

ADVANEX INC.
Flash Report(Consolidated Basis) --Summary
Results for fiscal year ended March 31, 2020



Jul 6, 2020

Company name: ADVANEX INC. Stock listings: Tokyo Stock Exchange
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 Date of the General Meeting of the Shareholders: Undecided
 Expected date of payment for dividends: Undecided
 Filing date of securities report: Undecided
 Supplementary explanation material for financial results: Yes
 Holding of presentation meeting for financial results: No

(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	%
2020	21,280	1.5	304	357.6	187	169.8	(593)	-
2019	20,967	3.3	66	(74.4)	69	(70.7)	(107)	-

Note: Comprehensive income(millions of yen): Mar. 2020: (962) -% Mar.2019: (34) -%

	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	%	%	%
2020	(144.89)	-	(10.8)	0.8	1.4
2019	(26.26)	-	(1.8)	0.3	0.3

Reference : Gain (Loss) on investment by equity method: Year ended March 31, 2020:--- ¥(0) million

Year ended March 31, 2019: --- ¥(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
2020	22,125	4,998	22.4	1,213.19
2019	22,705	6,079	26.6	1,477.53

(Reference) Total shareholders' equity: March 31, 2020: ¥4,964 million, March 31, 2019: ¥6,048 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
2020	585	(2,224)	822	1,971
2019	1,278	(3,589)	1,656	2,864

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
2019	---	---	---	30.00	30.00
2020	---	---	---	10.00	10.00
2021 (Forecast)	---	--	---		

Note: The expected dividend amount has not been decided.

Record date	Total amount of dividends (for the entire fiscal year)	Payout ratio (consolidated)	Dividends-to-net assets ratio (consolidated)
	Millions of yen	%	%
2019	122	-	2.0
2020	40	-	0.7
2021 (Forecast)			

3. Forecasts for the Fiscal Year Ended March 31, 2021

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

Fiscal year	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%

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

The forecast of consolidated earnings for the fiscal year ending March 31, 2021 have yet to be determined at this point, because of the effect of the spread of Covid-19. We will carefully assess the impact and announce it promptly when we can disclose reasonable forecast.

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: Yes
 - 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):

2020: 4,153,370 shares 2019: 4,153,370 shares

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

2020: 60,862 shares 2019: 59,414 shares

Average Number of outstanding at term-end:

2020: 4,093,136 shares 2019: 4,089,296 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	%
2020	9,698	5.8	99	---	300	(44.3)	188	69.0
2019	9,166	4.5	(120)	---	538	---	111	678.5

	Net income per share	Net income per share after dilution
	Yen	Yen
2020	46.11	45.85
2019	27.31	27.17

(2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2020	15,763	1,842	11.5	441.95
2019	15,177	1,775	11.5	426.27

(Reference) Total shareholders' equity: March 31, 2020 ¥1,808 million, March 31, 2019: ¥1,745 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 Operating Results for the Fiscal Year under Review

The economic environment in this concatenated fiscal year has slowed down due to the long-term US-China trade friction, increasing the sense of uncertainty, and decreasing trade and investment. In addition, the full-scale spread of Covid-19, which started since January 2020, strongly restricted trade and transport movements and economic activities in different parts of the world, and the global economy has slowed down. The automotive market was also sluggish in areas where we are involved, affected by trade frictions and Covid-19.

In this economic environment, consolidated net sales increased 1.5% year on year to ¥21,280 million, operating income increased 357.6% year on year to ¥304 million, and ordinary income increased 169.8% year on year to ¥187 million. However, the impact of Covid-19 caused a significant decline in the local currencies of resource-rich countries and emerging countries, resulting in a large loss on foreign exchange valuation. As a result, the Company recorded a net loss attributable to owners of parent of ¥593 million (compared with a loss of ¥107 million in the previous fiscal year).

Results by business segment are as follows.

[Japan]

Net sales increased 3.4% year on year to ¥8,598 million. Although sales for office automation equipment were sluggish, sales for automotive applications were firm thanks to the success of the development of new markets despite the harsh business environment. Segment profit was ¥94 million (compared to a loss of ¥115 million in the previous fiscal year), mainly due to an improvement in the product mix.

[Americas]

Net sales increased 4.4% year on year to ¥2,563 million due to steady growth in sales to medical, despite a decrease in sales to housing equipment and infrastructure. Segment loss was ¥360 million (compared to a loss of ¥360 million in the previous fiscal year), mainly due to an increase in maintenance costs at a subsidiary in Mexico.

[Europe]

Net sales increased by 8.9% to ¥2,202 million compared to the previous consolidated fiscal year mainly due to strong sales for aircraft. Segment income increased 53.0% year on year to ¥286 million due to an improvement in the product mix, despite an increase in start-up costs at the Czech plant.

[Asia]

Net sales decreased 3.2% year on year to ¥7,915 million due to sluggish business in China

caused by the impact of trade friction between the United States and China and the impact of Covid-19 mainly in China, from 2020. Segment profit decreased 20.7% to ¥286 million due to the impact of trade frictions and Covid-19, as well as the higher costs of starting up the plant in India.

(2) Overview of Financial Position

1. Assets

Total assets at the end of the fiscal year under review decreased ¥580 million from the end of the previous fiscal year, to ¥22,125 million.

In the Assets section, total current assets decreased ¥1,385 million to ¥10,566 million. The main factors were decreases of 950 million yen in cash and deposits, ¥346 million in notes and accounts receivable-trade, and ¥262 million in inventories. Total fixed assets increased ¥805 million to ¥11,559 million. This was mainly due to an increase of ¥752 million in lease assets (an increase of ¥610 million due to changes in accounting policies).

2. Liabilities

In the Liabilities section, total liabilities amounted to ¥17,127 million, an increase of ¥501 million from the end of the previous fiscal year.

The main factors were a ¥806 million increase in lease obligations (¥619 million increase due to a change in accounting policy) and a ¥307 million increase in borrowings, while there was a ¥160 million decrease in notes and accounts payable-trade and 468 ¥million decrease in other current liabilities.

3. Net assets

Net assets decreased ¥1,081 million from the end of the previous fiscal year to ¥4,998 million. The main factors were a ¥714 million decrease in shareholders' equity due to a ¥593 million loss attributable to owners of parent and a ¥360 million decrease in foreign currency translation adjustment.

As a result, the equity ratio was 22.4% (26.6% at the end of the previous fiscal year).

(3) The status of Cash flows

Cash and cash equivalents (hereinafter, "cash") at the end of the fiscal year under review decreased by ¥892 million from the end of the previous fiscal year to ¥1,971 million. 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 increased by ¥585 million (compared with net cash provided by operating activities of ¥1,278 million in the previous fiscal year). This was mainly due to an increase of ¥155 million in funds resulting from a decrease in notes and accounts

receivable-trade and an increase of ¥1,239 million in funds reserve due to depreciation and amortization, despite a decrease in funds of ¥389 million due to a decrease in notes and accounts payable-trade.

2. Cash flow from investing activities

Net cash used in investing activities was ¥2,224 million (compared with ¥3,589 million used in investing activities in the previous fiscal year). The main factor for this is expenditure of ¥2,328 million for the purchase of property, plant and equipment.

3. Cash flow from financing activities

Net cash provided by financing activities increased by ¥822 million (compared with net cash provided by financing activities of ¥1,656 million in the previous fiscal year). The main factor was an increase in interest-bearing debt.

(4) Outlook for the coming fiscal year

Global economic trends are gradually resuming economic activities while curbing the spread of the Covid-19. However, the outlook for the global economy remains unpredictable due to the possibility of a second wave.

The forecast for the fiscal year ended March 31, 2021 has not been determined due to the difficulty of rationally calculating the impact of the spread of Covid-19 at the present stage. We will disclose our earnings forecasts as soon as it becomes possible to do so.

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, 2020	As of March 31, 2019
ASSETS		
Current assets:		
Cash and time deposits	2,777,032	3,727,597
Trade notes and accounts receivable	4,170,246	4,516,777
Finished goods	1,371,370	1,434,438
Work in process	676,406	754,427
Raw materials and stored items	880,321	1,001,821
Other current assets	704,258	524,044,
Allowance for doubtful accounts	(13,399)	(7,227)
Total current assets	10,566,235	11,951,879
Fixed assets:		
Tangible fixed assets		
Buildings and structures	9,401,973	7,359,499
Accumulated depreciation	(5,254,095)	(5,054,740)
Buildings and structures, net	4,147,878	2,304,758
Machinery and equipment	13,478,665	13,320,638
Accumulated depreciation	(9,783,916)	(9,636,746)
Machinery and equipment, net	3,694,749	3,683,892
Land	1,270,191	1,319,953
Leased assets	967,161	87,609
Accumulated depreciation	(138,079)	(11,269)
Leased assets, net	829,082	76,339
Construction in progress	540,739	2,245,808
Others	2,137,273	2,167,661
Accumulated depreciation	(1,753,251)	(1,768,618)
Other, net	384,022	399,042
Total tangible fixed assets	10,866,663	10,029,795
Intangible fixed assets		
Software	28,270	69,896
Goodwill	7,073	8,328
Leased assets	39,584	-
Others	13,384	15,447
Total intangible fixed assets	88,312	93,671
Investments and other assets		
Investment in securities	7,740	59,956
Deferred income tax	1,408	1,239
Real estate for investment	467,807	457,322
Accumulated depreciation	(99,592)	(98,252)

	As of March 31, 2020	As of March 31, 2019
Real estate for investment, net	368,215	359,069
Others	230,687	213,874
Allowance for doubtful accounts	(3,878)	(3,878)
Total investments and other assets	604,173	630,262
Total fixed assets	11,559,150	10,753,729
Total assets	22,125,385	22,705,609
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	2,901,538	3,062,337
Short-term borrowings	2,429,580	2,412,329
Long-term borrowings due within one year	2,979,445	2,529,712
Lease obligations	115,244	11,181
Accrued income taxes	101,056	114,480
Allowance for bonus	193,547	211,929
Provision for product warranties	67,993	73,939
Other current liabilities	1,078,547	1,546,752
Total current liabilities	9,866,951	9,962,662
Long-term liabilities:		
Long-term borrowings	4,900,191	5,060,024
Lease obligations	767,746	65,803
Deferred tax liabilities	237,350	180,706
Asset retirement obligations	51,348	51,787
Liabilities for Retirement Benefits	1,295,934	1,304,990
Other long-term liabilities	7,511	-
Total long-term liabilities	7,260,083	6,663,312
Total liabilities	17,127,035	16,625,974
NET ASSETS		
Shareholders' equity		
Common stock	1,000,000	1,000,000
Capital surplus	250,000	256,717
Retained earnings	4,610,760	5,315,979
Treasury stock	(105,954)	(103,558)
Total shareholders' equity	5,754,805	6,469,138
Accumulated other comprehensive income		
Valuation gain (loss) on other securities	(797)	(829)
Foreign exchange adjustment	(705,409)	(344,670)
Accumulated adjustment for Retirement Benefits	(83,608)	(74,712)
Total accumulated other comprehensive income	(789,815)	(420,211)
Subscription rights to shares	33,360	30,708
Total net assets	4,998,350	6,079,634

	As of March 31, 2020	As of March 31, 2019
Total liabilities and net assets	22,125,385	22,705,609

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

(Thousands of yen)

	Year ended March 31, 2020	Year ended March 31, 2019
Net sales	21,280,358	20,967,281
Cost of sales	16,314,383	16,091,889
Gross income	4,965,974	4,875,391
Selling, general and administrative expenses		
Delivery	645,113	639,449
Salary	1,972,313	1,977,582
Reserves for bonuses allowance	43,272	52,695
Retirement payments	387	-
Retirement benefit expenses	97,202	113,833
Depreciation and amortization	133,219	100,832
Others	1,770,067	1,924,478
Total selling, general and administrative expenses	4,661,577	4,808,870
Operating income	304,397	66,521
Non-operating income		
Interests	26,198	18,521
Dividends	3,828	2,521
Rental fees	55,330	52,920
Dividend income of insurance	4,039	39,648
Subsidy income	13,871	14,250
Subsidy income 2	13,135	9,000
Others	22,218	11,991
Total non-operating income	138,622	148,853
Non-operating expenses		
Interests	129,751	65,892
Foreign exchange losses	19,242	25,767
Provision of allowance for doubtful accounts	-	10
Compensation expenses	3,165	1,366
Rent cost of real estate	3,284	12,540
Others	100,073	40,301
Total non-operating expenses	255,516	145,878
Ordinary income or loss	187,502	69,496

	Year ended March 31, 2020	Year ended March 31, 2019
Extraordinary income		
Gain on sales of noncurrent assets	8,307	10,252
Gain on sales of securities	19	93,789
Total extraordinary income	8,326	104,041
Extraordinary loss		
Loss on sales of noncurrent assets	490	989
Loss on disposal of noncurrent assets	2,833	11,998
Loss on valuation of investment securities	6,843	-
Impairment loss	-	67,579
Settlement package	-	28,441
Loss on litigation	68,835	10,000
Special retirement expense	65,121	-
Foreign exchange losses	424,548	-
Other	984	2,190
Total extraordinary loss	569,657	121,199
Income or Loss before income taxes and minority Interests	(373,827)	52,338
Income, local and enterprise taxes	191,230	201,904
Adjustment for income taxes	28,008	(42,171)
Total income taxes	219,238	159,733
Loss before minority interests	(593,066)	(107,394)
Net income or loss	(593,066)	(107,394)

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Year ended March 31, 2020	Year ended March 31, 2019
Loss before minority interests	(593,066)	(107,394)
Other comprehensive income		
Valuation difference on available-for-sale securities	31	(80,221)
Foreign currency translation adjustment	(360,738)	42,506
Remeasurements of defined benefit plans	(8,895)	110,117
Accumulated other comprehensive income	(369,603)	72,401
Comprehensive income	(962,670)	(34,992)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(962,670)	(34,992)

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Year ended March 31, 2020	Year ended March 31, 2019
Cash flows from operating activities		
Income(Loss) before income taxes and minority interests	(373,827)	52,338
Depreciation and amortization	1,239,507	1,008,069
Impairment loss	-	67,579
Amortization of goodwill	1,095	23,621
Increase (decrease) in allowance for doubtful accounts	6,515	(6,990)
Increase (decrease) in allowance for bonuses	(11,241)	(15,828)
Increase (decrease) in liabilities for Retirement Benefits	(1,617)	(15,146)
Interest and dividends receivable	(30,027)	(21,043)
Rental fees receivable	(55,330)	(52,920)
Interest payable	129,751	65,892
Loss on sales of trade notes	5,268	906
(Gain) loss on differences of foreign exchange	34,054	49,252
(Gain) loss on sale of fixed assets	(7,817)	(9,263)
(Gain) loss on disposal of fixed assets	2,833	11,998
Special retirement expense	65,121	-
Loss (gain) on sales of short-term and long-term investment securities	6,824	(93,789)
Decrease (increase) in notes and accounts receivable-trade	155,625	313,338
Decrease (increase) in inventories	123,647	(501,083)
Increase (decrease) in notes and accounts payable	(389,761)	483,454
Increase (decrease) in accrued consumption taxes	(176,674)	(159,673)
Others	77,303	274,142
Subtotal	801,250	1,474,877
Proceeds from interest and dividend receivable	30,702	19,967
Proceeds from rental fees	55,330	52,920
Other proceeds	5,414	41,101
Payment of interests	(119,381)	(70,683)
Payments of sales of trade notes	(5,268)	(906)
Payment of income taxes	(182,813)	(238,538)
Net cash provided by operating activities	585,233	1,278,739

(Thousands of yen)

	Year ended March 31, 2020	Year ended March 31, 2019
Cash flows from investing activities		
Payments on purchase of tangible fixed assets	(2,328,346)	(3,787,980)
Proceeds from sales of tangible fixed assets	68,616	95,356
Payments on purchase of intangible fixed assets	(1,739)	(13,138)
Proceeds from sales of intangible assets	118	7,426
Payments on purchase of investment securities	(900)	(4,100)
Proceeds from sales of securities	46,323	144,452
Payments on paying in time deposits	(338,512)	(552,989)
Proceeds from withdrawal of time deposits	351,770	527,369
Other expenses	(24,062)	(6,914)
Others incomes	2,246	1,459
Net cash used in investing activities	(2,224,485)	(3,589,058)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	31,930	(316,697)
Proceeds from long-term borrowings	4,371,395	4,700,000
Repayments on long-term borrowings	(3,352,964)	(2,591,875)
Purchase of treasury stocks	(2,447)	(3,607)
Cash dividends paid	(123,089)	(122,705)
Proceeds from disposal of treasury shares	52	18
Others	(102,156)	(8,995)
Net cash used in financing activities	822,719	1,656,136
Effect of exchange rate changes on cash and cash equivalents	(89,200)	(14,734)
Net increase (decrease) in cash and cash equivalents	(905,732)	(668,916)
Cash and cash equivalents at the beginning of year	2,864,283	3,533,199
Increase (decrease) in cash and cash equivalents resulting from change of account period of consolidation	12,738	-
Cash and cash equivalents at the end of year	1,971,289	2,864,283

(4) Segment Information

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

Year ended March 31, 2020

(Thousands of yen)

	Japan	Americas	Europe	Ajia	Total
Net sales:					
Net sales to third parties	8,598,504	2,563,514	2,202,899	7,915,440	21,280,358
Intra-group net sales and transfers	1,099,527	—	86,407	257,251	1,443,186
Total sales	9,698,031	2,563,514	2,289,306	8,172,691	22,723,544
Segment income (loss)	94,877	(360,562)	286,358	286,086	306,760
Segment assets	15,693,002	3,386,860	2,159,648	8,259,005	29,498,517
Segment liability	14,098,720	3,985,628	635,884	2,209,333	20,929,568
Others					
Depreciation	457,111	167,166	134,381	474,434	1,233,093
amortization of goodwill	-	1,095	-	-	1,095
Net increase in tangible and intangible fixed assets	833,343	512,111	374,414	367,451	2,087,320

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

4. Non-Consolidated Financial Statements

(1) Condensed Non-Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2019
ASSETS		
Current assets		
Cash and deposits	504,843	946,961
Notes receivable-trade	69,913	132,606
Accounts receivable-trade	2,330,414	2,462,864
Merchandise and finished goods	404,733	408,832
Work in process	289,200	262,264
Raw materials and supplies	292,387	256,724
Prepaid expenses	37,719	41,267
Accounts receivable-other	217,526	96,641
Current portion of long-term loans receivable from subsidiaries and affiliates	345,897	150,000
other assets	58,296	28,417
Allowance for doubtful accounts	-	(120)
Total Current assets	4,550,932	4,786,459
Noncurrent assets		
Property, plant and equipment		
Buildings	6,869,569	5,086,158
Accumulated depreciation	(3,868,271)	(3,726,388)
Buildings, net	3,001,297	1,359,769
Structures	279,019	130,327
Accumulated depreciation	(106,398)	(89,412)
Structures, net	172,620	40,914
Machinery and equipment	4,917,094	4,830,924
Accumulated depreciation	(4,108,179)	(3,979,751)
Machinery and equipment, net	808,914	851,173
Vehicles	11,891	11,891
Accumulated depreciation	(11,891)	(11,524)
Vehicles, net	0	367
Tools, furniture and fixtures	940,150	841,696
Accumulated depreciation	(831,291)	(735,629)
Tools, furniture and fixtures, net	108,858	106,067
Land	629,313	629,179
Lease assets	200,092	85,718
Accumulated depreciation	(32,941)	(9,669)
Lease assets, net	167,150	76,048
Construction in progress	184,348	1,882,313

Total Property, plant and equipment	5,072,505	4,945,833
Intangible assets		
Software	12,877	45,796
Lease asset	39,584	-
Telephone subscription right	12,757	12,757
Total Intangible assets	65,219	58,554
Investments and other assets		
Investment securities	7,740	59,956
Stocks of subsidiaries and affiliates	2,871,178	2,871,178
Investments in capital	50	770
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	2,386,596	1,652,870
Long-term prepaid expenses	10,666	125
Real estate for investment	286,999	286,999
Lease and guarantee deposits	59,630	60,210
Other	11	11
Allowance for doubtful accounts	(194,629)	(192,883)
Total Investments and other assets	6,075,174	5,386,168
Total Noncurrent assets	11,212,899	10,390,556
Total Net assets	15,763,832	15,177,016
Liabilities		
Current liabilities		
Notes payable-trade	79,921	218,579
Accounts payable-trade	1,867,179	1,684,974
Short-term loans payable	2,576,424	1,850,000
Current portion of long-term loans payable	2,972,556	2,529,712
Accounts payable-other	104,886	387,739
Lease obligations	36,389	11,181
Accrued expenses	259,029	362,453
Income taxes payable	26,159	30,492
Deposits received	7,303	6,692
Provision for bonuses	80,698	108,920
Notes payable-facilities	3,907	25,835
Other	3,690	31,650
Total current liabilities	8,018,146	7,248,230

Noncurrent liabilities		
Long-term loans payable	4,632,297	4,989,900
Provision for retirement benefits	1,052,682	1,059,265
Long-term accounts payable-other	7,511	-
Lease obligations	172,982	65,469
Deferred tax liabilities	163	326
Asset retirement obligations	37,999	37,966
Total noncurrent liabilities	5,903,637	6,152,927
Total liabilities	13,921,783	13,401,158
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	665,440	599,537
Total retained earnings	665,440	599,537
Treasury stock	(105,954)	(103,558)
Total shareholders' equity	1,809,486	1,745,979
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(797)	(829)
Total Valuation and translation adjustments	(797)	(829)
Subscription rights to shares	33,360	30,708
Total net assets	1,842,048	1,775,857
Total liabilities and net assets	15,763,832	15,177,016

(2) Condensed Non-Consolidated Statements of Income

(Thousands of yen)

	Year ended March 31, 2020	Year ended March 31, 2019
Net sales	9,698,031	9,166,542
Cost of sales		
Beginning finished goods	408,832	349,031
Cost of products manufactured	7,442,122	7,139,893
Total	7,850,954	7,488,925
Ending finished goods	404,733	408,832
Cost of finished goods sold	7,446,220	7,080,093
Total cost of sales	7,446,220	7,080,093
Gross profit	2,251,811	2,086,449
Selling, general and administrative expenses		
Commission fee	101,071	130,386
Shipment expenses	488,529	474,337
Advertising expenses	2,461	15,336
Promotion expenses	14,653	13,127
Entertainment expenses	17,099	20,325
Directors' compensations	140,292	145,709
Employees' salaries and allowances	659,349	644,154
Provision for bonuses	26,885	36,272
Provision for retirement benefits	60,594	74,340
Legal welfare expenses	114,579	112,828
Welfare expenses	20,935	25,224
Other salaries	10,656	8,496
Provision of allowance for doubtful accounts	2,392	1,740
Traveling and transportation expenses	81,202	101,320
Communication expenses	25,832	27,247
Insurance expenses	22,698	25,964
Rent expenses	86,310	84,046
Office supplies expenses	18,861	21,616
Repair expenses	18,289	18,916
Taxes and dues	12,662	29,285
Education and training expenses	4,464	6,659
Research and development expenses	93,517	90,495
Depreciation	44,082	39,135
Miscellaneous expenses	84,473	59,789
Total selling, general and administrative expenses	2,151,897	2,206,767
Operating income (loss)	99,913	(120,318)

Non-operating income		
Interest income	63,758	34,384
Dividends income	275,449	597,534
Rent income	9,029	9,029
Foreign exchange gains	-	22,884
Subsidy income	13,871	14,250
Reversal of allowance for doubtful accounts	120	-
Miscellaneous income	15,375	55,868
Total non-operating income	377,604	733,951
Non-operating expenses		
Depreciation	3,409	4,147
Interest expenses	71,783	42,721
Foreign exchange losses	57,778	-
Compensation expenses	3,165	1,366
Provision of allowance for doubtful accounts	-	10
Miscellaneous loss	15,000	10,847
Total non-operating expenses	26,209	15,571
Ordinary income	300,171	538,968
Extraordinary income		
Gain on sales of noncurrent assets	-	6,115
Gain on sales of investment securities	19	93,789
Total extraordinary income	19	99,904
Extraordinary loss		
Loss on disposal of non-current assets	640	925
Loss on valuation of investment securities	6,843	-
Loss on valuation of shares of subsidiaries and associates	-	458,105
Loss on litigation	51,099	10,000
Total extraordinary loss	58,583	469,031
Income before income taxes	241,606	169,841
Income taxes-current	53,046	58,329
Income taxes-deferred	(163)	(163)
Total income taxes	52,883	58,166
Net income	188,723	111,675