April 26, 2019

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 [Japan Standards] (Consolidated)

Company name: MAX Co., Ltd. Stock listing: Tokyo Stock Exchange
Securities code: 6454 URL:https://www.max-ltd.co.jp
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Date of annual shareholder meeting June 26, 2019
Date of filing of financial statements June 26, 2019
Date of commencement of dividend payment June 27, 2019
Supplementary explanation document for the accounts is created. Yes
Briefing for the accounts (for investment analysts and fund managers) is held. Yes

(Millions of yen rounded down)

1. Consolidated Operating Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(1) Consolidated Operating Results (Total)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parental Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2019	70,118	2.9	7,150	16.5	7,253	19.4	5,064	8.8
FY ended March 2018	68,138	1.7	6,139	(2.9)	6,076	(5.9)	4,654	(1.5)

(Note) Comprehensive income
FY ended March 31, 2019: 4,978 million yen (-22.7%)
FY ended March 31, 2018: 6,441 million yen (32.0%)

	Net Income per Share	Net Income per Share after Dilution	ROE	ROA	Operating Margin
	Yen	Yen	%	%	%
FY ended March 2019	102.92	―	7.0	7.5	10.2
FY ended March 2018	94.46	―	6.7	6.4	9.0

(Note) Equity in (earnings) losses of affiliates
FY ended March 31, 2019: ― million yen
FY ended March 31, 2018: ― million yen

(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, 2019	98,174	73,950	75.2	1,509.80
As of March 31, 2018	96,133	71,574	74.3	1,450.61

(Reference) Shareholders' equity
As of March 31, 2019: 73,840 million yen
As of March 31, 2018: 71,467 million yen

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financial Activities	Cash and Cash Equivalents at End of the Year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended March 31, 2019	7,814	(6,384)	(2,824)	22,190
FY ended March 31, 2018	6,859	(2,931)	(2,279)	23,722

2. Dividends

	Dividends per Share					Total Dividends	Payout Ratio (Consolidated)	Dividend on Equity (Consolidated)
	End of Q1	End of Q2	End of Q3	End of Q4	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY ended March 2018	—	—	—	42.00	42.00	2,069	44.5	3.0
FY ended March 2019	—	—	—	44.00	44.00	2,151	42.5	3.0
FY ending March 2020 (Forecast)	—	—	—	44.00	44.00		41.0	

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parental Company		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First Half (Total)	35,400	3.5	3,650	6.4	3,700	(0.6)	2,650	1.7	54.18
Full year	72,350	3.2	7,450	4.2	7,600	4.8	5,250	3.7	107.35

* Notes

(1) Changes in material subsidiaries during the fiscal term under review (changes in specific subsidiaries affecting the scope of consolidation): None

New: — (Company name:) Excluded: — (Company name:)

(2) Changes in accounting principles, changes in accounting estimates and restatements

1) Changes due to revisions to accounting standards, etc.: None
2) Changes other than 1): None
3) Changes in accounting estimates: None
4) Restatements: None

(3) Number of outstanding shares (common stock)

1) Number of shares outstanding at term-end (including treasury stock)
   As of March 31, 2019: 49,141,426 shares
   As of March 31, 2018: 49,500,626 shares
2) Amount of treasury stock at term-end
   As of March 31, 2019: 233,737 shares
   As of March 31, 2018: 233,440 shares
3) Amount of average stock during term
   Twelve months ended March 31, 2019: 49,207,126 shares
   Twelve months ended March 31, 2018: 49,268,070 shares

(Reference) Non-consolidated Operating Results

Non-consolidated Operating Results for the Fiscal Year Ended March 31, 2019
(April 1, 2018 to March 31, 2019)

(1) Non-consolidated Operating Results

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2019	62,498	2.2	5,476	10.4	6,129	14.0	4,590	8.1
FY ended March 2018	61,147	1.5	4,961	0.0	5,376	1.3	4,247	5.3

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
FY ended March 2019	93.29	―
FY ended March 2018	86.22	―

(2) Non-consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	93,433	71,798	76.8	1,468.04
As of March 31, 2018	91,544	70,342	76.8	1,427.77

(Reference) Shareholders’ equity
As of March 31, 2019: 71,798 million yen
As of March 31, 2018: 70,342 million yen

***This summary of financial results is not subject to audits of certified public accountants or auditing corporations.**

***Explanation and other special notes regarding the appropriate use of the earnings forecast**
Statements on the future of our business in these materials, including the earnings forecast, are based on information available at this moment and certain preconditions which we judge as rational and appropriate. Therefore, actual results and other achievements may differ from the above forecasts for various reasons. For the preconditions of our earnings forecast and matters to be noted when using the forecast, please refer to page 8 of the appendix, “1. Summary of Operating Results, (3) Future Prospects.”

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[Qualitative Information and Financial Statements]

1. Summary of Operating Results

(1) Summary of Operating Results for the Current Term

1) Business results of all companies during the consolidated fiscal year under review

(Millions of yen, %)

	FY 2019 (Ended March 2019)	FY 2018 (Ended March 2018)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	70,118	68,138	+1,980	+2.9
Operating Income	7,150	6,139	+1,011	+16.5
Ordinary Income	7,253	6,076	+1,176	+19.4
Net Income Attributable to Shareholders of Parental Company	5,064	4,654	+410	+8.8
Net Income per Share (yen)	102.92 yen	94.46 yen	+8.46 yen	—
Operating Margin	10.2	9.0	+1.2 points	
ROE	7.0	6.7	+0.3 points	

During the consolidated fiscal year under review (from April 1, 2018 to March 31, 2019), the Japanese economic recovery continued with a moderate pace, supported by strong employment conditions and income, as well as a recovery in individual consumption. In the housing market which affects the Group's Industrial Equipment segment, although there were recovery trends in construction of owner-occupied housing, construction of rental housing decreased due to the influence of stricter financing by financial institutions. As a result, the number of new housing construction starts in Japan decreased compared to the previous fiscal year. Looking overseas, although the U.S. economy continued to grow due to increased personal consumption, facilities investment, etc., the European economy showed some signs of weakness. Overall, recovery of the overseas economy slowed.

On the other hand, there has been a sense of uncertainty with regard to the business conditions surrounding the Group due to a number of reasons including increased prices of raw materials such as steel and petroleum products, an uncertain global economy due caused by friction in US-China trade, etc.

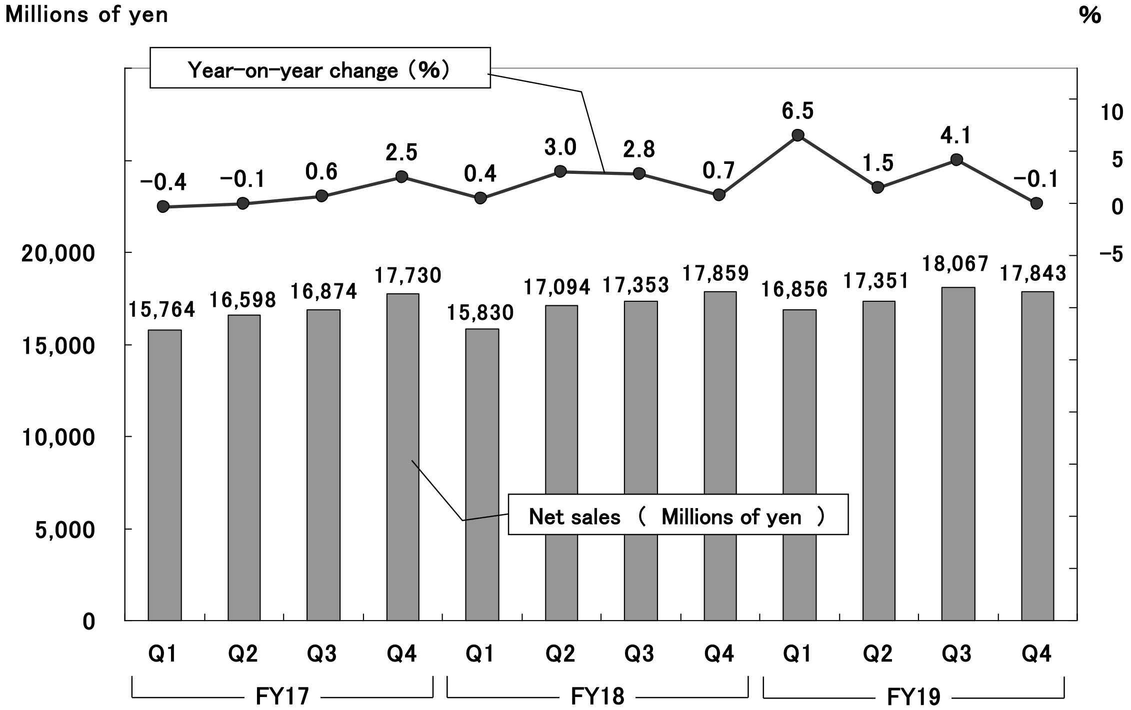
Amidst these circumstances, the Group expanded sales of our rebar tying tool TWINTIER in the domestic and overseas markets in the fiscal year under review by increasing the tying force and operability of the tool. We also increased sales of tools for concrete structures. This resulted in an increase of revenue. In terms of profit, despite increased prices for steel, petroleum products, and other raw materials of the Group’s products, the Group still posted increased profits in every category.

Net sales increased 2.9% from the previous fiscal year to ¥70,118 million, and operating income increased 16.5% from the previous fiscal year to ¥7,150 million. Ordinary income increased 19.4% from the previous fiscal year to ¥7,253 million, and net income attributable to shareholders of parental company also increased 8.8% from the previous fiscal year to ¥5,064 million.

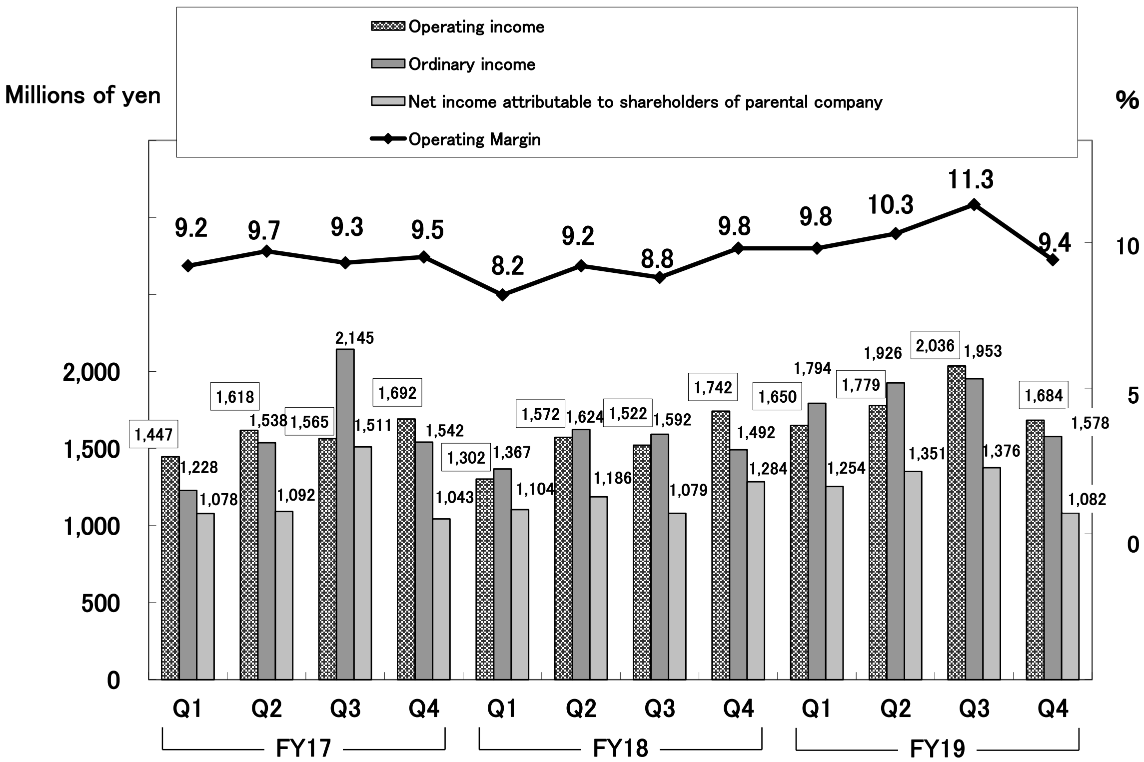
As stated in "3) Items regarding changes, etc. in reported segments" on page 20, the calculation method for income of reported segments has been changed since the consolidated fiscal year under review. The expenses related to the Administrative Department of headquarters, which up until then had been distributed between the Office Equipment segment, the Industrial Equipment segment, and the HCR Equipment segment, are now posted in the adjustments relating to the profit/loss of the segments as overall expenses.

In connection with this change, the numerical values pertaining to the past business in the results by business segment listed in pages 4 to 6 have been recalculated using the new calculation method.

Quarterly Net Sales Trend and Changes Year-on-Year



Quarterly Earnings Trend



2) Results by business sector

Office Equipment Segment

(Millions of yen, %)

	FY 2019 (Ended March 2019)	FY 2018 (Ended March 2018)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	22,606	22,566	+39	+0.2
Operating Income	4,999	5,075	(76)	(1.5)
Operating Margin	22.1	22.5	(0.4) points	

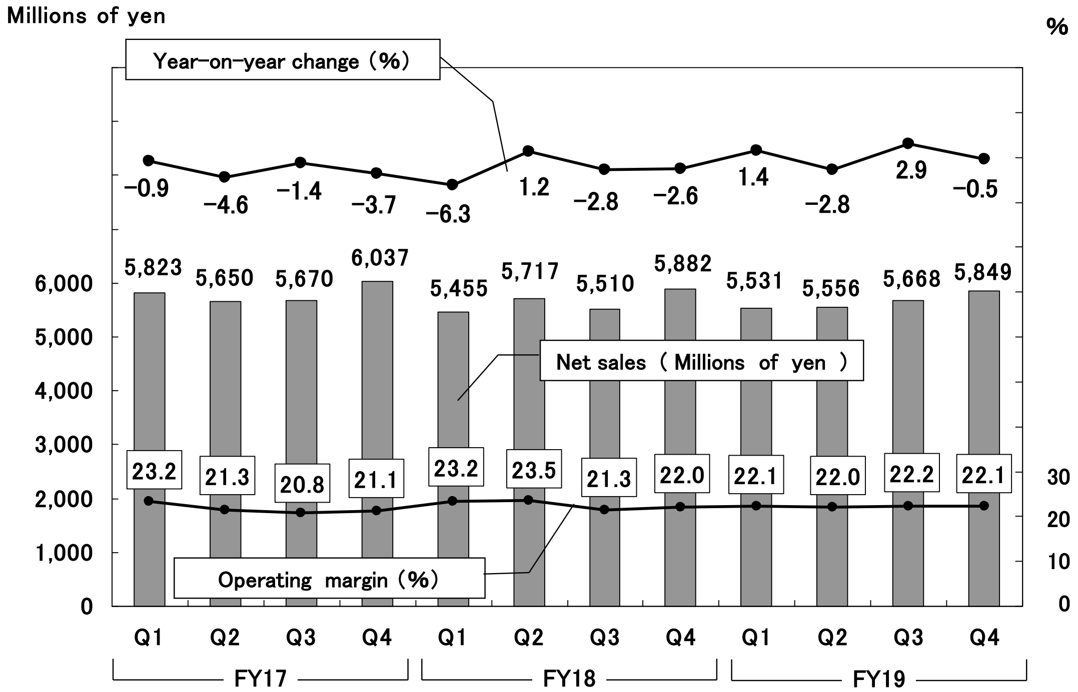
Business results for the Office Equipment segment were as follows: Net sales of ¥22,606 million (an increase of 0.2% from the previous term), operating income of ¥4,999 million (a decrease of 1.5% from the previous term), and operating margin of 22.1%.

Although sales of the stationery-related products decreased, sales of the "BEPOP" label-making machines, label printers for food labeling, etc. increased, and as a result, domestic office operations posted a slight increase in revenue.

In the overseas office operations, sales of the new-model "BEPOP" label-making machines in the European market increased thanks to sales expansion by the Lighthouse (UK) Ltd. Furthermore, sales of stationery-related products also increased. This resulted in increased revenue.

In auto-stapler operations, segment revenue decreased as a result of inventory adjustment at some business partners and exchange rate fluctuation.

Office Equipment Segment Sales and Operating Margin Trend



Industrial Equipment Segment

(Millions of yen, %)

	FY 2019 (Ended March 2019)	FY 2018 (Ended March 2018)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	44,763	42,313	+2,450	+5.8
Operating Income	4,684	3,328	+1,356	+40.8
Operating Margin	10.5	7.9	+2.6 points	

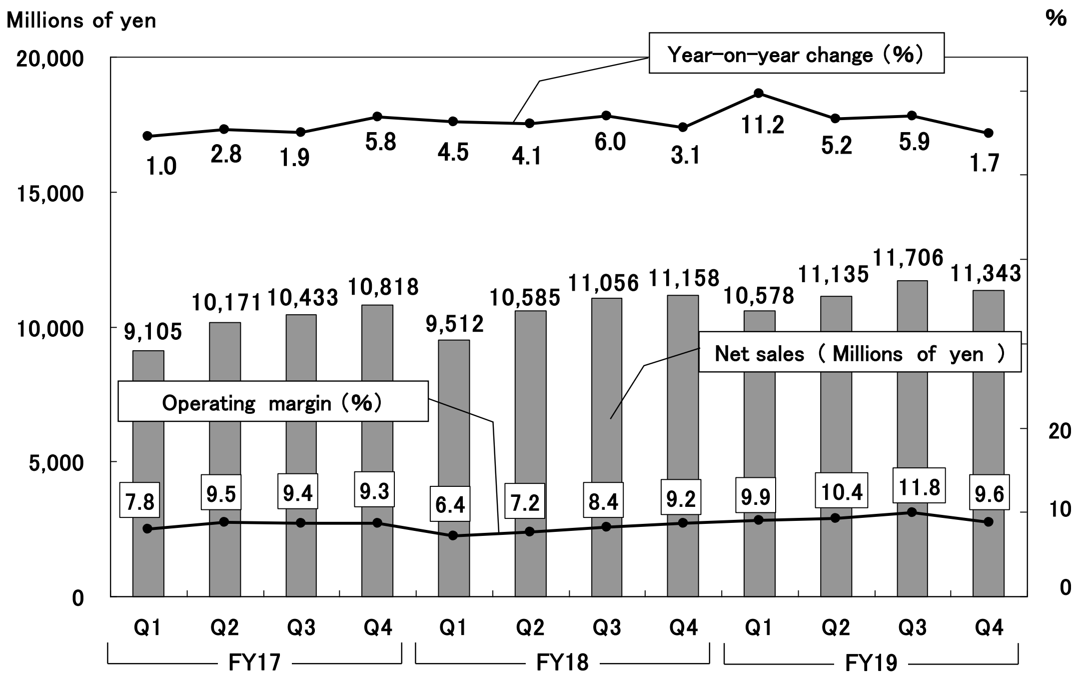
Business results for the Industrial Equipment segment were as follows: Net sales of ¥44,763 million (an increase of 5.8% from the previous term), operating income of ¥4,684 million (an increase of 40.8% from the previous term), and operating margin of 10.5%.

In the domestic industrial equipment product operations, although the sales of tools for wooden structures decreased, tools for concrete structures experienced strong sales due to expanded applications and entry into new markets for the rebar tying tool TWINTIER. This resulted in an increase of the segment revenue.

In the overseas industrial equipment product operations, the Group is expanding our sales network in Western markets based on the rebar tying tool TWINTIER. The Group is expanding its presence in the civil engineering market and the on-site construction market. This resulted in an increase of revenue.

In the residential environmental equipment operations, there was a decrease in sales for ventilation systems, etc. However, in the stock market for renovation, replacement, and inspection, there was an increase in sales for DRYFAN bathroom heaters, ventilators and dehumidifiers. Overall, revenue remained the same as the previous fiscal year.

Industrial Equipment Segment Sales and Operating Margin Trend



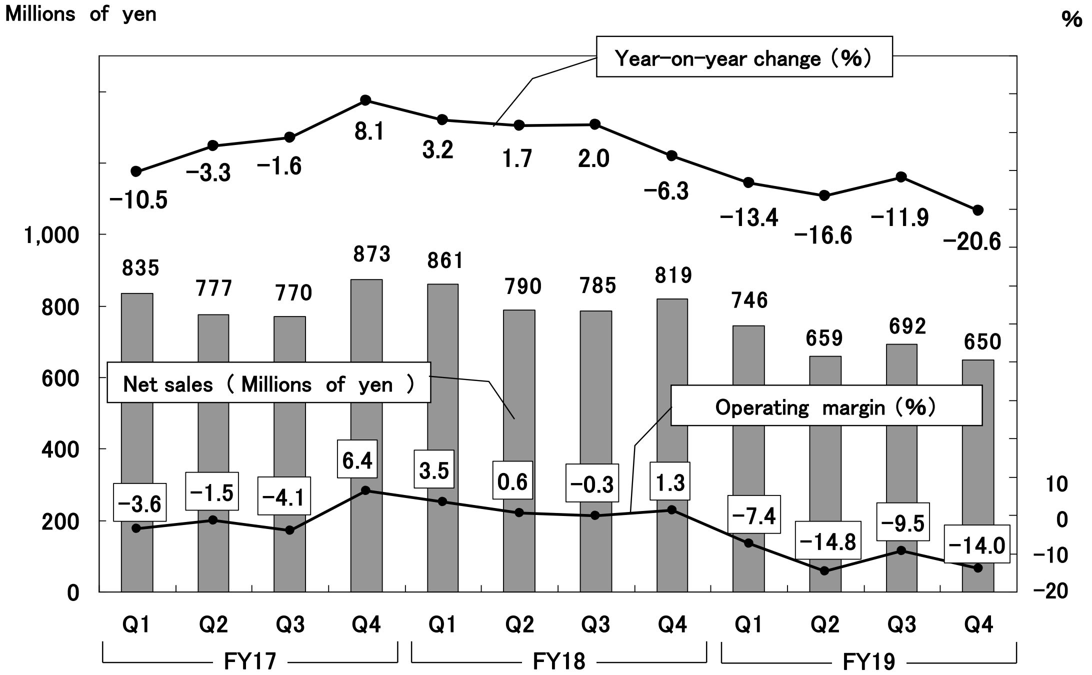
HCR Equipment Segment

(Millions of yen, %)

	FY 2019 (Ended March 2019)	FY 2018 (Ended March 2018)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	2,748	3,257	(509)	(15.6)
Operating Income	(310)	43	(354)	—
Operating Margin	(11.3)	1.3	(12.6) points	

Business results for the HCR Equipment segment were as follows: net sales of ¥2,748 million (down 15.6% compared to the previous fiscal year) and a decrease in operating income of ¥310 million. This was due to factors including partial revision of nursing-care insurance systems, a delay in the launch of new products, and a decrease in the sales of high-unit-price wheelchairs.

HCR Equipment Segment Sales and Operating Margin Trend



(2) Summary of Financial Position for the Current Term

1) Analysis of the Consolidated Balance Sheets

(Millions of yen, %)

	FY 2019 (As of March 31, 2019)	FY 2018 (As of March 31, 2018)	Comparison with position at end of previous consolidated fiscal year	
			Increase (decrease)	Rate of increase (decrease)
Total Assets	98,174	96,133	+2,040	+2.1
Net Assets	73,950	71,574	+2,376	+3.3
Equity Ratio	75.2	74.3	+0.9 points	

Assets increased ¥2,040 million compared to the end of the previous consolidated fiscal year, to ¥98,174 million. Current assets decreased ¥2,251 million due to factors such as a fall of ¥1,532 million in cash and deposits and a drop of ¥1,010 million in marketable securities. Non-current assets increased ¥4,292 million due to factors such as a rise of ¥3,451 million in investment securities.

Liabilities decreased ¥335 million compared to the end of the previous consolidated fiscal year, to ¥24,224 million. Current liabilities increased ¥354 million due to factors such as a rise of ¥236 million in accounts payable and an increase of ¥141 million in income taxes payable. Non-current liabilities decreased ¥690 million due to factors such as a decrease of ¥638 million in net defined benefit liability.

Net assets increased ¥2,376 million compared to the end of the previous consolidated fiscal year, to ¥73,950 million. Shareholders' equity increased ¥2,462 million. One key factor was the ¥2,069 million paid out in cash dividends, offset by a net income attributable to shareholders of parental company of ¥5,064 million.

Accumulated other comprehensive income decreased ¥89 million. This was due to factors including an increase in remeasurements of defined benefit plans of ¥583 million and a decrease in valuation difference on available-for-sale securities of ¥529 million.

2) Analysis of Consolidated Cash Flows

Summary of Consolidated Cash Flows

(Millions of yen)

Category	FY 2018	FY 2019	Increase (decrease)
Cash and cash equivalents at beginning of the year	21,965	23,722	1,757
Funds provided by (used in) operating activities	6,859	7,814	954
Funds provided by (used in) investment activities	(2,931)	(6,384)	(3,452)
Funds provided by (used in) financing activities	(2,279)	(2,824)	(544)
Effect of exchange rate change on cash and cash equivalents	109	(137)	(246)
Net increase (decrease) in cash and cash equivalents	1,757	(1,532)	(3,289)
Cash and cash equivalents at end of the year	23,722	22,190	(1,532)

Analysis of Consolidated Cash Flows

The balance of cash and cash equivalents ("funds") at the end of the consolidated fiscal year under review was ¥22,190 million due to a decrease of ¥1,532 million.

Factors in the status of each type of cash flow in the consolidated fiscal year under review were as follows.

Cash flows from operating activities

Funds provided by operating activities in the consolidated fiscal year under review amounted to ¥7,814 million. The key increases came from net income before income taxes of ¥7,124 million and depreciation of ¥2,262 million. The key decrease came from ¥1,901 million paid as income taxes.

Cash flows from investment activities

Funds used in investment activities in the consolidated fiscal year under review amounted to ¥6,384 million. The key decreases came from purchase of short-term and long-term investment securities of ¥9,182 million, and purchase of property, plant and equipment of ¥3,156 million. The key increase came from proceeds of ¥5,913 million from sales and redemption of short-term and long-term investment securities.

Cash flows from financing activities

Funds used in financing activities in the consolidated fiscal year under review amounted to ¥2,824 million. The key decrease was ¥2,068 million in cash dividends paid.

The trend of the Group's cash flow indicators is as follows.

	FY 2016	FY 2017	FY 2018	FY 2019
Equity Ratio (%)	72.2	72.2	74.3	75.2
Market Value-Based Equity Ratio (%)	64.1	78.4	70.0	81.1
Cash Flow to Interest Bearing Debt Ratio (annual)	0.5	0.3	0.4	0.3
Interest Coverage Ratio (times)	135.2	185.6	172.7	236.1

Equity Ratio: Shareholders' Equity ÷ Total Assets
Market Value-Based Equity Ratio: Market Value of Shares ÷ Total Assets
Cash Flow to Interest Bearing Debt Ratio: Interest-Bearing Debt ÷ Operating Cash Flows
Interest Coverage Ratio: Operating Cash Flows ÷ Interest Payments
(Note 1) In each case, indices are calculated based on consolidated financial figures.
(Note 2) Market Value of Shares is based on the number of outstanding shares excluding treasury stock.
(Note 3) For Cash Flow, operating cash flow is used.
(Note 4) Interest-Bearing Debt includes all debt on the consolidated balance sheets that incur interest.

(3) Future Prospects

When examining the business environment surrounding the Group, the number of new housing construction starts in Japan is trending upwards gradually. However, trend of limiting the use of paper is expected to continue backed by progress of IT for administrative work and an increase in environmental awareness. The overseas economy remains uncertain due to the influence of factors including friction in U.S.-China trade, the United Kingdom leaving the European Union, etc.

The Group's projections for the coming term are as follows: net sales of ¥72,350 million (an increase of 3.2% over this past term), operating income of ¥7,450 million (an increase of 4.2% over this past term), ordinary income of ¥7,600 million (an increase of 4.8% over this past term), and net income attributable to shareholders of parental company of ¥5,250 million (an increase of 3.7% over this past term).

For the measures to be implemented by the Group in the future, please refer to (2) Medium- to Long-Term Management Strategy and Issues to be Addressed in 2. Management Policies.

(4) Basic Policy Relating to Distribution of Profits and Dividends for the Current and Coming Term

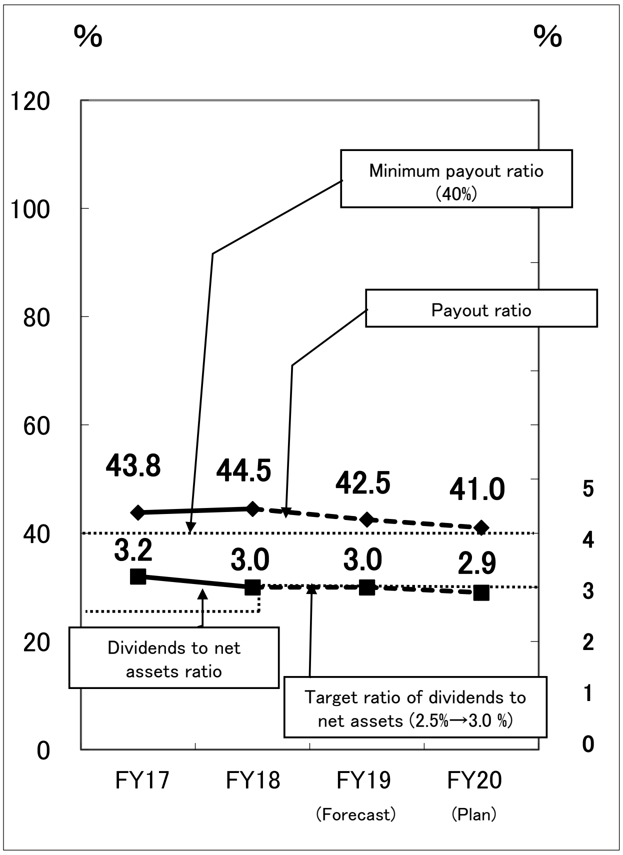
The Company has positioned returning profits to shareholders as one of the highest priority policies and it is the Company's fundamental policy to stably distribute results supported by corporate performance by pursuing growth of the business and business profits.

In the fiscal year under review, we achieved robust business profit throughout the Company due to growth of the Industrial Equipment segment by expanding sales of tools for concrete structures both in Japan and overseas. In the fiscal year under review, the Group plans to pay an "annual dividend of ¥44 per share," an increase of ¥2 compared to the previous fiscal year.

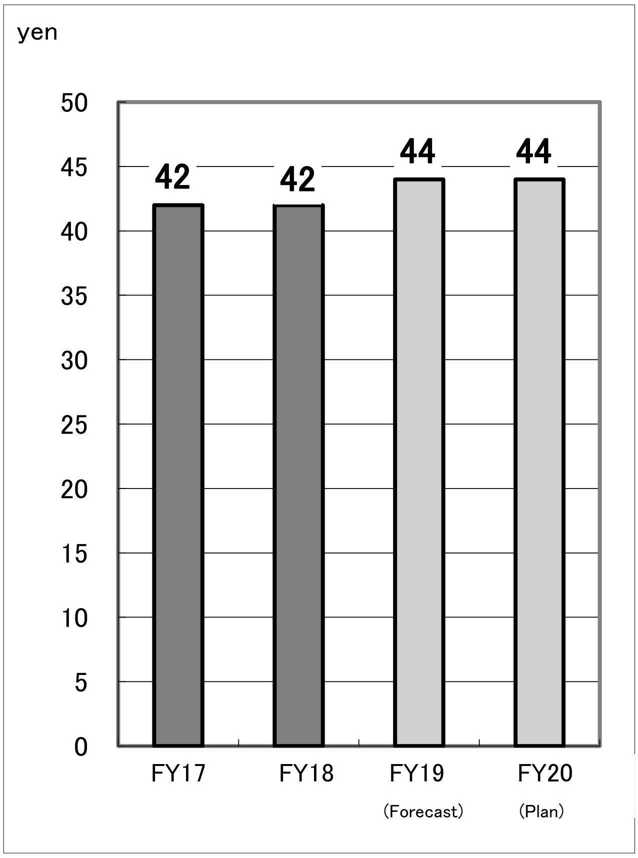
Outlook for Dividends for Coming Term

When comprehensively considering forecasted financial results for the next fiscal year and mid- to long-term financial conditions, etc., for the next dividend, we plan to keep an "annual dividend of ¥44 per share," the same as the fiscal year under review.

Payout ratio and dividends to net assets ratio



Dividends per share



2. Management Policies

(1) Target Management Indicators

Below are the next term plan and the medium-term management plan.

Management Indicators

(Millions of yen, %)

	Current Term Results		Next Term Plan		Medium-Term Management Plan	
	FY 2019		FY 2020		FY 2021	
	Actual Results	Rate of Increase (Decrease)	Planned Results	Rate of Increase (Decrease)	Planned Results	Rate of Increase (Decrease)
Net Sales	70,118	2.9	72,350	3.2	78,200	8.1
Operating Income	7,150	16.5	7,450	4.2	8,340	11.9
Net Income Attributable to Shareholders of Parental Company	5,064	8.8	5,250	3.7	6,000	14.3
Operating Margin	10.2		10.3		10.7	
ROE	7.0		7.0		7.6	

(2) Medium- to Long-Term Management Strategy and Issues to be Addressed

Centering on the management policy of “continuing to be a company supported by the customers,” our medium-term management plan established in 2018 clarifies the measures to be implemented by the Company to achieve our ideal state in three years. The fiscal year under review was the first year of the plan. Although there were influencing factors such as a decrease in the number of new housing construction starts in Japan, business results were led by market development exceeding the planned speed for TWINTIER, a new rebar tying tool that was released in the previous fiscal year. As a result, sales were essentially in accordance with the plan and profits in every category exceeded the plan. In the company-wide business plan for the fiscal year ending March 31, 2021, there are no significant changes in recognition of the business environment surrounding the Group or business expansion based on the medium-term management plan, and the numbers announced in April 2018 will be kept the same.

The outline of the medium-term management plan is as follows.

(a) Ensuring thorough segment management

We shall ensure thorough management of each segment, namely, Industrial Equipment segment, Office Equipment segment, and HCR Equipment segment. We will accelerate the increase in growth and profitablity of each segment and, as a result, of the Company as a whole by clarifying priorities such as growth and profitability, as well as roles for each business both in Japan and overseas, and by enhancing our strategy for effective utilization and optimal allocation of company resources.

Furthermore, we will achieve our priorities by clarifying the direction of management for business of each segment and achieving mutually complementary businesses. In the Industrial Equipment segment, we are working to increase profitability for domestic industrial equipment products and residential environmental equipment, and to achieve business expansion for overseas industrial equipment and AF. In the Office Equipment segment, we are seeking to maintain profitability in auto-stapler operations, to increase profitability in domestic office operations, and to expand business in overseas office operations. In the HCR Equipment segment, in addition to increasing profits in domestic business for the entire Group, we will strive to expand overseas business with a focus on China and Southeast Asia.

(b) Expansion of overseas business

In the medium-term management plan, the overseas business expansion, which is achieved through products such as rebar tying tools, products for agriculture and horticulture, high-pressure nailers, "BEPOP" label-making machines, etc., is regarded as a growth engine for the Group as a whole, and we shall strive to increase the synergistic effect between the operations in Japan and overseas.

(c) Reform of earnings structure of domestic operations

Market is expected to shrink in Japan due to a decrease of population, decline in the number of new housing construction starts, and advance of the current trend of limiting the use of paper. The Group shall cope with these changes of the market and implement reforms of the earnings structure by reforming our business model.

In the residential environmental equipment operations, we chose DRYFAN as our growth pillar, and in addition to the B-to-B business with house manufacturers, we shall also develop a B-to-C stock business of legal inspections, remodeling, and replacements.

In the industrial equipment product operations, on the backdrop of a decline in the number of new housing construction starts, we will strive to increase earnings through marketing activities in the existing construction/carpentry markets, as well as in the peripheral markets (concrete formwork carpentry, civil engineering , etc.) that are less likely to be impacted by the changes in the number of construction starts.

In the office equipment business, the stationery products business, which is entirely dependent on the sale of physical products, is shrinking due to factors such as a decrease of population in Japan and the trend of limiting the use of paper. In response, we will shift to stock business centering on BEPOP, LETATWIN, and label printers for food labeling, which require customers to buy expendable supplies.

(d) Reforms of work style and organizational climate

We will work to achieve “an easy-to-work business enterprise that cares about the health of its workers.” We recognize the importance of creating a working environment that maintains the physical and emotional health of employees, and which enables employees to display their full abilities. Accordingly, we are revising our personnel system for greater flexibility, and investing in the creation of a working environment for safe and comfortable work by employees. By improving work productivity and establishing systems to support diverse working styles, we will make time for employees to think creatively about their work, while also motivating employees to tackle new challenges.

Moreover, we shall strive to establish an atmosphere that does not punish people for mistakes, fostering an understanding that both personal and organizational growth are possible by tackling new challenges and by repeating trial and error, and that such efforts serve as the foundation for imbuing the entire Group with an organizational culture leading to sustained growth of the Company.

3. Basic Approach to Selection of Accounting Standards

For the time being, the Group has applied the Japanese standards to its consolidated financial statements, as we have no listing overseas scheduled and few locations overseas. However, considering the shift in foreign shareholders’ percentage and trends of International Financial Reporting Standards (IFRS) adoption in other domestic companies, the Group is open to further consider the use of IFRS.

4. Consolidated Financial Statement and Main Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2018 (As of March 31, 2018)	FY 2019 (As of March 31, 2019)
ASSETS		
Current assets		
Cash and deposits	23,722	22,190
Notes and accounts receivable-trade	14,855	14,394
Marketable securities	5,925	4,915
Merchandise and finished goods	5,280	6,095
Work in process	812	782
Raw materials	1,189	1,097
Other	1,017	1,075
Allowance for doubtful accounts	(1)	(1)
Total current assets	52,801	50,549
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,781	6,484
Machinery, equipment and vehicles, net	2,848	3,413
Land	7,208	7,253
Leased assets, net	484	451
Construction in progress	819	541
Other, net	954	1,044
Total property, plant and equipment	18,097	19,188
Intangible assets		
Goodwill	143	—
Other	259	228
Total intangible assets	403	228
Investments and other assets		
Investment securities	20,100	23,552
Long-term loans receivable	235	200
Deferred tax assets	3,617	3,633
Other	883	827
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	24,831	28,208
Total non-current assets	43,332	47,624
Total assets	96,133	98,174

(Millions of yen)

	FY 2018 (As of March 31, 2018)	FY 2019 (As of March 31, 2019)
LIABILITIES		
Current liabilities		
Accounts payable-trade	3,710	3,713
Short-term loans payable	1,850	1,850
Lease obligations	185	177
Accounts payable	1,899	2,136
Income taxes payable	940	1,082
Accrued consumption taxes	91	93
Provision for bonuses	1,770	1,753
Provision for directors’ bonuses	42	44
Provision for product warranties	—	112
Other	1,433	1,315
Total current liabilities	11,924	12,279
Non-current liabilities		
Long-term loans payable	150	150
Lease obligations	298	273
Deferred tax liabilities	27	26
Deferred tax liabilities for land revaluation	472	474
Provision for product warranties	43	14
Net defined benefit liability	11,437	10,799
Asset retirement obligations	18	29
Negative goodwill	7	—
Other	179	177
Total non-current liabilities	12,635	11,945
Total liabilities	24,559	24,224
NET ASSETS		
Shareholders’ equity		
Capital stock	12,367	12,367
Capital surplus	10,518	10,517
Retained earnings	49,029	51,533
Treasury stock	(278)	(319)
Total shareholders’ equity	71,636	74,099
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,947	1,417
Revaluation reserve for land	(338)	(339)
Foreign currency translation adjustment	59	(82)
Remeasurements of defined benefit plans	(1,837)	(1,253)
Total accumulated other comprehensive income	(169)	(258)
Non-controlling interests	106	109
Total net assets	71,574	73,950
Total liabilities and net assets	96,133	98,174

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

	FY 2018 (From April 1, 2017 to March 31, 2018)	FY 2019 (From April 1, 2018 to March 31, 2019)
Net sales	68,138	70,118
Cost of sales	41,683	42,387
Gross profit	26,454	27,731
Selling, general and administrative expenses	20,314	20,580
Operating income	6,139	7,150
Non-operating income		
Interest income	73	63
Dividend income	140	150
Rent income	16	16
Amortization of negative goodwill	7	7
Settlement received	39	—
Other	97	109
Total non-operating income	375	347
Non-operating expenses		
Interest expenses	39	38
Taxes and dues	5	6
Foreign exchange losses	361	116
Depreciation	0	26
Other	30	55
Total non-operating expenses	438	244
Ordinary income	6,076	7,253
Extraordinary income		
Gain on sales of non-current assets	32	62
Gain on sales of investment securities	0	10
Gain on sales of golf memberships	—	5
Total extraordinary income	32	77
Extraordinary loss		
Loss on sales of non-current assets	—	3
Loss on abandonment of non-current assets	22	191
Impairment loss	13	11
Total extraordinary loss	36	206
Net income before income taxes	6,072	7,124
Income taxes-current	1,751	2,107
Income taxes for prior periods	(106)	—
Income taxes-deferred	(224)	(52)
Total income taxes	1,419	2,055
Net income	4,653	5,068
Net income (loss) attributable to non-controlling interests	(0)	4
Net income attributable to shareholders of parental company	4,654	5,064

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	FY 2018 (From April 1, 2017 to March 31, 2018)	FY 2019 (From April 1, 2018 to March 31, 2019)
Net income	4,653	5,068
Other comprehensive income		
Valuation difference on available-for-sale securities	311	(529)
Revaluation reserve for land	(10)	(1)
Foreign currency translation adjustment	375	(143)
Adjustments relating to retirement benefits	1,111	583
Total other comprehensive income	1,788	(90)
Comprehensive income	6,441	4,978
(Breakdown)		
Comprehensive income attributable to shareholders of parental company	6,433	4,974
Comprehensive income attributable to non-controlling interest	7	3

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at beginning of the year	12,367	10,518	46,444	(271)	69,059
Changes of items during the period					
Dividends of surplus			(2,069)		(2,069)
Net income attributable to shareholders of parental company			4,654		4,654
Purchase of treasury shares				(7)	(7)
Net changes of items other than shareholders' equity					–
Total changes of items during the period	–	–	2,584	(7)	2,577
Balance at end of the year	12,367	10,518	49,029	(278)	71,636

(Millions of yen)

	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 the year	1,635	(328)	(306)	(2,949)	(1,948)	100	67,210
Changes of items during the period							
Dividends of surplus							(2,069)
Net income attributable to shareholders of parental company							4,654
Purchase of treasury shares							(7)
Net changes of items other than shareholders' equity	311	(10)	366	1,111	1,779	6	1,786
Total changes of items during the period	311	(10)	366	1,111	1,779	6	4,363
Balance at end of the year	1,947	(338)	59	(1,837)	(169)	106	71,574

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	12,367	10,518	49,029	(278)	71,636
Changes of items during the period					
Dividends of surplus			(2,069)		(2,069)
Net Income attributable to shareholders of parental company			5,064		5,064
Purchase of treasury shares				(532)	(532)
Retirement of treasury shares		(0)	(490)	491	―
Net changes of items other than shareholders' equity					―
Total changes of items during the period	―	(0)	2,504	(40)	2,462
Balance at end of the year	12,367	10,517	51,533	(319)	74,099

(Millions of yen)

	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 the year	1,947	(338)	59	(1,837)	(169)	106	71,574
Changes of items during the period							
Dividends of surplus							(2,069)
Net Income attributable to shareholders of parental company							5,064
Purchase of treasury shares							(532)
Retirement of treasury shares							―
Net changes of items other than shareholders' equity	(529)	(1)	(142)	583	(89)	2	(86)
Total changes of items during the period	(529)	(1)	(142)	583	(89)	2	2,376
Balance at end of the year	1,417	(339)	(82)	(1,253)	(258)	109	73,950

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY 2018 (From April 1, 2017 to March 31, 2018)	FY 2019 (From April 1, 2018 to March 31, 2019)
Cash flows from operating activities		
Net income before income taxes	6,072	7,124
Depreciation	2,169	2,262
Amortization of negative goodwill	(7)	(7)
Impairment loss	13	11
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Amortization of goodwill	137	138
Increase (decrease) in provision for bonuses	46	(11)
Increase (decrease) in provision for directors’ bonuses	(11)	2
Increase (decrease) in provision for product warranties	(0)	83
Increase (decrease) in net defined benefit liability	931	201
Interest and dividend income	(213)	(213)
Interest expenses	39	38
Foreign exchange losses (gains)	38	(4)
Loss on abandonment of non-current assets	22	191
Loss (gain) on sales of non-current assets	(32)	(59)
Loss (gain) on sales of investment securities	(0)	(10)
Loss (gain) on sales of golf memberships	—	(5)
Settlement received	(39)	—
Decrease (increase) in notes and accounts receivable-trade	(27)	441
Decrease (increase) in inventories	(98)	(676)
Increase (decrease) in notes and accounts payable-trade	(165)	(23)
Increase (decrease) in accrued consumption taxes	(138)	(18)
Decrease (increase) in other assets	(90)	(92)
Increase (decrease) in other liabilities	(27)	71
Subtotal	8,618	9,444
Interest and dividend income received	298	304
Interest expenses paid	(39)	(33)
Income taxes (paid) refund	(2,057)	(1,901)
Settlement package received	39	—
Cash flows from operating activities	6,859	7,814

(Millions of yen)

	FY 2018 (From April 1, 2017 to March 31, 2018)	FY 2019 (From April 1, 2018 to March 31, 2019)
Cash flows from investment activities		
Purchase of short-term and long-term investment securities	(4,592)	(9,182)
Proceeds from sales and redemption of short-term and long-term investment securities	4,200	5,913
Purchase of property, plant and equipment	(2,546)	(3,156)
Proceeds from sales of property, plant and equipment	45	72
Purchase of intangible assets	(110)	(76)
Payments of loans receivable	(2)	(14)
Collection of loans receivable	74	53
Proceeds from sales of golf memberships	—	6
Cash flows from investment activities	(2,931)	(6,384)
Cash flows from financing activities		
Proceeds from loans payable	150	—
Repayments of loans payable	(150)	—
Purchase of treasury shares	(7)	(532)
Cash dividends paid	(2,070)	(2,068)
Cash dividends paid to non-controlling shareholders	(1)	(0)
Repayments of lease obligations	(201)	(223)
Cash flows from financing activities	(2,279)	(2,824)
Effect of exchange rate change on cash and cash equivalents	109	(137)
Net increase (decrease) in cash and cash equivalents	1,757	(1,532)
Balance of cash and cash equivalents, beginning of the period	21,965	23,722
Balance of cash and cash equivalents, end of the period	23,722	22,190

(5) Notes Relating to the Assumption of Going Concern

None.

(6) Changes in Presentation Methods

Adoption of "Partial Amendments to 'Accounting Standards for Tax Effect Accounting,'" etc.

From the beginning of the current fiscal year, the Group has adopted the "Partial Amendments to 'Accounting Standards for Tax Effect Accounting'" (Guidance No. 28 issued on February 16, 2018 by the Accounting Standards Board of Japan), including deferred tax assets in the calculation of investments and other assets, and including deferred tax liabilities in the calculation of non-current liabilities.

As a result, in the consolidated balance sheet for the previous consolidated fiscal year, the ¥885 million of deferred tax assets in current assets is included in the ¥3,617 million of deferred tax assets in investments and other assets. The ¥27 million of deferred tax liabilities in current liabilities is included in the ¥27 million of deferred tax liabilities in non-current liabilities.

(7) Notes Relating to the Consolidated Financial Statements

(Segment Information)

1) Summary of reported segments

The reported segments of the Company are those of the constituent units of the Company for which separate financial statements are available and are subject to regular review by the board of directors for decisions on allocation of management resources and to assess business performance.

The Company has a manufacturing and sales organization with products and services and with respect to the products and services handled formulates comprehensive domestic and overseas strategies and engage in business activities.

Therefore, the Company is constituted by segments by products and services based on the manufacturing and sales organization and have 3 reported segments of “Office Equipment”, “Industrial Equipment” and “HCR Equipment.”

“Office Equipment” segment is engaged in the manufacture and sale of office equipment and stationery related products. “Industrial Equipment” segment is engaged in the manufacture and sale of construction machinery and tools as well as residential equipment. “HCR Equipment” is engaged in the manufacture and sale of assistive and nursing care products.

2) Method of calculating the amounts of segment sales, profit or loss, assets and other items

The method of accounts processing used for the reported business segments is generally consistent with the method used in creation of consolidated financial statement.

3) Items regarding changes, etc. in reported segments

Since the current fiscal year, the calculation method for income of reported segments has been changed. The expenses related to the Administrative Department of the headquarters, which until then had been distributed between the Office Equipment segment, the Industrial Equipment segment, and the HCR Equipment segment are now posted in the adjustments relating to the profit/loss of the segment as overall expenses.

The reason for it is that since this fiscal year, the Group switched to a new performance management method, whereby segments are managed according to the pure profits or losses they post excluding the expenses related to the Administrative Department of the headquarters.

The information by segment for the previous consolidated fiscal year has been created anew using the new classification.

4) Information on the amounts of segment sales, profit or loss, assets and other items
Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reported segments			Adjustments	Total
	Office Equipment	Industrial Equipment	HCR Equipment		
Net sales					
Net sales to outside customers	22,566	42,313	3,257	—	68,138
Inter-segments sales or transfers	—	—	—	—	—
Total	22,566	42,313	3,257		68,138
Segment profit	5,075	3,328	43	(2,308)	6,139
Segment assets	18,493	26,358	2,545	—	47,398
Other items					
Depreciation	632	1,420	110	—	2,163
Amortization of goodwill	137	—	—	—	137
Amortization of negative goodwill	—	7	—	—	7
Impairment loss	—	13	—	—	13
Increase in property, plant and equipment and intangible assets	858	1,714	65	—	2,639

(Note) Segment profit is consistent with operating income in consolidated statement of income.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reported segments			Adjustments	Total
	Office Equipment	Industrial Equipment	HCR Equipment		
Net sales					
Net sales to outside customers	22,606	44,763	2,748	—	70,118
Inter-segments sales or transfers	—	—	—	—	—
Total	22,606	44,763	2,748	—	70,118
Segment profit (loss)	4,999	4,684	(310)	(2,223)	7,150
Segment assets	18,789	27,168	2,599	—	48,557
Other items					
Depreciation	636	1,505	110	—	2,252
Amortization of goodwill	138	—	—	—	138
Amortization of negative goodwill	—	7	—	—	7
Impairment loss	—	0	—	10	11
Increase in property, plant and equipment and intangible assets	940	2,012	196	—	3,149

(Note) Segment profit is consistent with operating income in consolidated statement of income.

4) Difference between the total amount of reported segments and the amount appropriated in the consolidated balance sheets, as well as key details of said difference (items related to adjustment of differences)

(Millions of Yen)

Assets	FY 2018	FY 2019
Reported segment total	47,398	48,557
Group-wide assets (Note)	48,735	49,616
Total assets in the consolidated balance sheets	96,133	98,174

(Note) Group-wide assets are principally investment marketable securities not attributable to reported segments.

5) Information relating to loss due to impairment of non-current assets

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

The Company groups its assets according to its management accounting segmentation as the smallest units generating cash flows. As a result, the book value of the idle assets has been reduced to the recoverable value, and said reduction has been recorded in extraordinary loss as “impairment loss.”

Recoverable value has been calculated according to the net disposal value. In the current consolidated accounting year, the assets subject to impairment loss of ¥13 million are idle assets. The net disposal value has been calculated based on the reasonably adjusted amount of appraised value of non-current assets for property tax.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

The Company groups its assets according to its management accounting segmentation as the smallest units generating cash flows. As a result, the book value of the idle assets has been reduced to the recoverable value, and said reduction has been recorded in extraordinary loss as “impairment loss.”

Recoverable value has been calculated according to the net disposal value. In the current consolidated accounting year, the assets subject to impairment loss of ¥11 million are idle assets. The net disposal value has been calculated based on the reasonably adjusted amount of appraised value of non-current assets for property tax.

(Per Share Information)

(Yen)

	FY 2018 (From April 1, 2017 to March 31, 2018)	FY 2019 (From April 1, 2018 to March 31, 2019)
Net assets per share	1,450.61	1,509.80
Net income per share	94.46	102.92

(Note) 1. With respect to the net income per share after dilution, as no latent shares exist, no inclusion has been made.

2. The basis for the calculation of the net income per share is as follows.

	FY 2018 (From April 1, 2017 to March 31, 2018)	FY 2019 (From April 1, 2018 to March 31, 2019)
Net income attributable to shareholders of parental company (¥ million)	4,654	5,064
Amount not relating to common shares (¥ million)	—	—
Net income attributable to shareholders of parental company relating to common shares (¥ million)	4,654	5,064
Average number of common shares outstanding during the term (shares)	49,268,070	49,207,126

3. The basis for the calculation of net assets per share is as follows.

	FY 2018 (As of March 31, 2018)	FY 2019 (As of March 31, 2019)
Total of net assets (¥ million)	71,574	73,950
Amount to be deducted from the total of net assets (¥ million)	106	109
(Of which non-controlling interests (¥ million))	(106)	(109)
Closing net assets relating to common shares (¥ million)	71,467	73,840
Number of common shares as of end of term used in the calculation of net assets per share (shares)	49,267,186	48,907,689

(Significant Subsequent Events)

None.