



## Summary of Financial Statements for the Fiscal Year Ended March 31, 2017

May 12, 2017

Listed company name	SEIKOH GIKEN Co., Ltd.		Listed market	JASDAQ
Code number	6834	URL	<a href="http://www.seikoh-giken.co.jp">http://www.seikoh-giken.co.jp</a>	
Representative	(Title) President & CEO	(Name)	Masatoshi Ueno	
Inquiries	(Title) Department Manager	(Name)	Yuji Saitoh	
Date of general shareholders' meeting	June 16, 2017	Date of dividend payment	June 19, 2017	
Date of securities report submission	June 16, 2017			

(All amounts rounded down to the nearest million yen.)

### 1. Consolidated business results for the fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

#### (1) Consolidated business performance

(Percentage figures show the changes from the previous year.)

	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2017	12,644	3.8	1,065	14.5	1,164	20.4	800	45.5
Year ended March 31, 2016	12,182	5.8	930	69.5	967	50.0	550	81.2

  

	Net profit per share	Fully diluted net profit per share	Net profit ratio per shareholders' equity	Ordinary profit ratio to total assets	Operating profit ratio to sales amount
	Yen	Yen	%	%	%
Year ended March 31, 2017	86.71	–	3.7	4.7	8.4
Year ended March 31, 2016	59.85	59.66	2.6	3.9	7.6

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 31, 2017	25,026	21,567	86.2	2,333.15
Year ended March 31, 2016	24,840	21,190	85.3	2,302.30

(Reference) Shareholders' equity Year ended March 31, 2017 21,567 million yen Year ended March 31, 2016 21,182million yen

#### (3) Consolidated cash flow

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2016	1,817	(393)	(123)	4,066
Year ended March 31, 2015	1,233	(801)	(72)	2,828

### 2. Dividend status

(Base date)	Dividend per share					Gross dividend amount (annual)	Dividend propensity (consolidated)	Dividend ratio to net assets (consolidated)
	End of the first quarter	End of the second quarter	End of the third quarter	End of the year	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2016	–	0.00	–	16.00	16.00	147	26.7	0.7
Year ended March 31, 2017	–	0.00	–	20.00	20.00	184	23.1	0.9
Year ending March 31, 2018 (Forecast)	–	0.00	–	27.00	27.00		27.3	

### 3. Forecast of consolidated business performance for the year ending March 31, 2018(April 1, 2017 to March 31, 2018)

(Percentage figures for "Full year" show the changes from the previous year,

and percentage figures for "Half year" show the changes from the previous interim period.)

	Sales amount		Operating profit		Ordinary profit		Net profit		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Half year	6,250	(0.2)	350	(46.7)	450	(32.5)	500	17.6	54.15
Full year	13,100	3.6	940	(11.8)	1,050	(9.9)	920	14.9	99.63

## 1. Summary of business results, etc.

## (1) Analysis of business results

## (i) Business results, etc., for the period

The global economy in the period under review showed a moderately paced expansion overall despite a number of destabilizing factors. In the US economy, business sentiment improved on expectations that the new administration will legislate tax reductions and promote infrastructure investment, with continuing improvements in employment data and household incomes. In the European economy, clear signs emerged of a domestic demand driven recovery also after the decision of the UK to exit from the EU, as rising personal consumption benefited from improved employment in a business environment aided by monetary easing. In the Chinese economy, the slowdown appeared to flatten, helped by personal consumption rising on the back of last-minute demand ahead of the cut-back on tax reductions for compact cars in the second half of the fiscal year.

Likewise, the Japanese economy continued to expand along with swelling personal consumption supported by a backdrop of recovering corporate earnings. Going forward, however, the outlook remains uncertain due to a number of factors with potential to negatively affect overseas economies, in particular, success or failure of the new US administration's policies, the negotiations surrounding the exit of the UK from the EU, the results of forthcoming elections in a number of major European countries, as well as the Middle East conflict.

In the information and telecommunications-related markets and electronics-related markets relevant to the Group, smartphones proliferation relinquished its hitherto central role in the market and entered a slower phase. Although the number of electronic components that make up a smartphone unit continues to increase, the repurchase cycle has become longer in the industrialized economies while vendor unit prices have continued to fall along with the advances made by emerging manufacturers based in China, applying the brakes to market growth. By contrast, in car electronics, technology development has been pushing ahead in product areas such as advanced driving assist systems for safe automated driving as well as connected-car technology which delivers enhanced driving environments by means of sophisticated communication functions. Together these developments have worked to accelerate the trend toward automotive module formation such as sensor and communication device combinations. Moreover, technologies employing IoT applications enabling the interconnection of aggregates over the Internet have been on the rise in a broad range of fields also outside the realm of automobile manufacture. For example, artificial intelligence (AI) propositions have transitioned into the phase of actual applications in the analysis of Big Data aggregated over the Internet and applications in effective practical usage. AI is expected to connect to the creation of new businesses and services that will help resolve problems and issues of concern to the public and corporations and afford individuals a greater sense of wellbeing in their daily lives.

Amid these developments, in the period under review Seikoh Giken Group launched its new 6-year medium term management plan "Master Plan 2016," which targets the attainment of the corporate vision and the management performance measures of Seikoh Giken in time for the 50th founding anniversary of the Company in fiscal year 2021. Specifically, efforts in the period under review surrounded the execution of measures for strengthening the earning power of existing businesses, optimizing the business portfolio, and reinforcing the management base.

In order to strengthen the earning power of existing businesses, two segments, the Precision Machinery Business (with main products in molds and precision molded components built in automotive applications and electronic equipment), and the Optical Products Business (with main products in components used for optical communications infrastructure, related machinery, and optical transmission units for the live telecasts), have been at the focus of efforts to upgrade selling capabilities and price competitive strength, along with measures to accelerate the development speed of new products and technologies.

In order to optimize the business portfolio, the Development Promotion Meeting has been held, which serves the cross-divisional information sharing on matters such as market needs, technology seeds at the Group, progress in development projects, and technology issues, with a view to promoting the creation of next-generation businesses.

In order to reinforce the management base, the Company adopted an audit committee-based corporate governance structure at the annual general meeting of shareholders held in last June, and in order to further enhance shareholder value took steps to create management structures designed to strengthen the supervisory functions of the board of directors. At the same time, the Company worked to strengthen the communication with important subsidiaries and to reinforce overall corporate governance at the Group level.

As a result of these measures, consolidated sales for the period under review posted 12,644,339 thousand yen (3.8% increase compared with the previous fiscal year). Reflecting the growth in sales, operating income increased to 1,065,368 thousand yen (up 14.5% compared with the previous fiscal year), with ordinary income of 1,164,808 thousand yen (up 20.4%), and 800,674 thousand yen (up 45.5%) in net income attributable to shareholders of the parent company, marking the successful attainment of sales and earnings growth.

Segment performances developed as follows. Starting with the period under review, as a result of changes in the organization of the Company, the lens business previously categorized as belonging to the Precision Machinery Business was shifted to the Optical Products Business. In the following segment business results, comparisons with the previous fiscal year use numbers prepared based on this change.

## [Precision Machinery Business]

The Precision Machinery Business engages in the business of providing precision molded products to customers across a diversity of industries. The production of these products employs high-precision molding technologies accumulated since the founding of the Company and forming

techniques that enable fulfilling the technically demanding requirements of customers. For example, in the period under review, core elements of sensors for gauging brake pressure and fuel injection pressure, etc., showed sales growth on the back of increased demand for automotive applications. Automotive parts installed for use outdoors require high heat resistance and abrasion resistance. Seikoh Giken Group has been providing leading automotive parts manufacturers with highly reliable automotive parts which by way of insert molding combine specialty plastics and metallic materials. In the period under review, the Company built a new plant for automotive parts in Chitose, Hokkaido prefecture. The plant's first production line has been in operation since October 2016. It is planned to increase the number of lines to twenty by the year 2020.

In addition to automotive parts, production output includes pressed metal parts used for electric household appliances, smartphones, and laptop PCs, as well as precision-molded parts for various kinds of applications. In the period under review, the Company showcased at trade fairs and on its corporate website thin-wall molding technology acquired through the development and manufacture of precision molds as well as ornamental molding technology developed through the application of micro-transfer techniques which accurately at the micron-level transfer surface reliefs onto molded articles. While keeping in contact with customers who have made trade inquiries, efforts have been continuing to resolve technical issues on the way to the start of volume production.

As a result, sales at the Precision Machinery Business in the period under review increased to 7,481,529 thousand yen (2.5% increase compared with the previous fiscal year).

[Optical Products Business]

The Optical Products Business is engaged in the business of manufacturing and selling optical communications devices such as optical connectors, etc., (which help to sustain flawlessly functioning Internet environments) used in optical communications networks as well as the manufacturing equipment needed for the volume production of those optical communications devices, and products such as cleaners used in optical communications infrastructure construction. The optical communication market has been seeing rapid growth in the data traffic flowing through optical communications networks, which has been fueled by the global proliferation of smartphones and the spreading of social network services along with the growth in video streaming. In order to accommodate this development, optical communications networks worldwide are being reinforced while construction of new data centers equipped with functions for the storage and processing of large data volumes has been increasing with the focus on the US and Asia. Driven by this market environment, in the period under review sales of polishing machines and cleaning materials, etc., have been performing well as product groups used in the manufacture of parts for optical communication and on installation sites. By contrast, general purpose products such as optical connectors used for interconnecting fiber-optic strands continued to suffer falling market prices also in the period under review.

The Optical Products Business includes in its line-up also product groups unrelated to optical communication. In the period under review, for customers in the broadcasting industry, the division posted higher sales of optical transmission units used as road race broadcasting relays that achieve high-quality, distortion-free TV broadcasts based on technology applications for alternating between electrical and optical signals. However, lenses used in the previous fiscal year for smartphones by China-based manufacturers saw waning demand with declining sales.

As a result, sales at the Optical Products Business in the period under review marked 5,162,809 thousand yen (5.7% increase compared with the previous fiscal year).

(ii) Outlook on the next fiscal year

Forecasts for the fiscal year ending March 2018 (April 1, 2017 to March 31, 2018) are for the Japanese economy to continue along a moderately paced recovery trend. However, the outlook remains uncertain given a mixture of circumstances affecting foreign exchange rates and share prices, specifically, with respect to the global economy, success or failure of US economic policies, trends in forthcoming elections in Europe, and geopolitical risk in some Asian regions and countries in Middle East.

In the markets of Seikoh Giken Group, numbers are expected to increase at a solid pace for automotive electronic parts and optical communication devices used in the markets related to optical communications. In parallel with this trend, prospects are for growth in equipment and services that involve the use of Iot, AI, etc., combined with increasingly strident calls for small-size, high-performance electronic components for use in those applications.

In this management environment, Seikoh Giken Group will work to reinforce its management base and strengthen the earning power of existing businesses, in accordance with the medium-term management plan "Master Plan 2016" started in the previous fiscal year. Consolidated results projections for the fiscal year ending March 2018 call for sales of 13,100 million yen with operating income of 940 million yen, ordinary income of 1,050 million yen, and 920 million yen in net income attributable to shareholders of the parent company.

## (2) Financial status analysis

## (i) Status of assets, liabilities, and net assets

## [Assets]

Consolidated assets at the end of the period under review totaled 25,026,123 thousand yen, reflecting an increase of 186,117 thousand yen compared with the end of the previous fiscal year. Current assets at the end of the period under review rose 537,053 thousand yen compared with the end of the previous fiscal year to 14,954,137 thousand yen. Main factors were a decrease in accounts receivable-other and increases in cash and deposits, products, and accounts receivable-trade. Non-current assets at the end of the period under review fell 350,935 thousand yen compared with the end of the previous fiscal year to 10,071,985 thousand yen. Main factors were increases in machinery, equipment, tools, and fixtures, etc., and progressing depreciation of property, plant, and equipment, and goodwill.

## [Liabilities]

Consolidated liabilities at the end of the period under review fell 190,921 thousand yen compared with the end of the previous fiscal year to 3,458,581 thousand yen. Main factors were decreases in accounts payable-trade and lower income taxes payable.

## [Net assets]

Consolidated net assets at the end of the period under review increased 377,039 thousand yen compared with the end of the previous fiscal year to 21,567,541 thousand yen. Main factors were a decrease in the foreign currency translation adjustment and higher retained earnings.

## (ii) Status of cash flow

Consolidated cash and cash equivalents at the end of the period under review totaled 4,066,616 thousand yen, which was 1,238,609 thousand yen higher than at the end of the previous fiscal year. Status of cash flows and underlying factors developed as follows.

## [Operating cash flows]

Net cash provided by operating activities was 1,817,498 thousand yen (compared with an increase of 1,233,587 thousand yen in the previous fiscal year). Cash provided by operating activities comprised mainly 1,169,379 thousand yen in net income before income taxes and minority interests, 911,168 thousand yen in depreciation charges, 273,619 thousand yen decrease in accounts receivable-trade, and 252,065 thousand yen in goodwill amortization. Main factors behind the decrease in cash were 684,846 thousand yen in income taxes paid, a 189,726 thousand yen increase in inventories, and a 117,327 thousand yen decrease in notes and accounts payable-trade.

## [Investing cash flows]

Net cash used in investing activities was 393,806 thousand yen (compared with a decrease of 801,374 thousand yen in the previous fiscal year). Cash provided by investing activities consisted mainly of 7,289,841 thousand yen in income from the repayment of term deposits. Cash used in investing activities consisted mainly of 6,839,981 thousand yen in expenditure for newly posted term deposits.

## [Financing cash flows]

Net cash used in financing activities was 123,235 thousand yen (compared with a decrease of 72,567 thousand yen in the previous fiscal year). The main factor was 146,439 thousand yen in dividend payments.

## Supplemental information: Variation in cash flow related indicators

	Unit	Fiscal year to March 2013	Fiscal year to March 2014	Fiscal year to March 2015	Fiscal year to March 2016	Fiscal year to March 2017
Equity ratio	%	93.9	86.6	86.7	85.3	86.2
Equity ratio based on market value	%	26.9	53.9	40.3	45.0	57.1
Ratio of cash flow to interest bearing debt	%	-	-	1.1	0.2	0.1
Interest coverage ratio	Multiple	55,874.9	610.0	567.2	924.9	3,043.8

Equity ratio: Shareholders' equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

Ratio of cash flow to interest-bearing debt: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest payable

\* Values for all indicators are calculated based on consolidated financial data.

\* Market capitalization is calculated by multiplying the share's closing price at the end of the period with the number of shares issued and outstanding at the end of the period (after deduction of treasury shares).

\* Cash flow based indicators use operating cash flow.

\* Interest bearing debt includes all liabilities on the consolidated balance sheet on which interest is paid.

## (3) Fundamental policies concerning dividend payment and dividend outlook for the current and next fiscal year

The Company considers returning profits to shareholders as one of the most important management issue and holds to a fundamental policy of sustained stable dividend payments while taking into account internal retention to provide for future investments.

Considering the business results for the term under review, as well as the fundamental policy of the Company for returning profits to shareholders, and business initiatives in the time ahead, the Company plans to pay a fiscal year-end dividend of 20.0 yen per share of stock, reflecting a dividend increase of 4.0 yen compared with the previous period.

Projections for the next fiscal year call for a dividend increase of 7.0 yen compared with the period under review, for a dividend of 27.0 yen per share of stock.

## 2. Outline of Seikoh Giken Group

At the end of the term under review, Seikoh Giken Group comprised the Company (SEIKOH GIKEN Co., Ltd.) and the following affiliated companies.

Company name	Capital	Percentage of voting rights	Main business lines
(Consolidated subsidiaries)			
SEIKOH GIKEN USA, INC.	3,440 thousand USD	100.0%	Sales and maintenance of parts of molds for optical discs; sales of optical parts and manufacturing equipment for optical parts
SEIKOH GIKEN EUROPE GmbH	EUR 1,900 thousand	100.0%	Sales and maintenance of parts of molds for optical discs; sales of optical parts and manufacturing equipment for optical parts
SEIKOH GIKEN HANGZHOU Co., Ltd.	810,000 thousand yen	100.0%	Manufacture and sale of optical parts and lenses; sale of manufacturing equipment for optical parts
SEIKOH GIKEN DALIAN Co., Ltd.	8,737 thousand USD	100.0%	Manufacture and sale of optical parts
FUJI ELECTRONICS INDUSTRIES CO.,LTD	675,000 thousand yen	100.0%	Manufacture and sale of automotive parts and electronic parts, etc.
(Equity-method affiliates)			
DATA PIXEL SAS	EUR 151 thousand	49.0%	Development, manufacture, and marketing of three-dimensional interferometry instruments, eccentricity measurement instruments, and microscope

Notes: 1. Further to the five companies mentioned above, consolidated subsidiaries include SEIKOH GIKEN HONG KONG Co., Ltd, which suspended trading and has been dormant since September 2010.

2. Milestone International Japan Co., Ltd., a consolidated subsidiary as of the end of the previous fiscal year, has been removed from consolidated subsidiaries following the completion of its liquidation in the period under review.

3. After the end of the period under review, DATA PIXEL SAS, previously an equity-method affiliate, underwent a change of status corresponding to a consolidated subsidiary of the Company due to the acquisition of additional equity in DATA PIXEL SAS which has raised the percentage of voting rights held by the Company to 97.0%.

## 3. Fundamental concepts concerning the selection of accounting standards

With consideration of the inter-periodic comparability and inter-company comparability of consolidated financial statements, for the time being, it remains the fundamental policy of the Company to prepare its consolidated financial statements in accordance with Japan-GAAP.

With respect to the application of IFRS it is the policy of the Company that appropriate action will be taken with consideration of the situations in Japan and overseas.

## 4. Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (As of March 31, 2016)	Current Consolidated Accounting Year (As of March 31, 2017)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	9,050,508	9,837,016
Notes and accounts receivable-trade	2,618,264	2,696,445
Merchandise and finished goods	321,540	397,706
Work in process	430,255	483,680
Raw materials and supplies	876,356	851,628
Income taxes receivable	74,418	104,316
Other	1,050,974	589,266
Allowance for doubtful accounts	(5,235)	(5,921)
<b>Total current assets</b>	<b>14,417,083</b>	<b>14,954,137</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	6,190,663	6,271,923
Accumulated depreciation	(3,631,713)	(3,770,605)
Buildings and structures, net	2,558,919	2,501,317
Machinery, equipment and vehicles	4,959,130	5,189,891
Accumulated depreciation	(3,910,965)	(3,989,115)
Machinery, equipment and vehicles, net	1,048,165	1,200,775
Land	2,335,796	2,335,796
Construction in progress	358,172	407,227
Other	4,655,912	4,886,516
Accumulated depreciation	(4,199,924)	(4,445,538)
Other, net	455,988	440,978
<b>Total property, plant and equipment</b>	<b>6,757,071</b>	<b>6,886,095</b>
<b>Intangible assets</b>		
Goodwill	1,806,888	1,554,822
Customer related assets	481,806	414,577
Other	112,584	108,922
<b>Total intangible assets</b>	<b>2,401,279</b>	<b>2,078,322</b>
<b>Investments and other assets</b>		
Investment securities	248,114	222,978
Real estate for investment, net	982,724	844,380
Other	33,731	40,208
<b>Total investments and other assets</b>	<b>1,264,570</b>	<b>1,107,567</b>
<b>Total noncurrent assets</b>	<b>10,422,921</b>	<b>10,071,985</b>
<b>Total assets</b>	<b>24,840,005</b>	<b>25,026,123</b>

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (As of March 31, 2016)	Current Consolidated Accounting Year (As of March 31, 2017)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	1,330,120	1,161,901
Income taxes payable	350,629	157,592
Reserve for bonuses	80,172	86,609
Other	830,242	1,019,395
<b>Total current liabilities</b>	<b>2,591,163</b>	<b>2,425,498</b>
<b>Noncurrent liabilities</b>		
Pension liabilities	747,271	767,748
Long-term accounts payable-other	145,370	145,070
Long-term guarantee deposited	25,699	8,566
Long-term lease deposited	19,037	19,037
Deferred tax liability	81,469	53,524
Other	39,491	39,136
<b>Total noncurrent liabilities</b>	<b>1,058,339</b>	<b>1,033,082</b>
<b>Total liabilities</b>	<b>3,649,502</b>	<b>3,458,581</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	6,791,682	6,791,682
Capital surplus	10,571,419	10,571,419
Retained earnings	3,364,509	3,952,267
Treasury stock	(293,014)	(197,761)
<b>Total Shareholders' equity</b>	<b>20,434,597</b>	<b>21,117,608</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(3,070)	6,392
Foreign currency translation adjustment	796,967	480,206
Cumulative pension adjustment amount	(45,556)	(36,666)
<b>Total accumulated other comprehensive income</b>	<b>748,340</b>	<b>449,933</b>
<b>Subscription rights to shares</b>	<b>7,564</b>	<b>—</b>
<b>Total net assets</b>	<b>21,190,502</b>	<b>21,567,541</b>
<b>Total liabilities and net assets</b>	<b>24,840,005</b>	<b>25,026,123</b>

## (2) Consolidated Income Statement

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2015 to March 31, 2016)	Current Consolidated Accounting Year (from April 1, 2016 to March 31, 2017)
Sales amount	12,182,898	12,644,339
Cost of sales	8,393,613	8,671,865
Gross profit	3,789,284	3,972,473
Selling, general and administrative expenses	2,859,021	2,907,105
Operating income	930,263	1,065,368
Non-operating income		
Interest income	10,458	6,385
Dividends income	780	548
Income from subsidiaries	2,201	6,987
Rent of real estate for investment	50,946	43,812
Royalties received	4,184	3,292
Gains on foreign exchange	—	15,633
Equity in earnings of affiliates	—	18,824
Other	21,543	16,688
Total non-operating income	90,114	112,172
Non-operating expenses		
Cost of real estate rent	17,399	9,572
Foreign exchange losses	8,724	—
Equity in losses of affiliates	19,004	—
Other	7,990	3,160
Total non-operating expenses	53,119	12,732
Ordinary income	967,258	1,164,808
Extraordinary income		
Gain on sales of noncurrent assets	1,468	6,064
Total extraordinary income	1,468	6,064
Extraordinary loss		
Loss on disposition of non-current assets	35	1,492
Total extraordinary losses	35	1,492
Net income before income taxes and minority interests	968,692	1,169,379
Income taxes-current	477,135	371,418
Income taxes-deferred	(58,730)	(2,713)
Total income taxes	418,404	368,705
Net income for the period	550,287	800,674
Net income for the period attributable to shareholders of the parent company	550,287	800,674

## (Statement of Consolidated Comprehensive Income)

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2015 to March 31, 2016)	Current Consolidated Accounting Year (from April 1, 2016 to March 31, 2017)
Net income for the quarter	550,287	800,674
Other comprehensive income		
Net unrealized holding gains on securities	(9,553)	9,463
Foreign currency translation adjustments	(199,156)	(301,951)
Cumulative adjustment of retirement benefits	(70,952)	8,889
Equity in earnings of equity-method affiliates	(35,095)	(14,809)
Total other comprehensive income	(314,757)	(298,406)
Comprehensive income	235,529	502,267
(Items)		
Comprehensive income attributable to owners of the parent	235,529	502,267

## 3) Consolidated Statements of Changes in Net Assets

Previous Consolidated Accounting Year (from April 1, 2015 to March 31, 2016)

(Unit: Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	6,791,682	10,571,419	2,903,260	(315,504)	19,950,857
Changes of items during the period					
Distribution of surplus			(73,524)		(73,524)
Net income for the period attributable to shareholders of the parent company			550,287		550,287
Disposal of treasury share		(15,513)		22,490	6,976
Transfer from retained earnings to capital surplus		15,513	(15,513)		—
Net change during the period in items other than shareholders' equity					
Total changes of items during the period	—	—	461,249	22,490	483,739
Balance at the end of current period	6,791,682	10,571,419	3,364,509	(293,014)	20,434,597

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Cumulative adjustment of retirement benefits	Total accumulated other comprehensive income		
Balance at the end of previous period	6,482	1,031,219	25,396	1,063,098	8,947	21,022,903
Changes of items during the period						
Distribution of surplus						(73,524)
Net income for the period attributable to shareholders of the parent company						550,287
Disposal of treasury share						6,976
Transfer from retained earnings to capital surplus						—
Net change during the period in items other than shareholders' equity	(9,553)	(234,252)	(70,952)	(314,757)	(1,382)	(316,140)
Total changes of items during the period	(9,553)	(234,252)	(70,952)	(314,757)	(1,382)	167,599
Balance at the end of current period	(3,070)	796,967	(45,556)	748,340	7,564	21,190,502

## Current Consolidated Accounting Year (April 1, 2016 to March 31, 2017)

(Unit: Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	6,791,682	10,571,419	3,364,509	(293,014)	20,434,597
Changes of items during the period					
Distribution of surplus			(147,212)		(147,212)
Net income for the period attributable to shareholders of the parent company			800,674		800,674
Disposal of treasury share		(65,704)		95,252	29,548
Transfer from retained earnings to capital surplus		65,704	(65,704)		—
Net change during the period in items other than shareholders' equity					
Total changes of items during the period	—	—	587,757	95,252	683,010
Balance at the end of current period	6,791,682	10,571,419	3,952,267	(197,761)	21,117,608

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Cumulative adjustment of retirement benefits	Total accumulated other comprehensive income		
Balance at the end of previous period	(3,070)	796,967	(45,556)	748,340	7,564	21,190,502
Changes of items during the period						
Distribution of surplus						(147,212)
Net income for the period attributable to shareholders of the parent company						800,674
Disposal of treasury share						29,548
Transfer from retained earnings to capital surplus						—
Net change during the period in items other than shareholders' equity	9,463	(316,760)	8,889	(298,406)	(7,564)	(305,971)
Total changes of items during the period	9,463	(316,760)	8,889	(298,406)	(7,564)	377,039
Balance at the end of current period	6,392	480,206	(36,666)	449,933	—	21,567,541

## (4) Consolidated Statement of Cash Flows

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2015 to March 31, 2016)	Current Consolidated Accounting Year (from April 1, 2016 to March 31, 2017)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interest	968,692	1,169,379
Depreciation and amortization	715,886	911,168
Amortization of goodwill	252,065	252,065
Interest and dividends income	(11,238)	(6,934)
Investment loss (gain) on equity method	19,004	(18,824)
Property rents received	(50,946)	(43,812)
Loss (gain) on sales of noncurrent assets	(2,201)	(6,987)
Increase (decrease) in allowance for doubtful accounts	(1,433)	(4,571)
Increase (decrease) in provisioning for bonuses	(47)	887
Increase (decrease) in provision for retirement benefits	3,714	6,437
Increase (decrease) in pension liabilities	(1,916)	29,366
Foreign exchange losses (gains)	25,524	(2,630)
Decrease (increase) in notes and accounts receivable-trade	(572,099)	273,619
Decrease (increase) in inventories	(97,680)	(189,726)
Decrease (increase) in other current assets	17,349	(25,556)
Increase (decrease) in notes and accounts payable-trade	272,012	(117,327)
Increase (decrease) in accounts payable	(8,265)	29,859
Increase (decrease) in other current liabilities	42,264	113,782
Subtotal	1,570,685	2,370,197
Interest and dividends income received	27,656	49,494
Income taxes refund	70,423	75,666
Subsidies received	2,201	6,987
Income taxes paid	(437,379)	(684,846)
Net cash provided by (used in) operating activities	1,233,587	1,817,498
Net cash provided by (used in) investing activities		
Payments into time deposits	(6,251,417)	(6,839,981)
Proceeds from withdrawal of time deposits	6,916,759	7,289,841
Purchase of property, plant and equipment	(1,491,245)	(864,151)
Proceeds from sales of property, plant and equipment	3,040	10,879
Purchase of intangible assets	(10,934)	(9,201)
Purchase of investment securities	(1,069)	(858)
Proceeds from rental of real estate for investment	33,813	26,679
Other	(321)	(7,013)
Net cash provided by (used in) investing activities	(801,374)	(393,806)

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2015 to March 31, 2016)	Current Consolidated Accounting Year (from April 1, 2016 to March 31, 2017)
Net cash provided by (used in) financing activities		
Expenditure for the settlement of lease obligations	(5,183)	(814)
Dividend payment amount	(73,055)	(146,439)
Income from the exercise of stock options	5,671	24,019
Net cash provided by (used in) financing activities	(72,567)	(123,235)
Effect of exchange rate change on cash and cash equivalents	(58,050)	(61,846)
Net increase (decrease) in cash and cash equivalents	301,594	1,238,609
Cash and cash equivalents at beginning of period	2,526,413	2,828,007
Cash and cash equivalents at end of period	2,828,007	4,066,616