

ADVANEX INC.
Flash Report(Consolidated Basis) --Summary
Results for fiscal year ended March 31, 2019



May 9, 2019

Company name: ADVANEX INC.

Stock listings: Tokyo Stock Exchange

Code number: 5998

URL <http://www.advanex.co.jp>

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Date of the General Meeting of the Shareholders: June 25, 2019

Expected date of payment for dividends: June 26, 2019

Filing date of securities report: June 26, 2019

Supplementary explanation material for financial results: Yes

Holding of presentation meeting for financial results: Yes

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

1. Performance

(1) Operating results

Years ended March 31

Percentages indicate year-on-year increase (decrease).

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2019	20,967	3.3	66	(74.4)	69	(70.7)	(107)	-
2018	20,294	13.6	259	5.0	237	(31.5)	49	(25.9)

Note: Comprehensive income(millions of yen): Mar. 2019: (34) -% Mar.2018: 66 -%

	Net income per share	Net income per share after dilution	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
2019	(26.26)	-	(1.8)	0.3	0.3
2018	12.21	12.10	0.8	1.2	1.3

Reference : Gain (Loss) on investment by equity method: Year ended March 31, 2019:--- ¥(0) million

Year ended March 31, 2018: --- ¥(0) million

(2) Consolidated Financial position

At March 31

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

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2019	22,705	6,079	26.6	1,477.53
2018	20,325	6,233	30.5	1,517.12

(Reference) Total shareholders' equity: March 31, 2019: ¥6,048 million, March 31, 2018: ¥6,186 million

(3) Cash flows

Years ended March 31

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

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2019	1,278	(3,589)	1,656	2,864
2018	311	(1,496)	1,436	3,533

2. Dividends

Years ended March 31

Record date	Dividends per share				
	First quarter -end dividends	Second quarter -end dividends	Third quarter -end dividends	Year-end dividends	Total
	Yen	Yen	Yen	Yen	Yen
2018	---	---	---	30.00	30.00
2019	---	---	---	30.00	30.00
2020 (Forecast)	---	--	---	30.00	30.00

Record date	Total amount of dividends (for the entire fiscal year)	Payout ratio (consolidated)	Dividends-to-net assets ratio (consolidated)
	Millions of yen	%	%
2018	122	245.7	2.0
2019	122	-	2.0
2020 (Forecast)		245.4	

3. Forecasts for the Fiscal Year Ended March 31, 2020

Percentages indicate year-on-year increase (decrease).

Fiscal year	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
	21,900	4.4	330	396.1	260	274.1

Fiscal year	Net income (loss)		Net income (loss) per share
	Millions of yen	%	Yen
	50	-	12.23

4. Other

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): No
2. Changes in accounting principles, procedures, presentations, etc.
 - a. Changes associated with revision of accounting standards, etc: No
 - b. Changes other than a.: No
 - c. Changes in accounting estimates: No
 - d. Restatement: No
3. Number of shares outstanding (Common stock)

Number of shares outstanding at fiscal year-end(including treasury stock):

2019: 4,153,370 shares 2018: 4,153,370 shares

Number of shares of treasury stock at fiscal year-end:

2019: 59,414 shares 2018: 75,501 shares

Average Number of outstanding at term-end:

2019: 4,089,296 shares 2018: 4,079,542 shares

(Reference) FLASH REPORT (NON-CONSOLIDATED BASIS)

(1) Operating results

Years ended March 31

Percentages indicate year-on-year increase (decrease).

	Net sales		Operating income		Ordinary income (loss)		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2019	9,166	4.5	(120)	---	538	---	111	678.5
2018	8,769	10.7	(76)	---	(39)	---	14	---

	Net income per share	Net income per share after dilution
	Yen	Yen
2019	27.31	27.17
2018	3.52	3.49

(2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2019	15,177	1,775	11.5	426.27
2018	12,986	1,863	14.0	445.43

(Reference) Total shareholders' equity: March 31, 2019 ¥1,745 million, March 31, 2018: ¥1,816 million

Notes

- Audit procedures for financial statements under the Financial Instruments and Exchange Law are not completed at the time of disclosure of this Brief Report of Financial Results.

• The business forecasts presented in this report are based on information available to the management at the time of preparation, and are subject to a number of risks and uncertainties. Actual results may differ materially from those projected due to a wide range of factors.

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1. Overview of Business Performance and Financial Position

(1) Overview of Business Performance

In the fiscal year under review, the U.S. economy remained firm, supported by an increase in employment and an improvement in personal income. In China, the worsening trade friction between China and the United States has begun to have an impact on corporate earnings, and the slowdown in consumer spending has become evident. In Europe, despite the recent strong performance, the outlook for the future is becoming increasingly uncertain due to political instability, such as the withdrawal of the UK from the European Union. In Japan, despite generally firm performance, there is a growing sense of anxiety as the impact of the trade friction begins to emerge. In the related fields, the automobile market remained strong in Japan and the Americas, despite the effects of the recent market slowdown.

Consolidated net sales for the fiscal year under review increased 3.3% from the previous fiscal year to ¥20,967 million, and operating income decreased 74.4% to ¥66 million. Ordinary income decreased 70.7% to 69 million yen, and net loss attributable to owners of parent was 107 million yen (49 million yen profit in the previous fiscal year).

Results for each operating segment are as follows.

[Japan]

Net sales increased 6.4% year on year to ¥8,312 million due to strong sales for automobiles, but segment loss was ¥115 million (segment loss of ¥87 million in the previous fiscal year) due to soaring material costs.

[Americas]

Net sales increased 11.9% year on year to ¥2,454 million due to strong sales in the automotive and medical sectors. However, segment loss was ¥360 million (compared to a loss of ¥369 million in the previous fiscal year) due to factors such as an increase in costs for the start-up of a plant in Mexico and soaring material costs.

[Europe]

Net sales increased 8.1% year on year to ¥2,023 million due to strong sales for automobiles and aircraft, but segment income decreased 21.4% year on year to ¥187 million due to expenses incurred for preparations for the establishment of a new plant in the Czech Republic.

[Asia]

Net sales decreased 2.9% to ¥8,177 million and segment income decreased 26.3% to ¥360 million due to the impact of trade friction between the United States and China and the weakening of Indonesia's rupiah.

(2) Overview of Financial Position

1. Assets

Total assets at the end of the fiscal year under review amounted to 22,705 million yen, an increase of 2,390 million yen from the end of the previous fiscal year.

Current assets decreased 238 million yen to 11,951 million yen. This was mainly due to decreases of 619 million yen in cash and deposits and 309 million yen in notes and accounts receivable-trade, despite an increase of 505 million yen in inventories. Total fixed assets increased ¥2,628 million to ¥10,753 million. This was mainly due to an increase of 3,019 million yen in property, plant and equipment as a result of the renovation of our factories.

2. Liabilities

In the liabilities section, total liabilities were 16,625 million yen, an increase of 2,544 million yen from the end of the previous fiscal year. This was mainly due to increases of 487 million yen in notes and accounts payable-trade and 1,831 million yen in loans payable.

3. Net assets

Net assets totaled 6,079 million yen, a decrease of 153 million yen from the end of the previous fiscal year. This was mainly due to a 210 million yen decrease in shareholders' equity.

(3) The status of Cash flows

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year under review decreased 668 million yen from the end of the previous fiscal year to 2,864 million yen. Cash flows for each category and factors affecting cash flows are as follows.

1. Cash flow from operating activities

Net cash provided by operating activities was ¥1,278 million, compared with net cash provided of ¥311 million in the previous fiscal year. This was mainly due to a ¥313 million increase in funds due to a decrease in notes and accounts receivable-trade, a ¥483 million increase in funds due to an increase in notes and accounts payable-trade, and a ¥1,008 million increase in funds reserved due to depreciation, despite a ¥501 million decrease in inventories.

2. Cash flow from investing activities

Net cash used in investing activities was 3,589 million yen (net cash used in investing activities was 1,496 million yen in the previous fiscal year). This was mainly due to payments for purchase of property, plant and equipment of 3,787 million yen.

3. Cash flow from financing activities

Net cash provided by financing activities was ¥1,656 million (net cash provided by financing activities of ¥1,436 million in the previous fiscal year). The main factor was an increase in

interest-bearing debt.

(4) Outlook for the coming fiscal year

In the next fiscal year, the global economic environment is becoming increasingly uncertain as there are no signs of a settlement of trade conflicts between the United States and China. In Europe, there are concerns about the United Kingdom's withdrawal from the European Union, the advancement of rightist political parties in each country, and the heightening of protectionism policies.

Under these circumstances, for the next consolidated fiscal year, net sales are expected to be 21,900 million yen (4.4% of that of the previous consolidated fiscal year), operating income is expected to be 330 million yen (396.1% of that of the previous consolidated fiscal year), ordinary income is expected to be 260 million yen (274.1% of that of the previous consolidated fiscal year), and profit attributable to owners of parent is expected to be 50 million yen (compared with a loss of 107 million yen in the previous consolidated fiscal year).

2. Basic Rational Regarding Selection of Accounting Standards

Our group intends to prepare consolidated financial statements based on Japanese GAAP for the time being, taking into account the comparability of consolidated financial statements among companies and other factors.

In the future, the Group will consider the application of IFRS based on the trend of the application of IFRS (International Financial Reporting Standards) in Japan.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2018
ASSETS		
Current assets:		
Cash and time deposits	3,727,597	4,346,905
Trade notes and accounts receivable	4,516,777	4,826,490
Finished goods	1,434,438	1,238,800
Work in process	754,427	659,789
Raw materials and stored items	1,001,821	786,912
Other current assets	524,044	345,347
Allowance for doubtful accounts	(7,227)	(13,934)
Total current assets	11,951,879	12,190,312
Fixed assets:		
Tangible fixed assets		
Buildings and structures	7,359,499	6,978,901
Accumulated depreciation	(5,054,740)	(4,963,820)
Buildings and structures, net	2,304,758	2,015,080
Machinery and equipment	13,320,638	12,443,183
Accumulated depreciation	(9,636,746)	(9,317,455)
Machinery and equipment, net	3,683,892	3,125,728
Land	1,319,953	1,119,095
Leased assets	87,609	14,375
Accumulated depreciation	(11,269)	(6,527)
Leased assets, net	76,339	7,848
Construction in progress	2,245,808	399,550
Others	2,167,661	1,989,256
Accumulated depreciation	(1,768,618)	(1,646,440)
Other, net	399,042	342,815
Total tangible fixed assets	10,029,795	7,010,118
Intangible fixed assets		
Software	69,896	102,517
Goodwill	8,328	106,060
Others	15,447	16,551
Total intangible fixed assets	93,671	225,129
Investments and other assets		
Investment in securities	59,956	221,779
Deferred income tax	1,239	2,807
Real estate for investment	457,322	450,033
Accumulated depreciation	(98,252)	(90,873)
Real estate for investment, net	359,069	359,160

	As of March 31, 2019	As of March 31, 2018
Others	213,874	309,979
Allowance for doubtful accounts	(3,878)	(3,878)
Total investments and other assets	630,262	889,848
Total fixed assets	10,753,729	8,125,096
Total assets	22,705,609	20,315,408
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	3,062,337	2,574,829
Short-term borrowings	2,412,329	2,624,429
Long-term borrowings due within one year	2,529,712	2,109,704
Lease obligations	11,181	1,634
Accrued income taxes	114,480	118,363
Allowance for bonus	211,929	229,306
Provision for product warranties	73,939	75,908
Other current liabilities	1,546,752	1,090,066
Total current liabilities	9,962,662	8,824,241
Long-term liabilities:		
Long-term borrowings	5,060,024	3,436,123
Lease obligations	65,803	5,614
Deferred tax liabilities	180,706	226,503
Provision for environmental measures	-	3,000
Asset retirement obligations	51,787	39,412
Liabilities for Retirement Benefits	1,304,990	1,435,779
Other long-term liabilities	-	111,289
Total long-term liabilities	6,663,312	5,257,723
Total liabilities	16,625,974	14,081,965
NET ASSETS		
Shareholders' equity		
Common stock	1,000,000	1,000,000
Capital surplus	256,717	256,717
Retained earnings	5,315,979	5,553,820
Treasury stock	(103,558)	(131,313)
Total shareholders' equity	6,469,138	6,679,224
Accumulated other comprehensive income		
Valuation gain (loss) on other securities	(829)	79,392
Foreign exchange adjustment	(344,670)	(387,176)
Accumulated adjustment for Retirement Benefits	(74,712)	(184,829)
Total accumulated other comprehensive income	(420,211)	(492,613)
Subscription rights to shares	30,708	46,832
Total net assets	6,079,634	6,233,443

	As of March 31, 2019	As of March 31, 2018
Total liabilities and net assets	22,705,609	20,315,408

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Thousands of yen)

	Year ended March 31, 2019	Year ended March 31, 2018
Net sales	20,967,281	20,294,946
Cost of sales	16,091,889	15,435,655
Gross income	4,875,391	4,859,290
Selling, general and administrative expenses		
Delivery	639,449	548,937
Salary	1,977,582	1,893,839
Reserves for bonuses allowance	52,695	54,985
Retirement payments	-	50
Retirement benefit expenses	113,833	70,610
Depreciation and amortization	100,832	97,441
Others	1,924,478	1,933,934
Total selling, general and administrative expenses	4,808,870	4,599,799
Operating income	66,521	259,490
Non-operating income		
Interests	18,521	28,083
Dividends	2,521	6,719
Rental fees	52,920	52,849
Dividend income of insurance	39,648	39,648
Subsidy income	14,250	14,250
Subsidy income 2	9,000	9,000
Others	11,991	11,991
Total non-operating income	148,853	148,853
Non-operating expenses		
Interests	65,892	55,354
Foreign exchange losses	25,767	72,313
Provision of allowance for doubtful accounts	10	2,015
Commission fee	10,847	-
Compensation expenses	1,366	3,520
Rent cost of real estate	12,540	12,187
Others	29,453	11,928
Total non-operating expenses	145,878	157,320
Ordinary income or loss	69,496	237,324

	Year ended March 31, 2019	Year ended March 31, 2018
Extraordinary income		
Gain on sales of noncurrent assets	10,252	11,829
Gain on sales of securities	93,789	86,915
Total extraordinary income	104,041	98,744
Extraordinary loss		
Loss on sales of noncurrent assets	989	2,958
Loss on disposal of noncurrent assets	11,998	4,767
Impairment loss	67,579	60,910
Settlement package	28,441	-
Loss on litigation	10,000	-
Other	2,190	-
Total extraordinary loss	121,199	68,635
Income or Loss before income taxes and minority Interests	52,338	267,433
Income, local and enterprise taxes	201,904	207,020
Adjustment for income taxes	(42,171)	10,607
Total income taxes	159,733	217,627
Loss before minority interests	(107,394)	49,806
Net income or loss	(107,394)	49,806

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Year ended March 31, 2019	Year ended March 31, 2018
Loss before minority interests	(107,394)	49,806
Other comprehensive income		
Valuation difference on available-for-sale securities	(80,221)	(24,333)
Foreign currency translation adjustment	42,506	64,922
Remeasurements of defined benefit plans	110,117	(23,667)
Accumulated other comprehensive income	72,401	16,921
Comprehensive income	(34,992)	66,727
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(34,992)	66,727

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Year ended March 31, 2019	Year ended March 31, 2018
Cash flows from operating activities		
Income(Loss) before income taxes and minority interests	52,338	267,433
Depreciation and amortization	1,008,069	939,392
Impairment loss	67,579	60,910
Amortization of goodwill	23,621	35,964
Increase (decrease) in allowance for doubtful accounts	(6,990)	2,314
Increase (decrease) in allowance for bonuses	(15,828)	86,866
Increase (decrease) in liabilities for Retirement Benefits	(15,146)	35,119
Interest and dividends receivable	(21,043)	(34,802)
Rental fees receivable	(52,920)	(52,849)
Interest payable	65,892	55,354
Loss on sales of trade notes	906	2
(Gain) loss on differences of foreign exchange	49,252	49,252
(Gain) loss on sale of fixed assets	(9,263)	(8,870)
(Gain) loss on disposal of fixed assets	11,998	4,767
Loss (gain) on sales of short-term and long-term investment securities	(93,789)	(86,915)
Decrease (increase) in notes and accounts receivable-trade	313,338	(351,714)
Decrease (increase) in inventories	(501,083)	(310,428)
Increase (decrease) in notes and accounts payable	483,454	(50,801)
Increase (decrease) in accrued consumption taxes	(159,673)	(109,329)
Others	274,142	22,402
Subtotal	1,474,877	554,069
Proceeds from interest and dividend receivable	19,967	37,332
Proceeds from rental fees	52,920	52,849
Other proceeds	41,101	9,086
Payment of interests	(70,683)	(63,167)
Payments of sales of trade notes	(906)	(2)
Payment of income taxes	(238,538)	(278,724)
Net cash provided by operating activities	1,278,739	311,442

(Thousands of yen)

	Year ended March 31, 2019	Year ended March 31, 2018
Cash flows from investing activities		
Payments on purchase of tangible fixed assets	(3,787,980)	(1,529,338)
Proceeds from sales of tangible fixed assets	95,356	15,319
Payments on purchase of intangible fixed assets	(13,138)	(9,145)
Loss (gain) on sales and retirement of intangible assets	7,426	
Payments on purchase of investment securities	(4,100)	(12,300)
Proceeds from sales of securities	144,452	208,195
Payments on paying in time deposits	(552,989)	(204,468)
Proceeds from withdrawal of time deposits	527,369	22,162
Other expenses	(6,914)	(4,194)
Others incomes	1,459	17,404
Net cash used in investing activities	(3,589,058)	(1,496,364)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(316,697)	1,182,850
Proceeds from long-term borrowings	4,700,000	2,716,541
Repayments on long-term borrowings	(2,591,875)	(2,323,639)
Purchase of treasury stocks	(3,607)	(9,046)
Cash dividends paid	(122,705)	(126,281)
Proceeds from disposal of treasury shares	18	—
Others	(8,995)	(4,063)
Net cash used in financing activities	1,656,136	1,436,360
Effect of exchange rate changes on cash and cash equivalents	(14,734)	19,988
Net increase (decrease) in cash and cash equivalents	(668,916)	271,426
Cash and cash equivalents at the beginning of year	3,533,199	3,261,773
Cash and cash equivalents at the end of year	2,864,283	3,533,199

(4) Segment Information

1. Information related to sales and profit or loss amounts by reporting segment

Year ended March 31, 2019

(Thousands of yen)

	Japan	Americas	Europe	Ajia	Total
Net sales:					
Net sales to third parties	8,312,240	2,454,343	2,023,439	8,177,258	20,967,281
Intra-group net sales and transfers	854,301	—	96,645	284,000	1,234,948
Total sales	9,166,542	2,454,343	2,120,085	8,461,258	22,202,229
Segment income (loss)	(115,506)	(360,711)	187,163	360,886	71,832
Segment assets	15,555,189	2,885,831	2,184,618	8,210,536	28,836,176
Segment liability	13,585,474	2,725,789	572,237	1,875,939	18,759,441
Others					
Depreciation	371,997	127,980	104,251	405,632	1,009,861
amortization of goodwill	—	1,095	—	22,526	23,621
Net increase in tangible and intangible fixed assets	2,131,482	377,824	329,862	1,311,422	4,150,592

Year ended March 31, 2018

(Thousands of yen)

	Japan	Americas	Europe	Ajia	Total
Net sales:					
Net sales to third parties	7,808,984	2,193,395	1,871,137	8,421,427	20,294,946
Intra-group net sales and transfers	963,886	—	72,999	217,698	1,254,585
Total sales	8,772,871	2,193,395	1,944,137	8,639,125	21,549,531
Segment income (loss)	(87,273)	(369,609)	238,123	489,721	270,962
Segment assets	12,914,249	2,217,450	2,173,767	8,050,780	25,356,247
Segment liability	11,370,672	1,733,658	488,271	2,188,731	15,781,334
Others					
Depreciation	344,961	102,496	96,268	397,050	940,777
Amortization of goodwill	10,151	1,553	—	24,259	35,964
Net increase in tangible and intangible fixed assets	654,332	240,424	186,477	487,119	1,568,353

4. Non-Consolidated Financial Statements

(1) Condensed Non-Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2018
ASSETS		
Current assets		
Cash and deposits	946,961	546,698
Notes receivable-trade	132,606	119,547
Accounts receivable-trade	2,462,864	2,740,077
Merchandise and finished goods	408,832	349,031
Work in process	262,264	212,913
Raw materials and supplies	256,724	198,878
Prepaid expenses	41,267	46,158
Accounts receivable-other	96,641	37,186
Current portion of long-term loans receivable from subsidiaries and affiliates	150,000	881,200
Current portion of long-term loans receivable	-	72,243
other assets	28,417	9,225
Allowance for doubtful accounts	(120)	(110)
Total Current assets	4,786,459	5,213,051
Noncurrent assets		
Property, plant and equipment		
Buildings	5,086,158	5,128,047
Accumulated depreciation	(3,726,388)	(3,701,528)
Buildings, net	1,359,769	1,426,519
Structures	130,327	129,771
Accumulated depreciation	(89,412)	(83,072)
Structures, net	40,914	46,698
Machinery and equipment	4,830,924	4,599,419
Accumulated depreciation	(3,979,751)	(3,876,480)
Machinery and equipment, net	851,173	722,939
Vehicles	11,891	11,891
Accumulated depreciation	(11,524)	(10,860)
Vehicles, net	367	1,031
Tools, furniture and fixtures	841,696	781,882
Accumulated depreciation	(735,629)	(641,047)
Tools, furniture and fixtures, net	106,067	140,835
Land	629,179	598,606
Lease assets	85,718	11,068
Accumulated depreciation	(9,669)	(4,808)
Lease assets, net	76,048	6,259

Construction in progress	1,882,313	301,593
Total Property, plant and equipment	4,945,833	3,244,482
Intangible assets		
Software	45,796	76,353
Telephone subscription right	12,757	12,757
Total Intangible assets	58,554	89,110
Investments and other assets		
Investment securities	59,956	221,779
Stocks of subsidiaries and affiliates	2,871,178	2,690,350
Investments in capital	770	785
Investments in capital of subsidiaries and affiliates	646,684	646,684
Claims provable in bankruptcy, claims provable in rehabilitation and other	245	245
Long-term loans receivable from subsidiaries and affiliates	1,652,870	628,720
Long-term prepaid expenses	125	2,423
Real estate for investment	286,999	286,999
Insurance funds	-	91,973
Lease and guarantee deposits	60,210	61,196
Other	11	11
Allowance for doubtful accounts	(192,883)	(191,142)
Total Investments and other assets	5,386,168	4,440,026
Total Noncurrent assets	10,390,556	7,773,619
Total Net assets	15,177,016	12,986,670
Liabilities		
Current liabilities		
Notes payable-trade	218,579	175,921
Accounts payable-trade	1,684,974	1,513,335
Short-term loans payable	1,850,000	2,181,200
Current portion of long-term loans payable	2,529,712	2,079,362
Accounts payable-other	387,739	75,803
Lease obligations	11,181	1,130
Accrued expenses	362,453	306,457
Income taxes payable	30,492	29,283
Deposits received	6,692	6,918
Provision for bonuses	108,920	107,461
Notes payable-facilities	25,835	16,501
Other	31,650	31,244

Total current liabilities	7,248,230	6,524,619
Noncurrent liabilities		
Long-term loans payable	4,989,900	3,300,512
Provision for retirement benefits	1,059,265	1,109,481
Long-term accounts payable-other	-	107,209
Lease obligations	65,469	5,235
Deferred tax liabilities	326	35,527
Provision for environmental measures	-	3,000
Asset retirement obligations	37,966	37,866
Total noncurrent liabilities	6,152,927	4,598,830
Total liabilities	13,401,158	11,123,449
Net assets		
Shareholders' equity		
Capital stock	1,000,000	1,000,000
Capital surplus		
Legal capital surplus	250,000	250,000
Total capital surplus	250,000	250,000
Retained earnings		
Other retained earnings		
Retained earnings brought forward	599,537	618,309
Total retained earnings	599,537	618,309
Treasury stock	(103,558)	(131,313)
Total shareholders' equity	1,745,979	1,736,996
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(829)	79,392
Total Valuation and translation adjustments	(829)	79,392
Subscription rights to shares	30,708	46,832
Total net assets	1,775,857	1,863,220
Total liabilities and net assets	15,177,016	12,986,670

(2) Condensed Non-Consolidated Statements of Income

(Thousands of yen)

	Year ended March 31, 2019	Year ended March 31, 2018
Net sales	9,166,542	8,769,432
Cost of sales		
Beginning finished goods	349,031	244,988
Cost of products manufactured	7,139,893	6,783,235
Total	7,488,925	7,028,223
Ending finished goods	408,832	349,031
Cost of finished goods sold	7,080,093	6,679,191
Total cost of sales	7,080,093	6,679,191
Gross profit	2,086,449	2,090,241
Selling, general and administrative expenses		
Commission fee	130,386	126,020
Shipment expenses	474,337	430,577
Advertising expenses	15,336	14,816
Promotion expenses	13,127	15,622
Entertainment expenses	20,325	21,424
Directors' compensations	145,709	193,893
Employees' salaries and allowances	644,154	603,057
Provision for bonuses	36,272	34,249
Provision for retirement benefits	74,340	51,508
Legal welfare expenses	112,828	126,684
Welfare expenses	25,224	20,032
Other salaries	8,496	20,122
Provision of allowance for doubtful accounts	1,740	
Traveling and transportation expenses	101,320	93,507
Communication expenses	27,247	27,226
Insurance expenses	25,964	23,692
Rent expenses	84,046	84,509
Office supplies expenses	21,616	16,798
Repair expenses	18,916	16,106
Taxes and dues	29,285	48,425
Education and training expenses	6,659	3,833
Research and development expenses	90,495	91,761
Depreciation	39,135	39,979
Miscellaneous expenses	59,789	63,091
Total selling, general and administrative expenses	2,206,767	2,166,943

Operating income (loss)	(120,318)	(76,702)
Non-operating income		
Interest income	34,384	13,133
Dividends income	597,534	53,161
Rent income	9,029	9,029
Foreign exchange gains	22,884	-
Subsidy income	14,250	13,994
Miscellaneous income	55,868	18,533
Total non-operating income	733,951	107,852
Non-operating expenses		
Depreciation	4,147	6,095
Interest expenses	42,721	36,853
Foreign exchange losses	-	21,017
Compensation expenses	1,366	3,520
Provision of allowance for doubtful accounts	10	2,015
Miscellaneous loss	10,847	936
Total non-operating expenses	15,571	70,439
Ordinary income	538,968	(39,290)
Extraordinary income		
Gain on sales of noncurrent assets	6,115	—
Gain on sales of investment securities	93,789	86,915
Total extraordinary income	99,904	86,915
Extraordinary loss		
Loss on sales and retirement of non-current assets	-	1,314
Loss on disposal of non-current assets	925	2,639
Loss on valuation of shares of subsidiaries and associates	458,105	
Loss on litigation	10,000	—
Total extraordinary loss	469,031	3,953
Income before income taxes	169,841	43,672
Income taxes-current	58,329	29,490
Income taxes-deferred	(163)	(163)
Total income taxes	58,166	29,327
Net income	111,675	14,344