

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

May 11, 2018

Company name: PRESS KOGYO CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 7246 URL <http://www.presskogyo.co.jp>
 Representative: President & CEO Hiroshige Kakudo
 Inquiries: General Manager, General Affairs Dept. Hisako Konishi TEL 044-276-3901
 Scheduled date of ordinary general meeting of shareholders: June 28, 2018
 Scheduled date to file Securities Report: June 28, 2018
 Scheduled date to commence dividend payments: June 29, 2018
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(1) Consolidated operating results

Percentages indicate year-on-year changes

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---------------------------|-----------------|-------|------------------|--------|-----------------|--------|---|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Year ended March 31, 2018 | 212,119 | 13.7 | 11,499 | 33.1 | 11,437 | 41.2 | 5,842 | 11.0 |
| Year ended March 31, 2017 | 186,629 | (4.7) | 8,639 | (14.6) | 8,101 | (12.0) | 5,263 | (6.2) |

| | Earnings per share | Diluted earnings per share | Profit attributable to owners of parent/equity | Ordinary profit/total assets | Operating profit/net sales |
|---------------------------|--------------------|----------------------------|--|------------------------------|----------------------------|
| | Yen | Yen | % | % | % |
| Year ended March 31, 2018 | 53.78 | — | 7.3 | 6.9 | 5.4 |
| Year ended March 31, 2017 | 48.46 | — | 7.1 | 5.1 | 4.6 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of March 31, 2018 | 169,371 | 88,123 | 48.7 | 758.80 |
| As of March 31, 2017 | 160,293 | 80,664 | 47.9 | 706.38 |

(3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Year ended March 31, 2018 | 17,883 | (7,768) | (5,758) | 24,611 |
| Year ended March 31, 2017 | 15,037 | (8,990) | (4,106) | 20,198 |

2. Cash dividends

| | Annual dividends per share | | | | | Total cash dividends (Total) | Dividend payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|-------|------------------------------|--------------------------------------|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Year ended March 31, 2017 | — | 5.00 | — | 6.00 | 11.00 | 1,194 | 22.7 | 1.6 |
| Year ended March 31, 2018 | — | 6.00 | — | 6.00 | 12.00 | 1,303 | 22.3 | 1.6 |
| Year ending March 31, 2019 (Forecast) | — | 6.00 | — | 6.00 | 12.00 | | 20.1 | |

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

Percentages indicate year-on-year changes

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Earnings per share |
|--------------------------------------|-----------------|-----|------------------|-------|-----------------|--------|---|--------|--------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Six months ending September 30, 2018 | 107,000 | 3.4 | 5,500 | (7.5) | 5,300 | (11.1) | 3,200 | (10.6) | 29.46 |
| Full year | 214,000 | 0.9 | 11,400 | (0.9) | 11,100 | (3.0) | 6,500 | 11.3 | 59.84 |

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:

No

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

| | | | |
|----------------------|--------------------|----------------------|--------------------|
| As of March 31, 2018 | 114,007,210 shares | As of March 31, 2017 | 114,007,210 shares |
|----------------------|--------------------|----------------------|--------------------|

Number of treasury shares at the end of the period

| | | | |
|----------------------|------------------|----------------------|------------------|
| As of March 31, 2018 | 5,384,192 shares | As of March 31, 2017 | 5,382,533 shares |
|----------------------|------------------|----------------------|------------------|

Average number of shares during the period

| | | | |
|---------------------------|--------------------|---------------------------|--------------------|
| Year ended March 31, 2018 | 108,623,824 shares | Year ended March 31, 2017 | 108,625,645 shares |
|---------------------------|--------------------|---------------------------|--------------------|

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of March 31, 2017 | As of March 31, 2018 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 20,456 | 24,626 |
| Notes and accounts receivable - trade | 34,533 | 38,263 |
| Merchandise and finished goods | 1,351 | 1,547 |
| Work in process | 9,601 | 10,316 |
| Raw materials and supplies | 1,095 | 1,294 |
| Deferred tax assets | 1,051 | 1,087 |
| Income taxes receivable | 19 | 24 |
| Other | 2,199 | 2,554 |
| Allowance for doubtful accounts | (10) | — |
| Total current assets | 70,297 | 79,715 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 37,266 | 37,443 |
| Accumulated depreciation | (24,340) | (24,869) |
| Buildings and structures, net | 12,926 | 12,574 |
| Machinery, equipment and vehicles | 95,957 | 98,377 |
| Accumulated depreciation | (73,385) | (74,658) |
| Machinery, equipment and vehicles, net | 22,571 | 23,718 |
| Tools, furniture and fixtures | 31,223 | 32,921 |
| Accumulated depreciation | (24,614) | (26,807) |
| Tools, furniture and fixtures, net | 6,609 | 6,114 |
| Land | 31,915 | 31,957 |
| Construction in progress | 3,931 | 2,425 |
| Total property, plant and equipment | 77,954 | 76,791 |
| Intangible assets | 810 | 579 |
| Investments and other assets | | |
| Investment securities | 7,519 | 8,469 |
| Deferred tax assets | 1,110 | 542 |
| Net defined benefit asset | 1,280 | 1,871 |
| Other | 1,394 | 1,476 |
| Allowance for doubtful accounts | (74) | (74) |
| Total investments and other assets | 11,230 | 12,285 |
| Total non-current assets | 89,995 | 89,656 |
| Total assets | 160,293 | 169,371 |

(Millions of yen)

| | As of March 31, 2017 | As of March 31, 2018 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 22,834 | 24,779 |
| Electronically recorded obligations - operating | 5,076 | 5,928 |
| Short-term loans payable | 14,360 | 11,430 |
| Lease obligations | 145 | 144 |
| Current portion of bonds with share acquisition rights | — | 10,000 |
| Income taxes payable | 909 | 1,248 |
| Provision for bonuses | 3,017 | 3,359 |
| Provision for directors' bonuses | 145 | 135 |
| Other | 6,596 | 7,693 |
| Total current liabilities | 53,085 | 64,719 |
| Non-current liabilities | | |
| Convertible bond-type bonds with share acquisition rights | 10,000 | — |
| Long-term loans payable | 4,941 | 3,959 |
| Lease obligations | 215 | 65 |
| Deferred tax liabilities | 1,828 | 2,513 |
| Deferred tax liabilities for land revaluation | 7,601 | 7,601 |
| Net defined benefit liability | 1,163 | 1,499 |
| Provision for environmental measures | 52 | 148 |
| Asset retirement obligations | 409 | 410 |
| Other | 331 | 331 |
| Total non-current liabilities | 26,543 | 16,529 |
| Total liabilities | 79,628 | 81,248 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 8,070 | 8,070 |
| Capital surplus | 2,075 | 2,075 |
| Retained earnings | 46,501 | 51,040 |
| Treasury shares | (1,198) | (1,199) |
| Total shareholders' equity | 55,448 | 59,986 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,780 | 3,304 |
| Revaluation reserve for land | 17,255 | 17,255 |
| Foreign currency translation adjustment | 1,628 | 1,920 |
| Remeasurements of defined benefit plans | (382) | (44) |
| Total accumulated other comprehensive income | 21,282 | 22,436 |
| Non-controlling interests | 3,933 | 5,700 |
| Total net assets | 80,664 | 88,123 |
| Total liabilities and net assets | 160,293 | 169,371 |

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

| | (Millions of yen) | |
|--|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 |
| Net sales | 186,629 | 212,119 |
| Cost of sales | 164,765 | 186,377 |
| Gross profit | 21,864 | 25,742 |
| Selling, general and administrative expenses | 13,225 | 14,242 |
| Operating profit | 8,639 | 11,499 |
| Non-operating income | | |
| Interest income | 35 | 32 |
| Dividend income | 155 | 165 |
| Rent income on non-current assets | 70 | 66 |
| Foreign exchange gains | — | 31 |
| Other | 46 | 55 |
| Total non-operating income | 308 | 350 |
| Non-operating expenses | | |
| Interest expenses | 383 | 358 |
| Foreign exchange losses | 396 | — |
| Other | 65 | 54 |
| Total non-operating expenses | 845 | 412 |
| Ordinary profit | 8,101 | 11,437 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 41 | 11 |
| Gain on sales of investment securities | 0 | — |
| Gain on insurance adjustment | 73 | 0 |
| State subsidy | 163 | — |
| Total extraordinary income | 279 | 11 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 44 | 169 |
| Loss on sales of non-current assets | 20 | 14 |
| Loss on reduction of non-current assets | 129 | — |
| Provision for environmental measures | — | 138 |
| Total extraordinary losses | 194 | 321 |
| Profit before income taxes | 8,185 | 11,127 |
| Income taxes - current | 2,388 | 2,710 |
| Income taxes - deferred | (261) | 791 |
| Total income taxes | 2,126 | 3,501 |
| Profit | 6,058 | 7,625 |
| Profit attributable to non-controlling interests | 795 | 1,783 |
| Profit attributable to owners of parent | 5,263 | 5,842 |

Consolidated statements of comprehensive income

(Millions of yen)

| | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 |
|--|-------------------------------------|-------------------------------------|
| Profit | 6,058 | 7,625 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,251 | 524 |
| Revaluation reserve for land | 19 | — |
| Foreign currency translation adjustment | (964) | 510 |
| Remeasurements of defined benefit plans, net of tax | 69 | 335 |
| Total other comprehensive income | 376 | 1,370 |
| Comprehensive income | 6,435 | 8,996 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 5,766 | 6,996 |
| Comprehensive income attributable to non-controlling interests | 669 | 1,999 |

Consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 8,070 | 2,075 | 42,433 | (1,197) | 51,380 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | (1,194) | | (1,194) |
| Profit attributable to owners of parent | | | 5,263 | | 5,263 |
| Purchase of treasury shares | | | | (0) | (0) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | — | — | 4,068 | (0) | 4,067 |
| Balance at end of current period | 8,070 | 2,075 | 46,501 | (1,198) | 55,448 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|--|---|------------------------------|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of current period | 1,528 | 17,236 | 2,467 | (452) | 20,779 | 4,887 | 77,047 |
| Changes of items during period | | | | | | | |
| Dividends of surplus | | | | | | | (1,194) |
| Profit attributable to owners of parent | | | | | | | 5,263 |
| Purchase of treasury shares | | | | | | | (0) |
| Net changes of items other than shareholders' equity | 1,251 | 19 | (839) | 70 | 502 | (953) | (450) |
| Total changes of items during period | 1,251 | 19 | (839) | 70 | 502 | (953) | 3,617 |
| Balance at end of current period | 2,780 | 17,255 | 1,628 | (382) | 21,282 | 3,933 | 80,664 |

Fiscal year ended March 31, 2018

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 8,070 | 2,075 | 46,501 | (1,198) | 55,448 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | (1,303) | | (1,303) |
| Profit attributable to owners of parent | | | 5,842 | | 5,842 |
| Purchase of treasury shares | | | | (0) | (0) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | – | – | 4,538 | (0) | 4,537 |
| Balance at end of current period | 8,070 | 2,075 | 51,040 | (1,199) | 59,986 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|--|---|------------------------------|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of current period | 2,780 | 17,255 | 1,628 | (382) | 21,282 | 3,933 | 80,664 |
| Changes of items during period | | | | | | | |
| Dividends of surplus | | | | | | | (1,303) |
| Profit attributable to owners of parent | | | | | | | 5,842 |
| Purchase of treasury shares | | | | | | | (0) |
| Net changes of items other than shareholders' equity | 524 | – | 292 | 338 | 1,154 | 1,766 | 2,921 |
| Total changes of items during period | 524 | – | 292 | 338 | 1,154 | 1,766 | 7,458 |
| Balance at end of current period | 3,304 | 17,255 | 1,920 | (44) | 22,436 | 5,700 | 88,123 |

Consolidated statements of cash flows

(Millions of yen)

| | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 8,185 | 11,127 |
| Depreciation | 8,687 | 9,167 |
| Increase (decrease) in allowance for doubtful accounts | (5) | (10) |
| Increase (decrease) in provision for bonuses | 142 | 277 |
| Increase (decrease) in provision for directors' bonuses | 14 | (9) |
| Increase (decrease) in net defined benefit liability | 453 | 457 |
| Decrease (increase) in net defined benefit asset | (288) | (251) |
| Interest and dividend income | (191) | (197) |
| Interest expenses | 383 | 358 |
| Gain on sales of Property, plant and equipment | (41) | (11) |
| Loss on sales of Property, plant and equipment | 20 | 14 |
| Loss on retirement of property, plant and equipment | 44 | 169 |
| Decrease (increase) in notes and accounts receivable - trade | (810) | (3,355) |
| Increase (decrease) in notes and accounts payable - trade | 1,786 | 2,266 |
| Decrease (increase) in inventories | (88) | (936) |
| Other, net | (1,111) | 1,342 |
| Subtotal | 17,181 | 20,407 |
| Interest and dividend income received | 191 | 199 |
| Interest expenses paid | (379) | (365) |
| Income taxes refund | 27 | 0 |
| Income taxes paid | (2,147) | (2,357) |
| Proceeds from insurance income | — | 0 |
| Proceeds from subsidy income | 163 | — |
| Net cash provided by (used in) operating activities | 15,037 | 17,883 |
| Cash flows from investing activities | | |
| Payments into time deposits | (271) | (3) |
| Proceeds from withdrawal of time deposits | 452 | 253 |
| Purchase of property, plant and equipment | (9,554) | (7,720) |
| Proceeds from sales of property, plant and equipment | 462 | 28 |
| Purchase of investment securities | (31) | (181) |
| Proceeds from sales of investment securities | 152 | — |
| Payments of loans receivable | (8) | (15) |
| Collection of loans receivable | 12 | 15 |
| Other, net | (204) | (143) |
| Net cash provided by (used in) investing activities | (8,990) | (7,768) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | (770) | (3,245) |
| Proceeds from long-term loans payable | 1,977 | 457 |
| Repayments of long-term loans payable | (2,439) | (1,293) |
| Dividends paid to non-controlling interests | (104) | (232) |
| Cash dividends paid | (1,194) | (1,303) |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | (1,403) | — |
| Other, net | (171) | (140) |
| Net cash provided by (used in) financing activities | (4,106) | (5,758) |
| Effect of exchange rate change on cash and cash equivalents | (164) | 56 |
| Net increase (decrease) in cash and cash equivalents | 1,776 | 4,412 |
| Cash and cash equivalents at beginning of period | 18,422 | 20,198 |
| Cash and cash equivalents at end of period | 20,198 | 24,611 |

Non-consolidated financial statements
Non-consolidated balance sheets

(Millions of yen)

| | As of March 31, 2017 | As of March 31, 2018 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 16,415 | 20,593 |
| Notes receivable - trade | 3,040 | 2,740 |
| Accounts receivable - trade | 19,387 | 19,204 |
| Work in process | 3,953 | 4,994 |
| Raw materials and supplies | 579 | 612 |
| Prepaid expenses | 88 | 83 |
| Deferred tax assets | 676 | 743 |
| Other | 1,803 | 1,540 |
| Total current assets | 45,945 | 50,514 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 4,283 | 4,108 |
| Structures | 428 | 472 |
| Machinery and equipment | 5,738 | 6,347 |
| Vehicles | 17 | 24 |
| Tools, furniture and fixtures | 1,608 | 1,512 |
| Land | 29,017 | 29,017 |
| Construction in progress | 1,818 | 1,192 |
| Total property, plant and equipment | 42,910 | 42,675 |
| Intangible assets | | |
| Software | 286 | 259 |
| Other | 19 | 18 |
| Total intangible assets | 305 | 278 |
| Investments and other assets | | |
| Investment securities | 7,274 | 8,191 |
| Shares of subsidiaries and associates | 7,917 | 7,917 |
| Investments in capital of subsidiaries and associates | 4,319 | 4,319 |
| Long-term loans receivable from subsidiaries and associates | 1,677 | 1,640 |
| Prepaid pension cost | 1,657 | 1,908 |
| Other | 365 | 329 |
| Allowance for doubtful accounts | (74) | (74) |
| Total investments and other assets | 23,136 | 24,232 |
| Total non-current assets | 66,352 | 67,185 |
| Total assets | 112,298 | 117,699 |

(Millions of yen)

| | As of March 31, 2017 | As of March 31, 2018 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes payable - trade | 66 | 25 |
| Accounts payable - trade | 10,424 | 10,376 |
| Electronically recorded obligations - operating | 5,602 | 6,351 |
| Current portion of bonds with share acquisition rights | — | 10,000 |
| Lease obligations | 1 | 1 |
| Accounts payable - other | 590 | 256 |
| Accrued expenses | 1,143 | 1,312 |
| Income taxes payable | 617 | 728 |
| Advances received | 72 | 284 |
| Deposits received | 2,437 | 3,252 |
| Provision for bonuses | 1,631 | 1,691 |
| Provision for directors' bonuses | 130 | 120 |
| Other | 718 | 622 |
| Total current liabilities | 23,435 | 35,021 |
| Non-current liabilities | | |
| Convertible bond-type bonds with share acquisition rights | 10,000 | — |
| Lease obligations | 2 | 1 |
| Deferred tax liabilities | 1,579 | 1,854 |
| Deferred tax liabilities for land revaluation | 7,601 | 7,601 |
| Provision for retirement benefits | 361 | 535 |
| Provision for environmental measures | 42 | 148 |
| Asset retirement obligations | 338 | 338 |
| Other | 0 | 0 |
| Total non-current liabilities | 19,925 | 10,479 |
| Total liabilities | 43,360 | 45,500 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 8,070 | 8,070 |
| Capital surplus | | |
| Legal capital surplus | 2,074 | 2,074 |
| Other capital surplus | 0 | 0 |
| Total capital surpluses | 2,075 | 2,075 |
| Retained earnings | | |
| Legal retained earnings | 25 | 25 |
| Other retained earnings | | |
| Reserve for advanced depreciation of non-current assets | 32 | 29 |
| General reserve | 11,000 | 11,000 |
| Retained earnings brought forward | 28,938 | 31,693 |
| Total retained earnings | 39,996 | 42,748 |
| Treasury shares | (1,198) | (1,199) |
| Total shareholders' equity | 48,943 | 51,694 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 2,738 | 3,248 |
| Revaluation reserve for land | 17,255 | 17,255 |
| Total valuation and translation adjustments | 19,994 | 20,504 |
| Total net assets | 68,938 | 72,198 |
| Total liabilities and net assets | 112,298 | 117,699 |

Non-consolidated statements of income

(Millions of yen)

| | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 |
|--|-------------------------------------|-------------------------------------|
| Net sales | 102,303 | 110,127 |
| Cost of sales | 90,255 | 97,771 |
| Gross profit | 12,047 | 12,356 |
| Selling, general and administrative expenses | | |
| Delivery expenses of finished goods | 1,119 | 1,251 |
| Employees' salaries and allowances | 2,016 | 2,050 |
| Employees' bonuses | 369 | 364 |
| Provision for bonuses | 386 | 406 |
| Provision for directors' bonuses | 130 | 120 |
| Retirement benefit expenses | 256 | 280 |
| Welfare expenses | 622 | 639 |
| Depreciation | 102 | 107 |
| Research and development expenses | 272 | 305 |
| Other | 1,256 | 1,292 |
| Total selling, general and administrative expenses | 6,532 | 6,819 |
| Operating profit | 5,515 | 5,537 |
| Non-operating income | | |
| Interest income | 67 | 54 |
| Dividend income | 257 | 473 |
| Rent income on non-current assets | 107 | 103 |
| Foreign exchange gains | — | 5 |
| Other | 23 | 15 |
| Total non-operating income | 456 | 652 |
| Non-operating expenses | | |
| Interest expenses | 22 | 15 |
| Foreign exchange losses | 8 | — |
| Commitment fee | 16 | 34 |
| Other | 26 | 10 |
| Total non-operating expenses | 73 | 60 |
| Ordinary profit | 5,899 | 6,128 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 5 | 9 |
| Gain on sales of investment securities | 0 | — |
| Gain on insurance adjustment | 73 | 0 |
| State subsidy | 160 | — |
| Total extraordinary income | 241 | 9 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 20 | 11 |
| Loss on retirement of non-current assets | 41 | 158 |
| Loss on reduction of non-current assets | 126 | — |
| Provision for environmental measures | — | 137 |
| Total extraordinary losses | 189 | 307 |
| Profit before income taxes | 5,950 | 5,830 |
| Income taxes - current | 1,930 | 1,802 |
| Income taxes - deferred | (22) | (26) |
| Total income taxes | 1,907 | 1,775 |
| Profit | 4,043 | 4,055 |

Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(Millions of yen)

| | Shareholders' equity | | | | | | | | | | |
|---|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|---|-----------------|-----------------------------------|-------------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | | | Retained earnings | | | | | Treasury shares | Total shareholders' equity |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings | | | Total retained earnings | | |
| | | | | | | Reserve for advanced depreciation of non-current assets | General reserve | Retained earnings brought forward | | | |
| Balance at beginning of current period | 8,070 | 2,074 | 0 | 2,075 | 25 | 35 | 11,000 | 26,087 | 37,148 | (1,197) | 46,095 |
| Changes of items during period | | | | | | | | | | | |
| Reversal of reserve for advanced depreciation of non-current assets | | | | | | (3) | | 3 | – | | – |
| Dividends of surplus | | | | | | | | (1,194) | (1,194) | | (1,194) |
| Profit | | | | | | | | 4,043 | 4,043 | | 4,043 |
| Purchase of treasury shares | | | | | | | | | | (0) | (0) |
| Net changes of items other than shareholders' equity | | | | | | | | | | | |
| Total changes of items during period | – | – | – | – | – | (3) | – | 2,851 | 2,848 | (0) | 2,847 |
| Balance at end of current period | 8,070 | 2,074 | 0 | 2,075 | 25 | 32 | 11,000 | 28,938 | 39,996 | (1,198) | 48,943 |

| | Valuation and translation adjustments | | | Total net assets |
|---|---|------------------------------|---|------------------|
| | Valuation difference on available-for-sale securities | Revaluation reserve for land | Total valuation and translation adjustments | |
| Balance at beginning of current period | 1,511 | 17,236 | 18,747 | 64,842 |
| Changes of items during period | | | | |
| Reversal of reserve for advanced depreciation of non-current assets | | | | – |
| Dividends of surplus | | | | (1,194) |
| Profit | | | | 4,043 |
| Purchase of treasury shares | | | | (0) |
| Net changes of items other than shareholders' equity | 1,227 | 19 | 1,247 | 1,247 |
| Total changes of items during period | 1,227 | 19 | 1,247 | 4,095 |
| Balance at end of current period | 2,738 | 17,255 | 19,994 | 68,938 |

| | (millions of yen) | | | | | | | | | | |
|---|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|-----------------------------------|---------|-------------------------|-----------------|----------------------------|
| | Shareholders' equity | | | | | | | | | | |
| | Capital stock | Capital surplus | | | Retained earnings | | | | | Treasury shares | Total shareholders' equity |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings | | | Total retained earnings | | |
| Reserve for advanced depreciation of non-current assets | | | | | | General reserve | Retained earnings brought forward | | | | |
| Balance at beginning of current period | 8,070 | 2,074 | 0 | 2,075 | 25 | 32 | 11,000 | 28,938 | 39,996 | (1,198) | 48,943 |
| Changes of items during period | | | | | | | | | | | |
| Reversal of reserve for advanced depreciation of non-current assets | | | | | | (2) | | 2 | — | | — |
| Dividends of surplus | | | | | | | | (1,303) | (1,303) | | (1,303) |
| Profit | | | | | | | | 4,055 | 4,055 | | 4,055 |
| Purchase of treasury shares | | | | | | | | | | (0) | (0) |
| Net changes of items other than shareholders' equity | | | | | | | | | | | |
| Total changes of items during period | — | — | — | — | — | (2) | — | 2,754 | 2,751 | (0) | 2,750 |
| Balance at end of current period | 8,070 | 2,074 | 0 | 2,075 | 25 | 29 | 11,000 | 31,693 | 42,748 | (1,199) | 51,694 |

| | Valuation and translation adjustments | | | Total net assets |
|---|---|------------------------------|---|------------------|
| | Valuation difference on available-for-sale securities | Revaluation reserve for land | Total valuation and translation adjustments | |
| Balance at beginning of current period | 2,738 | 17,255 | 19,994 | 68,938 |
| Changes of items during period | | | | |
| Reversal of reserve for advanced depreciation of non-current assets | | | | – |
| Dividends of surplus | | | | (1,303) |
| Profit | | | | 4,055 |
| Purchase of treasury shares | | | | (0) |
| Net changes of items other than shareholders' equity | 509 | – | 509 | 509 |
| Total changes of items during period | 509 | – | 509 | 3,260 |
| Balance at end of current period | 3,248 | 17,255 | 20,504 | 72,198 |