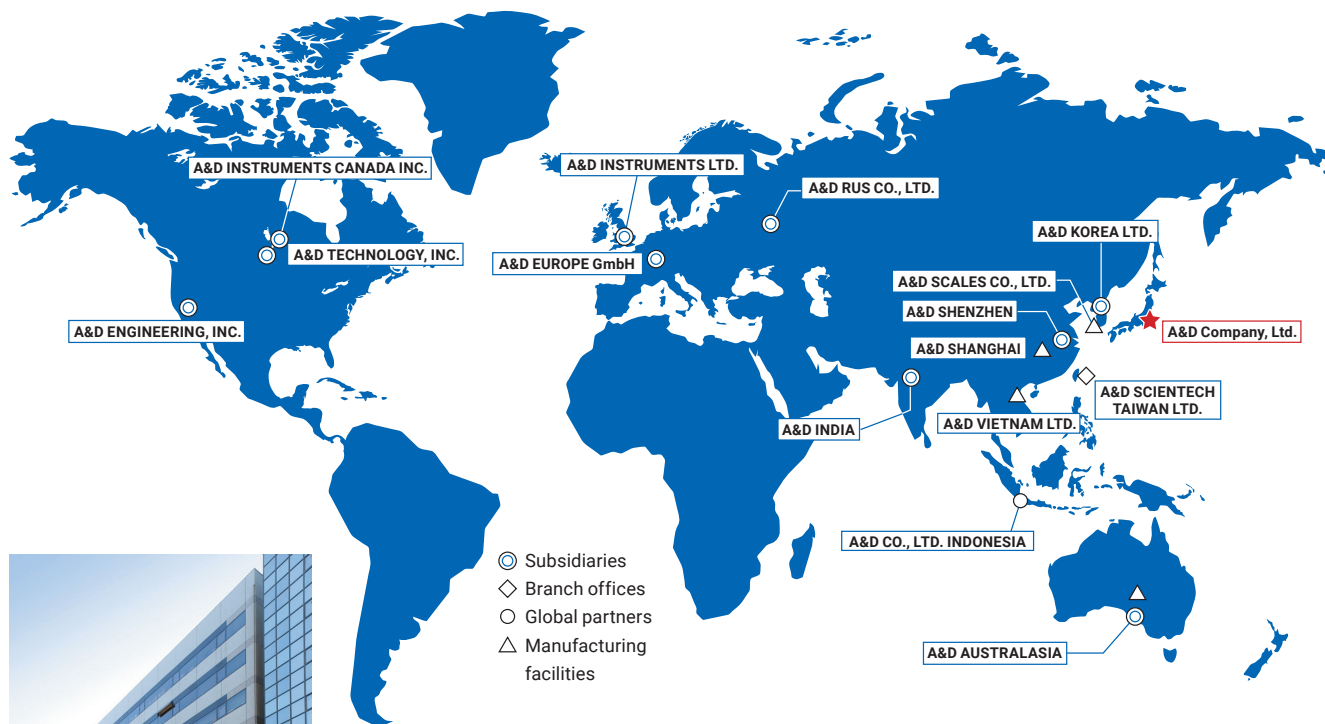
GOALS

We will leverage our regional medical and weighing strengths to further branch out into CIS countries. Our ambulatory and mercury free BP product lines will provide a critical base to represent the A&D brand in the region. We will also devote greater attention to inspection systems and global cooperation under the One A&D initiative.





GLOBAL COVERAGE MAP AND LOCATIONS



A&D Company, Ltd.
Corporate headquarters managing domestic and global sales and marketing. R&D Center located in Kitamoto, Japan



A&D Engineering, Inc.
Sales of weighing, measurement and medical products, technical service and training in North and Central America



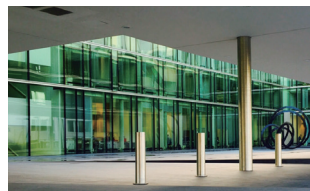
A&D Technology, Inc.
Powertrain testing products and technical service in North America



A&D Instruments Canada Inc.
Sales of medical and healthcare products in Canada



A&D Instruments Ltd.
Sales of weighing and medical products, technical service and training in Europe



A&D Europe GmbH
Powertrain testing products and services in Europe



A&D Rus Co., Ltd.
Sales of weighing, measurement and medical products, technical service and training in Russia



A&D Korea Ltd.
Sales of weighing and medical products, technical service and training in Korea



A&D Scales Co., Ltd.
Manufacturing of weighing products in Korea



A&D Australasia
Manufacturing of weighing products and sales of weighing and medical products, technical service and training in Australia



A&D Shanghai
Sales of medical, powertrain testing products and testing machines in China



A&D Shenzhen
Manufacturing of blood pressure monitors for home use and scales in China



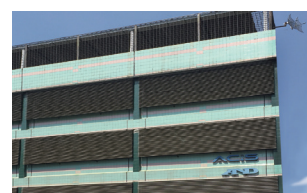
A&D India
Sales of weighing and medical products, and technical service in India



A&D Sciencetech Taiwan Ltd.
Sales of weighing products and technical service and training in Taiwan



A&D Vietnam Ltd.
Manufacturing of blood pressure monitors for home use in Vietnam



A&D Company, Ltd. Indonesia
Representative Office

CONSOLIDATED FINANCIAL STATEMENTS

1 Consolidated Balance Sheets (Page 1/2)

(Unit: million yen)

	Previous fiscal year (March 31, 2017)	Current fiscal year (March 31, 2018)
ASSETS		
Current assets		
Cash and deposits	6,967	8,016
Bills and accounts receivable	12,010	12,980
Marketable securities	—	50
Products	6,374	6,359
Unfinished goods	2,547	2,255
Raw materials and supplies	2,842	3,168
Deferred tax assets	719	856
Other	1,196	827
Allowance for doubtful accounts	(91)	(83)
Total current assets	32,565	34,430
Fixed assets		
Tangible Fixed Assets		
Buildings and structures	8,064	8,098
Accumulated depreciation	(4,680)	(4,867)
Buildings and structures (net)	3,384	3,231
Mechanical equipment and vehicles	2,305	2,345
Accumulated depreciation	(1,912)	(1,993)
Mechanical equipment and vehicles (net)	393	352
Tools, equipment and supplies	6,404	6,729
Accumulated depreciation	(5,756)	(5,896)
Tools, equipment and supplies (net)	647	832
Land	4,110	4,099
Leased assets	680	727
Accumulated depreciation	(323)	(358)
Leased assets (net)	356	368
Construction in progress	205	213
Total Tangible Fixed Assets	9,098	9,097
Intangible Fixed Assets		
Goodwill	181	146
Trademark rights	303	218
Software	1,686	1,756
Leased assets	4	3
Other	51	60
Total Intangible Fixed Assets	2,228	2,186
Investments etc.		
Investment securities	552	547
Deferred tax assets	189	308
Other	1,010	947
Allowance for doubtful accounts	(442)	(430)
Total Investments etc.	1,310	1,372
Total Fixed Assets	12,636	12,656
Total Assets	45,202	47,087

1 Consolidated Balance Sheets (Page 2/2)

(Unit: million yen)

	Previous fiscal year (March 31, 2017)	Current fiscal year (March 31, 2018)
LIABILITIES		
Current liabilities		
Bills and accounts payable	3,841	4,738
Short-term debt	12,837	12,193
Long-term borrowings to be repaid within one year	3,050	3,110
Lease obligations	197	200
Accrued corporate taxes, etc.	343	337
Provision for bonuses	871	957
Provision for founder distinguished service	100	—
Provision for product warranties	126	142
Other	3,076	3,974
Total Current liabilities	24,446	25,654
Fixed Liabilities		
Corporate bonds	25	15
Long-term debt	4,473	3,929
Lease obligations	217	209
Provision for product warranties	68	89
Debt related to retirement benefits	864	847
Provision for directors' share benefits	8	25
Asset retirement obligation	27	28
Other	299	348
Total Fixed Liabilities	5,982	5,493
Total Liabilities	30,429	31,147
NET ASSETS		
Shareholders' equity		
Common stock	6,388	6,388
Capital surplus	6,404	6,404
Retained earnings	4,220	5,798
Treasury stock	(1,136)	(1,136)
Total shareholders' equity	15,876	17,454
Accumulated other comprehensive income		
Unrealized gains on other marketable securities	18	25
Foreign currency translation adjustments	(1,915)	(2,307)
Accumulated adjustment on retirement benefits	683	642
Total accumulated other comprehensive income	(1,213)	(1,640)
Non-controlling shareholders' equity	109	125
Total net assets	14,772	15,939
Total liabilities and assets	45,202	47,087

2 Consolidated Statements of Income and Consolidated Statement of Comprehensive Income (Page 1/2)

CONSOLIDATED INCOME STATEMENT

(Unit: million yen)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Sales	40,199	44,120
Cost of sales	23,103	24,972
Gross profit	17,095	19,148
Selling, general and administrative expenses	15,961	16,769
Operating profit	1,133	2,378
Non-operating income		
Interest income	20	47
Dividend income	9	7
Investment gain on equity method	45	50
Exchange gain	42	—
Insurance received	46	—
Rent received	32	29
Other	63	134
Total non-operating income	260	270
Non-operating expenses		
Interest expense	175	192
Sales discount	20	18
Exchange loss	—	14
Syndicated loan fee	50	—
Settlement money	—	42
Other	43	49
Total non-operating expenses	289	316
Ordinary income	1,105	2,332
Extraordinary income		
Gain on sale of fixed assets	18	2
Total extraordinary income	18	2
Extraordinary loss		
Loss on sale of fixed assets	3	0
Loss on disposal of fixed assets	16	1
Impairment loss	12	—
Loss on sales of investment securities	2	—
Loss on valuation of investment securities	3	—
Provision for founder distinguished service	100	—
Total extraordinary loss	139	2
Net profit before taxes	983	2,332
Corporate, inhabitant and business taxes	468	709
Corporate tax adjustments	30	(222)
Total corporate taxes	498	487
Net income	485	1,845
Net income attributable to minority shareholders	8	17
Net income attributable to parent company shareholders	477	1,827

2 Consolidated Statements of Income and Consolidated Statement of Comprehensive Income (Page 2/2)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unit: million yen)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Net income	485	1,845
Other comprehensive income		
Unrealized gains on other marketable securities	6	7
Foreign currency translation adjustments	565	(392)
Adjustment related to retirement benefits	30	(41)
Equity equivalent for equity method affiliates	1	(0)
Total other comprehensive income	605	(427)
Comprehensive income	1,091	1,417
(Breakdown)		
Comprehensive income attributable to parent company shareholders	1,081	1,400
Comprehensive income attributable to minority shareholders	10	17

3 Consolidated Cash Flow (Page 1/2)

(Unit: million yen)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Cash flow from operating activities		
Net profit before taxes	983	2,332
Depreciation costs	1,438	1,555
Impairment loss	12	—
Amortization of goodwill	52	56
Amortization of trademark rights	58	64
Change in allowance for doubtful accounts (decrease)	35	(15)
Interest and dividend income	(29)	(55)
Interest expense	175	192
Syndicated loan fee	50	—
Settlement money	—	42
Insurance received	(46)	—
Profit or loss on sale of fixed assets (profit)	(14)	(1)
Loss on disposal of fixed assets	16	1
Change in accounts receivable (increase)	(28)	(1,149)
Change in inventory (increase)	462	(236)
Change in accounts payables (decrease)	(49)	1,000
Change in accrued bonuses (decrease)	(1)	85
Change in provisions for founder distinguished service, etc. (decrease)	100	(100)
Change in provisions for warranty (decrease)	3	45
Change in liabilities related to retirement benefits (decrease)	(91)	(74)
Change in reserve for directors' share benefits (decrease)	8	17
Other	(466)	1,218
Subtotal	2,668	4,978
Interest and dividends received	73	75
Interest paid	(176)	(189)
Payments for corporate taxes	(222)	(751)
Payments for syndicated loan fees	(50)	—
Receipt of insurance	46	—
Cash flow from operating activities	2,339	4,112
Cash flow from investing activities		
Expenditure on time deposits	(794)	(630)
Income from time deposits	757	712
Expenditure on the acquisition of tangible fixed assets	(921)	(997)
Income from sale of tangible fixed assets	32	6
Expenditure on the acquisition of intangible fixed assets	(675)	(664)
Expenditure on the purchase of investment securities	(1)	(1)
Expenditures for loans	(6)	—
Income from collection of loans	11	79
Expenditure for acquisition of business	—	(26)
Income from insurance reserve funds	138	—
Other	4	5
Cash flow from investing activities	(1,454)	(1,516)

3 Consolidated Cash Flow (Page 2/2)

(Unit: million yen)

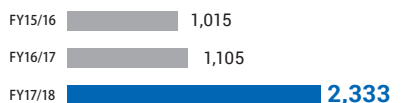
	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Cash flow from financing activities		
Net change in short-term loans (decrease)	1,161	(559)
Income from long-term debt	3,235	2,915
Expenditure for repayment of long-term debt	(3,317)	(3,397)
Expenditure for redemption of bonds	(310)	(10)
Expenditure for repayment of lease obligations	(212)	(246)
Income from sale and leaseback	145	149
Income from issuance of shares	0	-
Expenditure for acquisition of treasury stock	(476)	-
Payment of dividends	(258)	(250)
Payment of dividends to minority shareholders	(2)	(1)
Expenditure for acquisition of shares of subsidiaries without change in scope of consolidation	(10)	-
Cash flow from financing activities	(43)	(1,399)
Translation difference related to cash and cash equivalents	4	(75)
Change in cash and cash equivalents (decrease)	846	1,121
Cash and cash equivalents balance at beginning of financial year	5,224	6,070
Cash and cash equivalents balance at end of financial year	6,070	7,191

4 Financial Highlights

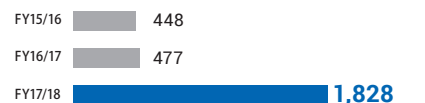
Consolidated revenue



Consolidated ordinary profit



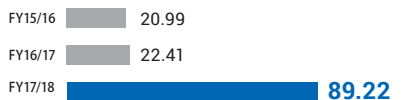
Net income attributable to parent company shareholders



Net assets per share



Net profit per share

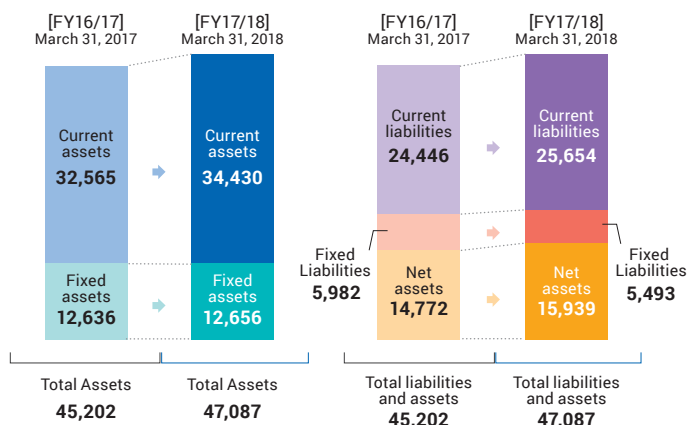


Equity ratio

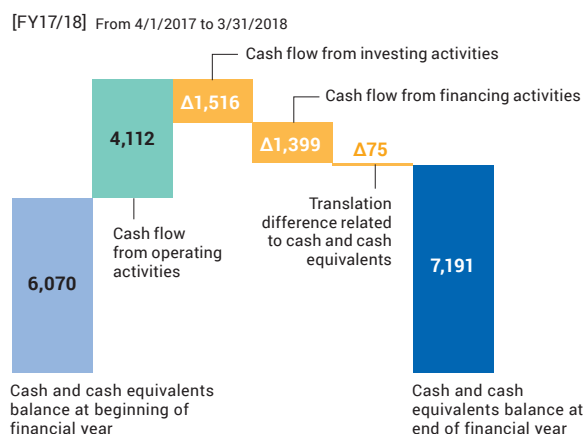


5 Consolidated Financial Data

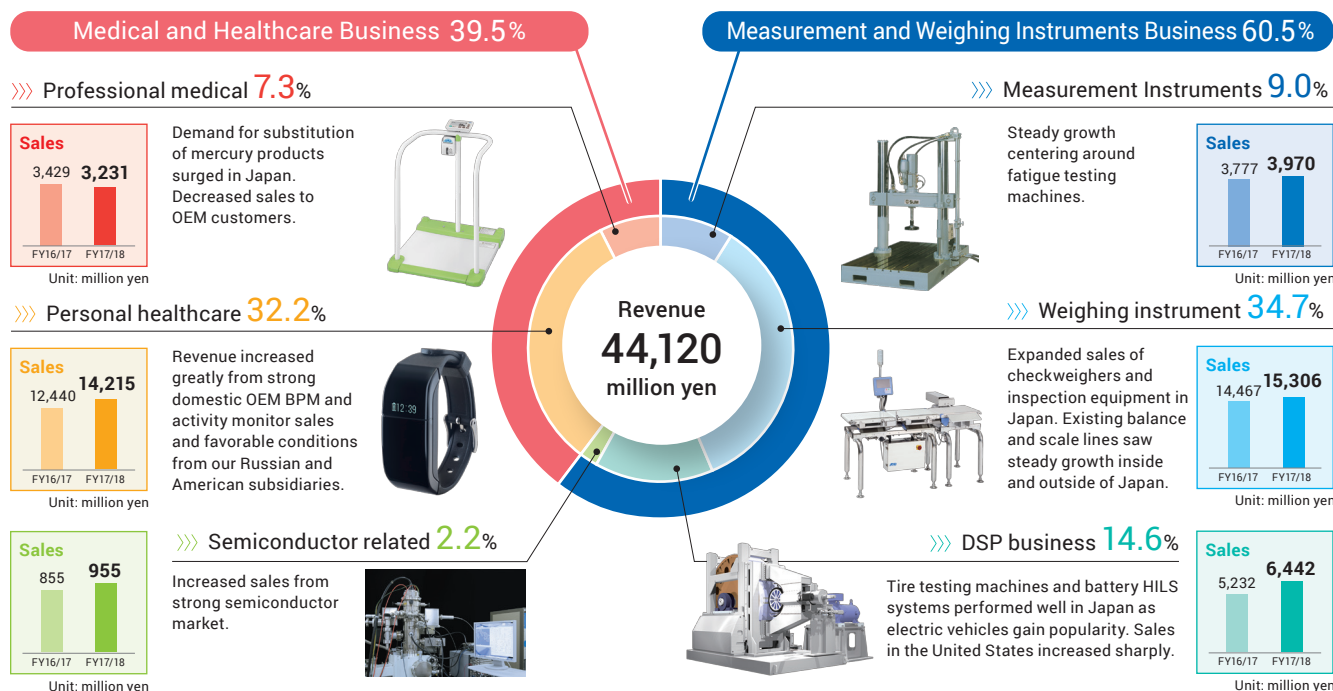
Finance condition



Cash flow



6 Business Overview





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