

ADVANEX INC.
Flash Report(Consolidated Basis) --Summary
Results for fiscal year ended March 31, 2017



May 11, 2017

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Date of the General Meeting of the Shareholders: June 22, 2017
 Expected date of payment for dividends: June 23, 2017
 Filing date of securities report: June 23, 2017

Supplementary explanation material for financial results
 Holding of presentation meeting for financial results

Yes
 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	%
2017	17,858	(6.4)	247	(63.0)	346	(48.4)	67	(88.6)
2016	19,073	(35.3)	668	(38.2)	671	(32.3)	587	9.7

Note: Comprehensive income(millions of yen): Mar. 2017: (138) -% Mar.2016: (245) -%

	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	%	%	%
2017	16.46	16.32	1.1	1.9	1.4
2016	143.44	142.30	8.7	4.0	3.5

Reference : Gain (Loss) on investment by equity method: Year ended March 31, 2017:--- ¥(0) million

Year ended March 31, 2016: --- ¥(0) million

(Note) Advanex Inc. conducted a share consolidation with a ratio of ten shares to one share on October 1, 2015. Accordingly, Net income per share and Net income per share after dilution are calculated under the assumption that this share consolidation was conducted at the beginning of the previous fiscal year.

(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
2017	18,747	6,298	33.3	1,531.55
2016	17,024	6,578	38.4	1,600.38

(Reference) Total shareholders' equity: March 31, 2017: ¥6,251 million, March 31, 2016: ¥6,536 million

(Note) ADVANEX INC. conducted a share consolidation with a ratio of ten shares to one share on October 1, 2015. Accordingly, Net assets per share is calculated under the assumption that this share consolidation was conducted at the beginning of the previous year.

(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
2017	773	(1,302)	1,266	3,261
2016	1,415	(2,823)	951	2,669

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
2016	---	---	---	35.00	35.00
2017	---	---	---	30.00	30.00
2018 (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	%	%
2016	142	24.4	2.1
2017	122	182.2	1.9
2018 (Forecast)		51.0	

3. Forecasts for the Fiscal Year Ended March 31, 2017

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	20,000	12.0	400	61.8	380	9.7

	Net income (loss)		Net income (loss) per share
	Millions of yen	%	Yen
Fiscal year	240	257.1	58.78

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
Additions: 1 PT. Yamakou Indonesia Deletions: 0
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):

2017: 4,153,370 shares 2016: 4,153,370 shares

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

2017: 71,639 shares 2016: 69,313, shares

Average Number of outstanding at term-end:

2017: 4,082,782 shares 2016: 4,094,062 shares

[Notes]

Advanex Inc. conducted consolidation of common shares (consolidate 10 shares into 1 share) effective on October 1, 2015. The number of shares outstanding at the end of period, the number of shares of treasury stock at the end of period and the average number of share issued and outstanding in each period are calculated under the assumption that this share consolidation was conducted at the beginning of the previous fiscal year

(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	%
2017	7,921	(1.8)	(562)	---	(141)	---	(155)	---
2016	8,067	0.3	(402)	---	(358)	---	(286)	---

	Net income per share	Net income per share after dilution
	Yen	Yen
2017	(38.05)	---
2016	(70.02)	---

(2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2017	11,438	2,004	17.1	479.67
2016	10,193	2,303	22.2	553.61

(Reference) Total shareholders' equity: March 31, 2017 ¥1,957million, March 31, 2016: ¥2,260 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

During the fiscal year under review, the US economy continued to be strong reflecting the expectations for the new administration, improved employment environment and a growth in the consumer spending. In Europe, although uncertainties from Brexit stay, overall economy remained strong. The Chinese economy continued to slowly grow with a support from domestic demand while in the South East Asia, some economies showed signs of bottoming out. In Japan, the economy was on an upward trend supported by the global economic recovery.

As a result, the consolidated net sales of Advanex group for the fiscal year under review decreased 6.4% year on year to ¥17,858 million and the operating income decreased 63.0% year on year to ¥247 million. The ordinary income decreased 48.4% year on year to ¥346 million and the net income attributable to the owners of the parent company decreased 88.6% year on year to ¥67 million.

Results for each operating segment are as follows.

[Japan]

Automotive business remained robust, but sales to OA equipment decreased in addition to an increase in fixed costs related to the launch of Saitama factory. Due to these factors, the net sales of this segment decreased 0.1% year on year to ¥7,531 million and the segment loss amounted to ¥572 million.

[Americas]

Mainly due to the impact from the stronger yen, the net sales decreased 5.7% year on year to ¥1,987 million. Also, mainly owing to the increases in the amount of fixed costs for the launches of the second factories in Mexico and in the United States, the segment loss amount to ¥161 million.

[Europe]

In addition to the impact from the stronger yen, sales to medical equipment customers decreased. As a result, the net sales decreased 24.6% year on year to ¥1,725 million and the segment income decreased 29.1% year on year to ¥248 million yen.

[Asia]

Net sales of this segment decreased 7.4% year on year to ¥6,613 million primarily due to the impact from the stronger yen. Yet thanks to a drastic improvement of profitability in Thailand and some good results recorded from the implemented initiatives to revive Chinese profitability, the segment income increased 3.3% year on year to ¥724 million.

(2) Overview of Financial Position

Total amount of assets on a consolidated basis at fiscal year-end increased ¥1,723 million year on year to ¥18,747 million. Main reasons for this change are as follows;

1. Assets

In assets section, the acquisition of PT. Yamakou Indonesia was the main reason for the increases. The amount of current assets increased ¥999 million, reflecting a ¥441 million increase in cash and time deposits, a ¥363 million increase in trade notes and accounts receivable and a ¥359 million increase in inventories. In addition, the amount of tangible fixed assets increased ¥583 million mainly due to investments on machineries. The amount of intangible fixed assets increased ¥84 million and the amount of investments and others increased ¥55 million.

2. Liabilities

For the liabilities section, total liabilities amounted to ¥12,449 million, increasing ¥2,003 million compared to the previous fiscal year-end. This change is due mainly to a ¥1,528 million increase in the borrowings and increases resulted from the acquisition of PT. Yamakou Indonesia.

3. Net assets

Net assets amounted to total ¥6,298 million, decreasing ¥279 million from the previous fiscal year-end. This change is primarily due to a ¥67 million net income attributable to the owner of the parent company recorded for fiscal year under review, yet the amount of shareholders' equity decreased ¥78 million resulted from factors such as dividend payment. Also the change reflected a ¥307 million decrease in the foreign exchange adjustments reflecting the stronger yen.

(3) The status of Cash flows

The amount of cash and cash equivalent as of the end of current fiscal year amounted to ¥3,261 million, a ¥591 million increase year on year. The status of various cash flows and the main factors behind changes are explained below.

1. Cash flow from operating activities

Net cash provided by operating activities increased ¥773 million. (¥1,415 million increase in the previous fiscal year) This change is mainly due to ¥275 million net income before income taxes and minority interests recorded and ¥799 million fund reserved from depreciation and amortization.

2. Cash flow from investing activities

Fund decreased ¥1,302 million by investing activities. (The fund decreased ¥2,864 million during the previous fiscal year) This change is primarily due to a ¥1,128 million payment for acquisition of tangible fixed assets.

3. Cash flow from financing activities

As a result of financing activities, the fund increased ¥1,266 million. (¥951 million increase

during the previous fiscal year) An increase in the interest-bearing debts is the primary reason for this change.

(4) Outlook for the coming fiscal year

The global economy is expected to grow in the future, yet uncertainties remain given the factors such as the impact of various policies released by the US government, Brexist, development of right wing parties in main countries of EU, sluggish economic growth in China, political situation in the Korean peninsula and risks surrounding the stronger yen. Thus, the company continues to foresee the situation to be not quite optimistic.

Under such conditions, the Advanex group expects the consolidated net sales of ¥20,000 million, a 12.0% increase year on year, Operating income of ¥400 million, a 61.8% increase year on year. Ordinary income is forecasted to amount ¥380 million, a 9.7% increase year on year, and the net income attributable to the owners of the parent company to total ¥240 million, a 257.1% increase year on year.

2. Basic Rational Regarding Selection of Accounting Standards

Considering the comparability among group companies to be consolidated, the Advanex Group intends to apply the Japanese accounting standards for our consolidated financial reports for the meantime.

The company will further consider application of IFRS(International Financial Reporting Standards) taking into account the situation surrounding the application of IFRS among Japanese companies.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2016
ASSETS		
Current assets:		
Cash and time deposits	3,906,980	3,465,434
Trade notes and accounts receivable	4,460,515	4,096,757
Finished goods	1,018,881	1,045,537
Work in process	684,098	443,607
Raw materials and stored items	685,663	540,485
Deferred income tax	1,502	1,585
Other current assets	211,940	383,912
Allowance for doubtful accounts	(11,957)	(19,577)
Total current assets	10,957,625	9,957,742
Fixed assets:		
Tangible fixed assets		
Buildings and structures	6,835,588	6,777,063
Accumulated depreciation	(4,832,844)	(4,691,308)
Buildings and structures, net	2,002,744	2,085,755
Machinery and equipment	11,573,216	10,617,652
Accumulated depreciation	(8,905,173)	(8,398,758)
Machinery and equipment, net	2,668,042	2,218,894
Land	1,138,787	982,722
Leased assets	25,947	16,871
Accumulated depreciation	(14,197)	(9,446)
Leased assets, net	11,750	7,425
Others	2,053,945	1,873,297
Accumulated depreciation	(1,485,161)	(1,361,753)
Other, net	568,783	511,543
Total tangible fixed assets	6,390,107	5,806,340
Intangible fixed assets		
Software	137,879	170,743
Goodwill	196,690	81,213
Leased assets	—	246
Others	15,864	13,384
Total intangible fixed assets	350,434	265,587
Investments and other assets		
Investment in securities	350,446	407,259
Deferred income tax	169	5,551
Real estate for investment	459,164	459,916
Accumulated depreciation	(92,610)	(89,647)

	As of March 31, 2017	As of March 31, 2016
Real estate for investment, net	366,553	370,268
Others	336,499	215,206
Allowance for doubtful accounts	(3,878)	(3,687)
Total investments and other assets	1,049,791	994,598
Total fixed assets	7,790,333	7,066,526
Total assets	18,747,958	17,024,268
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	2,635,230	2,421,123
Short-term borrowings	1,372,842	702,817
Long-term borrowings due within one year	1,987,653	1,477,247
Lease obligations	3,885	3,419
Accrued income taxes	186,747	78,892
Allowance for bonus	140,071	127,836
Provision for loss on disaster	—	2,000
Provision for product warranties	71,440	—
Other current liabilities	1,047,445	1,039,261
Total current liabilities	7,445,315	5,852,597
Long-term liabilities:		
Long-term borrowings	3,258,507	2,910,258
Lease obligations	7,075	3,174
Deferred tax liabilities	211,925	190,416
Provision for environmental measures	3,000	3,000
Asset retirement obligations	39,198	39,138
Liabilities for Retirement Benefits	1,377,513	1,325,440
Other long-term liabilities	107,209	122,057
Total long-term liabilities	5,004,429	4,593,485
Total liabilities	12,449,745	10,446,083
NET ASSETS		
Shareholders' equity		
Common stock	1,000,000	1,000,000
Capital surplus	256,717	256,717
Retained earnings	5,626,466	5,702,235
Treasury stock	(122,267)	(119,180)
Total shareholders' equity	6,760,916	6,839,772
Accumulated other comprehensive income		
Valuation gain (loss) on other securities	103,725	105,407
Foreign exchange adjustment	(452,099)	(144,195)
Accumulated adjustment for Retirement Benefits	(161,161)	(264,953)
Total accumulated other comprehensive income	(509,534)	(303,741)

	As of March 31, 2017	As of March 31, 2016
Subscription rights to shares	46,832	42,154
Total net assets	6,298,213	6,578,185
Total liabilities and net assets	18,747,958	17,024,268

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

(Thousands of yen)

	Year ended March 31, 2017	Year ended March 31, 2016
Net sales	17,858,139	19,073,108
Cost of sales	13,392,066	13,907,225
Gross income	4,466,072	5,165,883
Selling, general and administrative expenses		
Delivery	347,020	302,846
Salary	1,772,261	1,855,047
Reserves for bonuses allowance	32,955	36,717
Retirement payments	1,416	675
Retirement benefit expenses	71,662	49,378
Depreciation and amortization	108,310	123,981
Others	1,885,236	2,128,888
Total selling, general and administrative expenses	4,218,862	4,497,535
Operating income	247,210	668,347
Non-operating income		
Interests	24,694	18,255
Dividends	6,009	4,521
Rental fees	69,905	81,951
Foreign exchange gains	5,010	—
Dividend income of insurance	7,076	819
Subsidy income	13,540	14,165
Subsidy income 2	28,980	12,724
Others	21,001	9,406
Total non-operating income	176,219	141,843
Non-operating expenses		
Interests	48,011	53,310
Foreign exchange losses	—	40,049
Provision of allowance for doubtful accounts	190	—
Compensation expenses	1,877	4,451
Others	26,991	40,621
Total non-operating expenses	77,070	138,433
Ordinary income or loss	346,358	671,757

	Year ended March 31, 2017	Year ended March 31, 2016
Extraordinary income		
Gain on sales of noncurrent assets	3,217	4,251
Reversal of provision for dissolution of benefit obligation relating to employee's pension fund	14,850	—
Gain on reversal of provision for loss on disaster	—	103,000
Total extraordinary income	18,067	107,251
Extraordinary loss		
Loss on sales of shares of subsidiaries and associates	—	10,108
Loss on sales of noncurrent assets	1,248	6,698
Loss on disposal of noncurrent assets	3,673	4,689
Loss on sales of investment securities	—	8
Provision for product warranties	73,062	—
Impairment loss	11,266	—
Total extraordinary loss	89,250	21,505
Income or Loss before income taxes and minority Interests	275,175	757,503
Income, local and enterprise taxes	206,903	169,313
Adjustment for income taxes	1,061	947
Total income taxes	207,964	170,260
Loss before minority interests	67,210	587,242
Net income or loss	67,210	587,242

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Year ended March 31, 2017	Year ended March 31, 2016
Loss before minority interests	67,210	587,242
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,681)	(20,406)
Foreign currency translation adjustment	(307,903)	(714,577)
Remeasurements of defined benefit plans	103,792	(98,147)
Accumulated other comprehensive income	(205,793)	(833,131)
Comprehensive income	(138,582)	(245,888)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(138,582)	(245,888)

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Year ended March 31, 2017	Year ended March 31, 2016
Cash flows from operating activities		
(Income) loss before income taxes and minority interests	275,175	757,503
Depreciation and amortization	799,625	808,496
Impairment loss	11,266	—
Amortization of goodwill	10,151	10,151
Increase (decrease) in allowance for doubtful accounts	(5,880)	(33,854)
Increase (decrease) in allowance for bonuses	12,168	(9,596)
Increase (decrease) in liabilities for Retirement Benefits	90,231	(23,389)
Interest and dividends receivable	(30,704)	(22,776)
Rental fees receivable	(69,905)	(81,951)
Interest payable	48,011	53,310
Loss on sales of trade notes	13	7
(Gain) loss on differences of foreign exchange	968	5,671
(Gain) loss on sale of fixed assets	(1,968)	2,447
(Gain) loss on disposal of fixed assets	3,673	4,689
Decrease (increase) in notes and accounts receivable-trade	(270,483)	181,649
Decrease (increase) in inventories	(200,730)	(7,849)
Increase (decrease) in notes and accounts payable	119,641	11,417
Loss (gain) on sales of investment securities	—	8
Increase (decrease) in provision for loss on disaster	(2,000)	(103,000)
Provision for product warranties	73,062	—
Gain on sale of shares of subsidiaries and associates	—	10,108
Increase (decrease) in accrued consumption taxes	90,746	(16,276)
Others	(44,003)	27,597
Subtotal	909,060	1,574,364
Proceeds from interest and dividend receivable	30,041	20,620
Proceeds from rental fees	69,905	81,951
Other proceeds	8,719	2,535
Payment of interests	(49,752)	(51,914)
Payments of sales of trade notes	(13)	(7)
Payment of income taxes	(194,285)	(212,544)
Net cash provided by operating activities	773,676	1,415,004

(Thousands of yen)

	Year ended March 31, 2017	Year ended March 31, 2016
Cash flows from investing activities		
Payments on purchase of tangible fixed assets	(1,128,026)	(1,854,197)
Proceeds from sales of tangible fixed assets	4,990	31,586
Payments on purchase of intangible fixed assets	(12,828)	(75,542)
Payments on purchase of investment securities	(22,485)	(127,844)
Proceeds from sales of shares of subsidiaries and associates	—	29,804
Purchase of shares of subsidiaries and associates	(242,871)	—
Payments for transfer of business	(45,920)	—
Payments on paying in time deposits	(190,595)	(797,032)
Proceeds from withdrawal of time deposits	333,993	27,548
Other expenses	(5,342)	(113,923)
Others incomes	6,931	15,589
Net cash used in investing activities	(1,302,153)	(2,864,011)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	670,351	83,144
Proceeds from long-term borrowings	2,519,875	2,300,000
Repayments on long-term borrowings	(1,775,953)	(1,197,389)
Purchase of treasury stocks	(3,187)	(101,802)
Cash dividends paid	(142,403)	(122,911)
Proceeds from disposal of treasury shares	100	46
Others	(2,626)	(10,058)
Net cash used in financing activities	1,266,157	951,027
Effect of exchange rate changes on cash and cash equivalents	(145,904)	(239,677)
Net increase (decrease) in cash and cash equivalents	591,775	(737,656)
Cash and cash equivalents at the beginning of year	2,669,998	3,407,654
Cash and cash equivalents at the end of year	3,261,773	2,669,998

(4) Segment Information

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

Year ended March 31, 2017

(Thousands of yen)

	Japan	Americas	Europe	Ajia	Total
Net sales:					
Net sales to third parties	7,531,912	1,987,586	1,725,087	6,613,553	17,858,139
Intra-group net sales and transfers	389,091	—	58,037	168,870	615,999
Total sales	7,921,004	1,987,586	1,783,124	6,782,423	18,474,139
Segment income (loss)	(572,588)	(161,326)	248,269	724,017	238,371
Segment assets	11,462,934	1,778,221	1,836,385	7,364,275	22,441,816
Segment liability	9,699,064	886,304	437,851	1,913,530	12,936,751
Others					
Depreciation	295,407	70,144	109,041	325,080	799,673
amortization of goodwill	10,151	—	—	—	10,151
Net increase in tangible and intangible fixed assets	458,695	206,462	98,570	348,073	1,111,802

Year ended March 31, 2016

(Thousands of yen)

	Japan	Americas	Europe	Ajia	Total
Net sales:					
Net sales to third parties	7,539,482	2,108,822	2,286,414	7,138,389	19,073,108
Intra-group net sales and transfers	527,652	—	55,686	181,000	764,339
Total sales	8,067,134	2,108,822	2,342,100	7,319,390	19,837,448
Segment income (loss)	(401,832)	28,890	350,200	700,937	678,196
Segment assets	10,249,084	1,711,086	2,071,826	5,893,110	19,925,108
Segment liability	8,271,827	524,476	508,296	1,291,518	10,596,119
Others					
Depreciation	223,618	74,203	122,758	396,004	816,584
Amortization of goodwill	10,151	—	—	—	10,151
Net increase in tangible and intangible fixed assets	1,481,028	71,819	213,071	426,393	2,192,312

4. Non-Consolidated Financial Statements

(1) Condensed Non-Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2016
ASSETS		
Current assets		
Cash and deposits	543,836	222,251
Notes receivable-trade	130,959	116,470
Accounts receivable-trade	2,388,059	2,275,445
Merchandise and finished goods	244,988	288,587
Work in process	298,004	159,821
Raw materials and supplies	170,001	161,349
Prepaid expenses	44,558	44,959
Accounts receivable-other	28,699	122,887
Current portion of long-term loans receivable from subsidiaries and affiliates	200,000	—
Current portion of long-term loans receivable	76,289	—
other assets	4,016	105,771
Allowance for doubtful accounts	(100)	(100)
Total Current assets	4,129,312	3,497,446
Noncurrent assets		
Property, plant and equipment		
Buildings	4,974,086	4,952,778
Accumulated depreciation	(3,627,102)	(3,549,988)
Buildings, net	1,346,984	1,402,789
Structures	129,771	129,771
Accumulated depreciation	(76,779)	(70,486)
Structures, net	52,991	59,285
Machinery and equipment	4,452,061	4,256,475
Accumulated depreciation	(3,832,587)	(3,732,969)
Machinery and equipment, net	619,473	523,506
Vehicles	23,406	23,406
Accumulated depreciation	(16,888)	(13,633)
Vehicles, net	6,517	9,772
Tools, furniture and fixtures	701,979	572,399
Accumulated depreciation	(545,484)	(482,631)
Tools, furniture and fixtures, net	156,495	89,768
Land	598,606	598,606
Lease assets	11,068	2,979
Accumulated depreciation	(3,366)	(1,413)
Lease assets, net	7,701	1,565

Construction in progress	149,017	86,097
Total Property, plant and equipment	2,937,787	2,771,391
Intangible assets		
Software	109,893	144,234
Lease assets	—	246
Telephone subscription right	12,757	12,757
Total Intangible assets	122,651	157,238
Investments and other assets		
Investment securities	350,446	407,259
Stocks of subsidiaries and affiliates	2,689,470	2,228,407
Investments in capital	785	2,020
Investments in capital of subsidiaries and affiliates	646,684	646,684
Claims provable in bankruptcy, claims provable in rehabilitation and other	245	54
Long-term loans receivable from subsidiaries and affiliates	286,289	210,000
Long-term prepaid expenses	7,132	4,039
Real estate for investment	286,999	286,999
Insurance funds	91,973	91,973
Lease and guarantee deposits	78,173	77,978
Other	38	38
Allowance for doubtful accounts	(189,136)	(187,778)
Total Investments and other assets	4,249,101	3,767,676
Total Noncurrent assets	7,309,540	6,696,306
Total Net assets	11,438,852	10,193,753
Liabilities		
Current liabilities		
Notes payable-trade	109,538	400,347
Accounts payable-trade	1,564,934	1,173,353
Short-term loans payable	950,000	400,000
Current portion of long-term loans payable	1,941,704	1,409,848
Accounts payable-other	102,117	157,848
Lease obligations	1,466	1,582
Accrued expenses	223,808	218,347
Income taxes payable	30,160	15,636
Deposits received	7,646	14,604
Provision for bonuses	71,112	79,142
Provision for loss on disaster	—	2,000

Notes payable-facilities	1,310	31,891
Other	106,875	9,642
Total current liabilities	5,110,673	3,914,243
Noncurrent liabilities		
Long-term loans payable	3,035,074	2,757,778
Provision for retirement benefits	1,102,600	1,019,433
Long-term accounts payable-other	107,209	107,209
Lease obligations	6,458	362
Deferred tax liabilities	31,361	36,064
Provision for environmental measures	3,000	3,000
Asset retirement obligations	37,767	37,670
Others	—	14,850
Total noncurrent liabilities	4,323,470	3,976,366
Total liabilities	9,434,144	7,890,610
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	726,417	1,024,760
Total retained earnings	726,417	1,024,760
Treasury stock	(122,267)	(119,180)
Total shareholders' equity	1,854,150	2,155,580
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	103,725	105,407
Total Valuation and translation adjustments	103,725	105,407
Subscription rights to shares	46,832	42,154
Total net assets	2,004,708	2,303,142
Total liabilities and net assets	11,438,852	10,193,753

(2) Condensed Non-Consolidated Statements of Income

(Thousands of yen)

	Year ended March 31, 2017	Year ended March 31, 2016
Net sales	7,921,004	8,067,134
Cost of sales		
Beginning finished goods	288,587	191,699
Cost of products manufactured	6,288,812	6,220,527
Total	6,577,400	6,412,227
Ending finished goods	244,988	288,587
Cost of finished goods sold	6,332,411	6,123,640
Total cost of sales	6,332,411	6,123,640
Gross profit	1,588,592	1,943,494
Selling, general and administrative expenses		
Commission fee	134,644	176,530
Shipment expenses	402,752	360,885
Advertising expenses	14,013	19,108
Promotion expenses	15,537	13,494
Entertainment expenses	27,866	26,742
Directors' compensations	191,068	222,705
Employees' salaries and allowances	605,417	643,405
Provision for bonuses	21,204	26,961
Provision for retirement benefits	70,666	47,774
Legal welfare expenses	128,594	131,067
Welfare expenses	23,255	42,391
Other salaries	19,063	13,614
Traveling and transportation expenses	96,676	123,691
Communication expenses	26,809	28,578
Insurance expenses	25,263	22,942
Rent expenses	86,283	82,434
Office supplies expenses	14,972	25,587
Repair expenses	19,858	22,375
Taxes and dues	32,972	21,146
Education and training expenses	4,904	5,939
Research and development expenses	73,495	171,867
Depreciation	42,653	46,022
Miscellaneous expenses	73,433	71,011
Total selling, general and administrative expenses	2,151,406	2,346,282
Operating income (loss)	(562,814)	(402,788)
Non-operating income		

Interest income	7,373	8,969
Dividends income	401,091	73,372
Rent income	9,073	9,765
Reversal of allowance for doubtful accounts	—	7,968
Miscellaneous income	53,097	18,599
Total non-operating income	470,635	118,674
Non-operating expenses		
Depreciation	6,095	7,583
Interest expenses	32,837	35,218
Compensation expenses	1,877	4,451
Provision of allowance for doubtful accounts	1,358	—
Miscellaneous loss	7,228	27,143
Total non-operating expenses	49,398	74,396
Ordinary income	(141,577)	(358,510)
Extraordinary income		
Gain on sales of noncurrent assets	43	2,800
Reversal of provision for dissolution of benefit obligation relating to employee's pension fund	14,850	—
Gain on reversal of provision for loss on disaster	—	103,000
Total extraordinary income	14,893	105,800
Extraordinary loss		
Loss on sales and retirement of non-current assets	686	6,684
Loss on disposal of non-current assets	2,425	32
Provision for loss on business of subsidiaries and associates	—	8,385
Impairment loss	11,266	—
Total extraordinary loss	14,378	15,101
Income before income taxes	(141,062)	(267,811)
Income taxes-current	14,462	19,069
Income taxes-deferred	(162)	(218)
Total income taxes	14,300	18,851
Net income	(155,363)	(286,663)