

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2017
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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

(4) Number of issued shares (common shares)

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

As of June 30, 2017	99,002,000 shares	As of March 31, 2017	99,002,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2017	3,178,898 shares	As of March 31, 2017	3,177,409 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2017	95,823,908 shares	Three months ended June 30, 2016	95,832,528 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	7,092	7,396
Notes and accounts receivable - trade	12,814	11,614
Electronically recorded monetary claims - operating	2,505	2,115
Inventories	7,552	7,729
Other	762	870
Allowance for doubtful accounts	(36)	(35)
Total current assets	30,687	29,688
Non-current assets		
Property, plant and equipment		
Land	6,100	6,085
Other, net	10,483	10,224
Total property, plant and equipment	16,583	16,310
Intangible assets		
Goodwill	625	613
Other	366	370
Total intangible assets	991	983
Investments and other assets		
Investment securities	3,717	3,732
Net defined benefit asset	2,546	2,542
Other	533	547
Allowance for doubtful accounts	(18)	(19)
Total investments and other assets	6,779	6,802
Total non-current assets	24,352	24,095
Total assets	55,040	53,783
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,188	4,229
Electronically recorded obligations - operating	2,796	3,162
Short-term loans payable	375	62
Income taxes payable	253	131
Other	3,260	3,322
Total current liabilities	11,872	10,906
Non-current liabilities		
Long-term loans payable	312	273
Provision for directors' retirement benefits	179	—
Net defined benefit liability	1,702	1,654
Other	2,069	2,276
Total non-current liabilities	4,261	4,203
Total liabilities	16,133	15,110

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	8,479	8,479
Retained earnings	23,872	23,907
Treasury shares	(1,072)	(1,073)
Total shareholders' equity	36,279	36,313
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	640	666
Deferred gains or losses on hedges	(3)	(3)
Foreign currency translation adjustment	1,006	771
Remeasurements of defined benefit plans	720	650
Total accumulated other comprehensive income	2,363	2,085
Non-controlling interests	264	275
Total net assets	38,906	38,673
Total liabilities and net assets	55,040	53,783

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	8,938	10,293
Cost of sales	5,913	7,020
Gross profit	3,025	3,273
Selling, general and administrative expenses	2,938	2,915
Operating profit	88	358
Non-operating income		
Interest income	4	8
Dividend income	20	18
Share of profit of entities accounted for using equity method	8	2
Foreign exchange gains	–	4
Other	9	9
Total non-operating income	41	42
Non-operating expenses		
Interest expenses	5	4
Loss on redemption of securities	–	1
Loss on valuation of investments in capital	1	4
Foreign exchange losses	276	–
Compensation expenses	6	–
Other	6	3
Total non-operating expenses	294	12
Ordinary profit (loss)	(166)	389
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on disaster	2	–
Total extraordinary losses	2	0
Profit (loss) before income taxes	(168)	389
Income taxes	(14)	58
Profit (loss)	(153)	331
Profit (loss) attributable to non-controlling interests	(11)	8
Profit (loss) attributable to owners of parent	(143)	323

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit (loss)	(153)	331
Other comprehensive income		
Valuation difference on available-for-sale securities	(128)	22
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(418)	(233)
Remeasurements of defined benefit plans, net of tax	(37)	(70)
Share of other comprehensive income of entities accounted for using equity method	(6)	4
Total other comprehensive income	(588)	(276)
Comprehensive income	(741)	55
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(709)	44
Comprehensive income attributable to non-controlling interests	(32)	10