

January 28, 2016

## Consolidated Financial Statements for the First Three Quarters of the Fiscal Year Ending March 31, 2016



### INES Corporation

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## 1. Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2016 (April 1, 2015 to December 31, 2015)

### (1) Consolidated Operating Results

(Million yen, figures in percentages denote year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
Nine months ended Dec. 31, 2015	25,953	(0.2)%	639	(11.4)%	685	(9.0)%	611	34.0%
Nine months ended Dec. 31, 2014	26,013	9.1%	722	3.0%	752	1.7%	456	15.0%

(Note) Comprehensive income      Nine months ended December 31, 2015: ¥870 million (52.0%)  
 Nine months ended December 31, 2014: ¥572 million (29.3%)

	Net income per share (Yen)	Fully diluted net income per share (Yen)
Nine months ended Dec. 31, 2015	19.80	—
Nine months ended Dec. 31, 2014	14.26	—

### (2) Consolidated Financial Position

(Million yen)

	Total assets	Net assets	Equity ratio (%)
As of December 31, 2015	56,585	40,367	71.3
As of March 31, 2015	61,879	43,245	69.8

<Reference> Shareholders' equity      As of December 31, 2015: ¥ 40,367 million  
 As of March 31, 2015: ¥43,215 million

## 2. Dividends

	Dividends per share (Yen)				
	End of Q1	End of Q2	End of Q3	Fiscal year end	Annual
Year ended March 31, 2015	—	13.00	—	8.00	21.00
Year ending March 31, 2016	—	8.00	—		
Year ending March 31, 2016 (Forecast)				8.00	16.00

(Note) Revisions to dividend forecasts published most recently: No  
 Breakdown of dividends at the end of the first half of the fiscal year ended March 31, 2015: Ordinary dividend 8.00 yen, commemorative dividend 5.00 yen

### 3. Forecasts for Consolidated Financial Results for the Fiscal Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(Million yen, figures in percentages denote year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share (Yen)
Full year	38,000	(2.2)%	2,000	2.6%	2,030	2.2%	1,150	35.7%	39.25

(Note) Revisions to results forecasts published most recently: No

For the average number of shares during the period, which is the basis for the calculation of "Net income per share," the number of shares outstanding (excluding treasury stock) as of December 31, 2015 is used.

\*Notes

**(1) Significant changes in subsidiaries during this quarter under review (changes in subsidiaries causing a change in the scope of consolidation): No**

**(2) Application of special accounting treatment to the preparation of consolidated financial statements: Yes**  
 Note: For details, refer to page 5 of the accompanying materials "2. Matters relating to Summary Information (Notes) (1) Application of special accounting treatment to the preparation of quarterly consolidated financial statements."

**(3) Changes in accounting policies and changes or restatement of accounting estimates**

1. Changes in accounting policies associated with the revision of accounting standards, etc.: Yes
2. Changes in accounting policies other than (i): No
3. Changes in accounting estimates: No
4. Restatement: No

Note: For details, refer to page 5 of the accompanying materials "2. Matters relating to Summary Information (Notes) (2) Changes in accounting policies and changes or restatement of accounting estimates."

**(4) Number of shares outstanding (common shares)**

1. Number of shares outstanding at the term end (including treasury shares)
  - FY2016/3 Q3: 32,100,000 shares
  - FY2015/3: 32,100,000 shares
2. Number of treasury shares at the term end
  - FY2016/3 Q3: 2,800,862 shares
  - FY2015/3: 89,592 shares
3. Average number of shares outstanding
  - FY2016/3 Q3: 30,898,993 shares
  - FY2015/3 Q3: 32,011,040 shares

**\* Status of quarterly review**

A quarterly review of the quarterly consolidated financial statements under the Financial Instruments and Exchange Act is underway at the time of disclosure of this quarterly financial summary.

***Explanation regarding the proper use of results forecasts and other important notes***

Forward-looking statements such as the results forecasts provided in this document are prepared based on currently available information and assumptions that are deemed reasonable, but the Company does not intend to guarantee their achievement. Actual results may differ significantly from the above forecasts for various reasons. For conditions regarding the assumptions for results forecasts and notes on the use of results forecasts, etc., please refer to page 4 of the accompanying materials "1. Qualitative Information on Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2016, (3) Information on the consolidated results forecasts and other future forecasts" of the accompanying materials.

# 1. Qualitative Information on Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2016

## (1) Details of operating results

During the first nine months of the consolidated fiscal year under review, the Japanese economy remained on a moderate recovery path as improvements in corporate earnings and employment conditions continued against the backdrop of the economic stimulus packages of the government and the monetary policy of the Bank of Japan. However, the economic outlook is uncertain, mainly because of downside risks to the world economy and the Chinese economy in particular.

In the information service industry, software investment plans showed weaknesses in some areas, with an upward trend among large and mid-sized enterprises offset by decline among small enterprises.

In this business environment, the INES Group vigorously conducted sales activities to increase orders and net sales, and worked to develop new solutions. In addition, the Group focused on responding to demand from municipalities for system renovation for the social security and tax number systems.

Orders received in the first nine months under review increased 0.7% year on year, to ¥26,582 million, mainly due to an increase in orders received from the financial sector.

Net sales were almost unchanged year on year (down 0.2% year on year), amounting to ¥25,953 million, with decline in the industrial and financial sectors offset by growth in the public sector.

On the profit front, operating income fell 11.4% year on year, to ¥639 million, due to higher costs, most notably because of costs related to unprofitable projects from the previous fiscal year. As a result, ordinary income declined 9.0%, to ¥685 million. Net income attributable to owners of parent increased 34.0%, to ¥611 million as the Group recorded extraordinary income and losses associated with the disposal of property, plant and equipment to improve the asset efficiency.

Nets sales by process and sector are as follows.

In terms of net sales by process, sales of system development in the mid-stream process increased 0.5% year on year, to ¥11,887 million, reflecting higher demand from the public sector which offset a decline in demand from the industrial and financial sectors.

Sales in the back-end process remained almost flat, declining 0.6% year on year, to ¥9,969 million.

With respect to net sales by sector, sales in general industry fell 3.9% year on year, to ¥5,389 million, mainly due to decline in all-in development contracts. In the financial sector, sales declined 11.8% year on year, to ¥9,332 million, primarily due to a decrease in system development for banks and a decline in sales of equipment to life insurers. In the public sector, sales increased by 14.4% year on year, to ¥11,231 million, mainly because law reform contracts with municipalities increased, and development contracts from the previous fiscal year moved into the maintenance phase and sales of system maintenance increased.

Consolidated net sales by process

(Million yen)

Category/ Term	Nine months ended December 31, 2014		Nine months ended December 31, 2015		YoY change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	
Front-end process (IT consulting, requirement definition)	134	0.5	187	0.7	39.6
Mid-stream process	11,830	45.5	11,887	45.8	0.5
System development					
Initial outsourcing	6,310	24.3	6,075	23.4	(3.7)
All-in contract	5,519	21.2	5,812	22.4	5.3
Back-end process	10,029	38.6	9,969	38.4	(0.6)
System operation	7,387	28.4	7,124	27.4	(3.6)
System maintenance	2,642	10.2	2,845	11.0	7.7
Other services	4,019	15.4	3,908	15.1	(2.8)
Total	26,013	100.0	25,953	100.0	(0.2)

## Consolidated net sales by sector

(Million yen)

Category/ Term	Nine months ended December 31, 2014		Nine months ended December 31, 2015		YoY change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	
General industry	5,610	21.6	5,389	20.8	(3.9)
Financial	10,582	40.7	9,332	35.9	(11.8)
Public	9,820	37.7	11,231	43.3	14.4
Total	26,013	100.0	25,953	100.0	(0.2)

**(2) Description of Financial Position**

Total assets at the end of the third quarter of the fiscal year under review were ¥56,585 million, a decline of ¥5,293 million from the end of the previous fiscal year.

Current assets decreased ¥1,568 million, to ¥22,266 million, mainly due to a decline in notes and accounts receivable despite an increase in work in process. Non-current assets decreased ¥3,724 million, to ¥34,318 million, mainly due to the transfer and impairment loss of property, plant and equipment.

Current liabilities declined ¥2,571 million, to ¥5,497 million, primarily reflecting falls in accrued consumption taxes and provision for bonuses. Non-current liabilities increased ¥155 million, to ¥10,721 million mainly attributable to an increase in net defined benefit liability.

Net assets decreased ¥2,877 million, to ¥40,367 million, chiefly owing to the acquisition of treasury stock. Based on a resolution made at the ordinary meeting of shareholders held on June 26, 2015, the Company reduced capital stock by ¥16,457 million and legal capital surplus by ¥4,114 million, and transferred the amount of the reduction to other capital surplus. The amount of net assets did not change due to this transfer.

**Consolidated Cash Flows**

Cash and cash equivalents (hereinafter “cash”) at the end of the third quarter under review were ¥8,763 million, an increase of ¥485 million from the end of the previous fiscal year.

Cash flows for each category are as follows.

**Cash flows from operating activities**

Cash provided by operating activities stood at ¥3,001 million, an increase of ¥240 million from the same period of the previous fiscal year, mainly reflecting a decrease in notes and accounts receivable of ¥5,776 million, despite an increase in inventories of ¥2,546 million.

**Cash flows from investing activities**

Cash provided by investing activities was ¥1,285 million, an increase of ¥3,278 million in cash from the same period of the previous fiscal year, chiefly due to proceeds from sales of property, plant and equipment of ¥2,571 million, offsetting payments into time deposits of ¥499 million and the purchase of property, plant and equipment of ¥432 million.

**Cash flows from financing activities**

Cash used in financing activities stood at ¥3,801 million, a decrease of ¥3,092 million in cash from the same period of the previous fiscal year, primarily attributable to the payment of ¥3,219 million for the purchase of treasury shares.

**(3) Information on the consolidated results forecasts and other future forecasts**

Results forecasts for the full year of the fiscal year ending March 31, 2016 published on April 27, 2015 remain unchanged.

With respect to dividends for the fiscal year under review, we paid out an interim dividend of 8 yen per share. Annual dividends, including a year-end dividend of 8 yen per share, will be 16 yen per share.

Forward-looking statements such as results forecasts provided in this document are prepared based on currently available information and assumptions that are deemed reasonable, but the Company does not intend to guarantee their achievement. Actual results may differ significantly from the above forecasts for various reasons.

## **2. Matters relating to Summary Information (Notes)**

### **(1) Application of special accounting treatment to the preparation of quarterly consolidated financial statements**

(Calculation of tax expenses)

Tax expenses are calculated by rationally estimating an effective tax rate after tax effect accounting is applied to income before income taxes for the consolidated fiscal year including the third quarter under review and multiplying income before income taxes by the estimated effective tax rate.

### **(2) Changes in accounting policies and changes or restatement of accounting estimates**

Changes in accounting policies

(Application of accounting standard for business combinations, etc.)

Starting in the first quarter of the consolidated fiscal year under review, the Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013) and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013), etc. have been applied. In addition, changes in the presentation of net income and from minority interests to non-controlling interests have been made. To reflect these changes in presentation, the Company has made certain reclassifications to its quarterly consolidated financial statements for the first nine months of the previous fiscal year and consolidated financial statements of the previous fiscal year.

## Consolidated Balance Sheets

As of December 31 and March 31, 2015

(Million yen)

	3Q of FY2015 (As of December 31, 2015)	FY2014 (As of March 31, 2015)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	9,444	8,459
Notes and accounts receivable - trade	6,828	12,402
Securities	351	351
Work in process	3,997	1,454
Raw materials and supplies	89	85
Prepaid expenses	226	231
Deferred tax assets	1,033	816
Other	302	44
Allowance for doubtful accounts	(7)	(12)
<b>Total current assets</b>	<b>22,266</b>	<b>23,835</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	19,882	20,838
Accumulated depreciation	(10,143)	(10,064)
Buildings and structures, net	9,739	10,773
Tools, furniture and fixtures	4,871	4,671
Accumulated depreciation	(3,724)	(3,440)
Tools, furniture and fixtures, net	1,146	1,231
Land	15,130	17,404
<b>Total property, plant and equipment</b>	<b>26,016</b>	<b>29,409</b>
Intangible assets		
Software	2,316	2,872
Other	39	37
<b>Total intangible assets</b>	<b>2,356</b>	<b>2,909</b>
Investments and other assets		
Investment securities	1,907	1,663
Long-term prepaid expenses	297	305
Deferred tax assets	3,108	3,232
Other	631	522
Allowance for doubtful accounts	(0)	-
<b>Total investments and other assets</b>	<b>5,945</b>	<b>5,724</b>
<b>Total non-current assets</b>	<b>34,318</b>	<b>38,043</b>
<b>Total assets</b>	<b>56,585</b>	<b>61,879</b>

## Consolidated Balance Sheets

As of December 31 and March 31, 2015

(Million yen)

	3Q of FY2015 (As of December 31, 2015)	FY2014 (As of March 31, 2015)
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable - trade	2,177	2,266
Accrued expenses	892	948
Income taxes payable	42	678
Accrued consumption taxes	41	740
Advances received	345	143
Provision for bonuses	487	1,127
Provision for directors' bonuses	36	53
Provision for losses on orders received	425	668
Other	1,049	1,441
<b>Total current liabilities</b>	<b>5,497</b>	<b>8,068</b>
<b>Non-current liabilities</b>		
Provision for directors' retirement benefits	228	209
Net defined benefit liability	10,187	10,002
Asset retirement obligations	171	160
Other	133	193
<b>Total non-current liabilities</b>	<b>10,721</b>	<b>10,565</b>
<b>Total liabilities</b>	<b>16,218</b>	<b>18,634</b>
<b>NETASSETS</b>		
<b>Shareholders' equity</b>		
Capital stock	15,000	31,457
Capital surplus	24,322	7,864
Retained earnings	4,383	4,271
Treasury shares	(3,285)	(65)
<b>Total shareholders' equity</b>	<b>40,421</b>	<b>43,528</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	665	474
Remeasurements of defined benefit plans	(719)	(787)
<b>Total accumulated other comprehensive income</b>	<b>(53)</b>	<b>(312)</b>
<b>Non-controlling interests</b>	<b>–</b>	<b>29</b>
<b>Total net assets</b>	<b>40,367</b>	<b>43,245</b>
<b>Total net assets and liabilities</b>	<b>56,585</b>	<b>61,879</b>

## Consolidated statement of income and consolidated statement of comprehensive income

For the nine months ended December 31, 2014 and 2015

(Million yen)

	3Q of FY2015 (April 1, 2015 to December 31, 2015)	3Q of FY2014 (April 1, 2014 to December 31, 2014)
<b>Net sales</b>	<b>25,953</b>	<b>26,013</b>
Cost of sales	21,203	21,390
<b>Gross profit</b>	<b>4,750</b>	<b>4,623</b>
Selling, general and administrative expenses	4,110	3,900
<b>Operating income</b>	<b>639</b>	<b>722</b>
<b>Non-operating income:</b>		
Interest income	2	1
Dividends income	17	17
Real estate rent	45	31
Dividend income of insurance	22	–
Others	16	11
<b>Total non-operating income</b>	<b>104</b>	<b>62</b>
<b>Non-operating expenses:</b>		
Interest expenses	2	3
Rent expenses on real estate	40	26
Commission for purchase of treasury shares	12	–
Others	3	1
<b>Total non-operating expenses</b>	<b>59</b>	<b>31</b>
<b>Ordinary income (loss)</b>	<b>685</b>	<b>752</b>
<b>Extraordinary income:</b>		
Loss on retirement of non-current assets	877	–
Gain on sales of investment securities	7	1
Gain on reversal of subscription rights to shares	–	36
Others	0	–
<b>Total extraordinary income</b>	<b>884</b>	<b>38</b>
<b>Extraordinary losses:</b>		
Loss on retirement of noncurrent assets	32	2
Loss on retirement of software for sale	11	–
Impairment loss	692	–
Others	0	0
<b>Total extraordinary losses</b>	<b>736</b>	<b>3</b>
<b>Income before income taxes</b>	<b>833</b>	<b>787</b>
<b>Income taxes</b>	<b>221</b>	<b>331</b>
<b>Net income</b>	<b>611</b>	<b>456</b>
<b>Net income (loss) attributable to non-controlling interests</b>	<b>(0)</b>	<b>(0)</b>
<b>Net income (loss) attributable to owners of parent</b>	<b>611</b>	<b>456</b>



## Consolidated statement of comprehensive income

For the nine months ended December 31, 2014 and 2015

(Million yen)

	3Q of FY2015 (April 1, 2015 to December 31, 2015)	3Q of FY2014 (April 1, 2014 to December 31, 2014)
<b>Net income</b>	<b>611</b>	<b>456</b>
<b>Other comprehensive income:</b>		
Valuation difference on available-for-sale securities	191	59
Remeasurements of defined benefit plans, net of tax	67	56
<b>Total other comprehensive income</b>	<b>258</b>	<b>116</b>
<b>Comprehensive income</b>	<b>870</b>	<b>572</b>
Comprehensive income attributable		
Comprehensive income attributable to owners of parent	870	572
Comprehensive income attributable to non-controlling interests	(0)	(0)

## Consolidated statement of cash flow

For the nine months ended December 31, 2014 and 2015

(Millions yen)

	3Q of FY2015 (April 1, 2015 to December 31, 2015)	3Q of FY2014 (April 1, 2014 to December 31, 2014)
<b>I. Cash flows from operating activities:</b>		
Income before income taxes	833	787
Depreciation	1,641	1,647
Impairment loss	692	–
Increase (decrease) in provision for bonuses	(640)	(662)
Increase (decrease) in provision for directors' bonuses	(17)	(10)
Increase (decrease) in provision for losses on orders received	(242)	358
Increase (decrease) in provision for directors' retirement benefits	18	23
Increase (decrease) in net defined benefit liability	286	341
Interest and dividend income	(20)	(19)
Interest expenses	2	3
Loss (gain) on sales of property, plant and equipment	(877)	–
Loss (gain) on sales of investment securities	(7)	(1)
Loss on retirement of non-current assets	32	2
Loss on retirement of software for sale	11	–
Gain on reversal of subscription rights to shares	–	(36)
Decrease (increase) in notes and accounts receivable - trade	5,776	3,077
Decrease (increase) in inventories	(2,546)	(2,426)
Decrease (increase) in other assets	(274)	(107)
Increase (decrease) in notes and accounts payable - trade	(94)	55
Increase (decrease) in other liabilities	(421)	659
Other, net	(94)	(48)
<b>(Subtotal)</b>	<b>4,058</b>	<b>3,644</b>
Interest and dividend income received	23	22
Interest expenses paid	(2)	(3)
Income taxes refund	14	10
Income taxes paid	(1,093)	(913)
<b>Net cash provided by (used in) operating activities:</b>	<b>3,001</b>	<b>2,760</b>

(Millions yen)

	3Q of FY2015 (April 1, 2015 to December 31, 2015)	3Q of FY2014 (April 1, 2014 to December 31, 2014)
<b>II. Cash flows from investing activities</b>		
Decrease (increase) in time deposits	(499)	(300)
Purchase of property, plant and equipment	(432)	(637)
Proceeds from sales of property, plant and equipment	2,571	–
Purchase of intangible assets	(166)	(707)
Purchase of long-term prepaid expenses	(104)	(23)
Purchase of investment securities	–	(299)
Proceeds from sales of investment securities	43	3
Proceeds from liquidation of subsidiaries and affiliates	–	1
Purchase of membership	(3)	(16)
Proceeds from sales of membership	1	–
Net decrease (increase) in short-term loans receivable	0	(0)
Payments for lease and guarantee deposits	(181)	(38)
Proceeds from collection of lease and guarantee deposits	36	37
Other	21	(12)
<b>Net cash provided by (used in) investing activities:</b>	<b>1,285</b>	<b>(1,992)</b>
<b>III. Cash flows from financing activities:</b>		
Repayments of lease obligations	(71)	(72)
Proceeds from exercise of share options	–	1
Decrease (increase) in deposits for purchase of treasury shares	(0)	–
Purchase of treasury shares	(3,219)	(1)
Proceeds from sales of treasury shares	–	0
Cash dividends paid	(479)	(635)
Purchase of treasury shares of subsidiaries	(29)	–
Other	(0)	(0)
<b>Net cash provided by (used in) financing activities</b>	<b>(3,801)</b>	<b>(708)</b>
<b>IV. Net increase (decrease) in cash and cash equivalents</b>	<b>485</b>	<b>59</b>
<b>V. Beginning cash and cash equivalent balance</b>	<b>8,278</b>	<b>8,171</b>
<b>VI. Ending cash and cash equivalent balance</b>	<b>8,763</b>	<b>8,230</b>

## Notes to quarterly consolidated financial statements

(Notes on going concern assumptions)

Not applicable

(Notes on significant changes in the amount of shareholders' equity)

### 1. Dividend of surplus

At the ordinary meeting of shareholders held on June 26, 2015, the Company decided on the year-end dividends for the previous fiscal year as follows.

(1) Type of shares:	Common stock
(2) Total amount of dividends:	¥256 million
(3) Dividend per share:	¥8
(4) Record date:	March 31, 2015
(5) Effective date:	June 29, 2015
(6) Source of dividends:	Retained earnings

The Company resolved to pay interim dividends at a meeting of the Board of Directors held on October 29, 2015 as follows.

(1) Type of shares:	Common stock
(2) Total amount of dividends:	¥242 million
(3) Dividend per share:	¥8
(4) Record date:	September 30, 2015
(5) Effective date:	December 7, 2015
(6) Source of dividends:	Retained earnings

### 2. Changes in capital stock and legal capital surplus

At the ordinary meeting of shareholders held on June 26, 2015, the Company resolved to reduce the amount of capital stock and legal capital surplus and transferred the amount of the reduction in the first nine months of the fiscal year under review as follows.

(1) Change in capital stock	
Decrease in capital stock	¥16,457 million
(2) Change in legal capital surplus	
Decrease in legal capital surplus	¥4,114 million
Increase in other capital surplus	¥20,572 million

### 3. Acquisition of treasury stock

The Company acquired 2,709,200 shares of treasury stock, in accordance with the resolutions at the meetings of the Board of Directors held on June 26, 2015, July 30, 2015, and October 29, 2015. As a result, during the first nine months under review, treasury shares increased ¥3,217 million yen, amounting to ¥3,285 million yen at the end of the third quarter under review.

(Significant subsequent events)

At the meeting of the Board of Directors held on January 28, 2016, the Company resolved to acquire its own shares pursuant to the provisions of Article 156 of the Companies Act that is applied by rereading it based on the provisions of Article 165, Paragraph 3 of the Act.

#### 1. Reason for acquiring the Company's own shares

The Company will acquire its own shares to improve capital efficiency and enhance profit distribution to shareholders by increasing the shareholder value per share.

#### 2. Details of the resolution on the acquisition of the Company's own shares at the meeting of the Board of Directors

(1) Type of shares to be acquired:	Common stock of the Company
(2) Total number of shares able to be acquired:	2,000,000 (maximum)
(3) Acquisition period:	February 2, 2016 to April 26, 2016 (on a contract basis)
(4) Total acquisition value:	¥2.0 billion (maximum)
(5) Acquisition method:	Market purchase on the Tokyo Stock Exchange

## (Reference) Non-consolidated Balance Sheets

As of December 31, 2014 and 2015

(Million yen)

	3Q of FY2015 (As of December 31, 2015)	FY2014 (As of March 31, 2015)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	6,662	5,691
Notes receivable - trade	6	–
Accounts receivable - trade	6,415	11,847
Securities	151	151
Work in progress	3,947	1,422
Raw materials and supplies	89	85
Other	1,428	1,001
Allowance for doubtful accounts	(7)	(12)
<b>Total current assets</b>	<b>18,694</b>	<b>20,188</b>
<b>Non-current assets</b>		
Property, plant and equipment	24,717	28,112
Intangible assets	2,326	2,864
Investments and other assets	7,102	6,881
<b>Total non-current assets</b>	<b>34,146</b>	<b>37,858</b>
<b>Total assets</b>	<b>52,840</b>	<b>58,046</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable - trade	2,199	2,311
Income taxes payable	–	548
Other	2,846	4,578
<b>Total current liabilities</b>	<b>5,045</b>	<b>7,437</b>
<b>Non-current liabilities</b>		
Provision for retirement benefits	8,516	8,252
Other	402	418
<b>Total non-current liabilities</b>	<b>8,918</b>	<b>8,670</b>
<b>Total liabilities</b>	<b>13,964</b>	<b>16,108</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Capital stock	15,000	31,457
Capital surplus	24,322	7,864
Retained earnings	2,173	2,206
Treasury shares	(3,285)	(65)
<b>Total shareholders' equity</b>	<b>38,210</b>	<b>41,463</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	665	474
<b>Total valuation and translation adjustments</b>	<b>665</b>	<b>474</b>
<b>Total net assets</b>	<b>38,876</b>	<b>41,938</b>
<b>Total liabilities and net assets</b>	<b>52,840</b>	<b>58,046</b>

(Note) This balance sheet is prepared in accordance with the Regulations Concerning Preparation Methods of Consolidated Financial Statements but is not subject to review upon legal disclosure.

## (Reference) Non-consolidated statement of income

For the nine months ended December 31, 2014 and 2015

(Million yen)

	3Q of FY2015 (April 1, 2015 to December 31, 2015)	3Q of FY2014 (April 1, 2014 to December 31, 2014)
<b>Net sales</b>	<b>23,449</b>	<b>23,480</b>
Cost of sales	19,371	19,487
<b>Gross Profit</b>	<b>4,078</b>	<b>3,993</b>
Selling, general and administrative expenses	3,712	3,532
<b>Operating income</b>	<b>366</b>	<b>461</b>
<b>Non-operating income:</b>	<b>213</b>	<b>171</b>
<b>Non-operating expenses</b>	<b>147</b>	<b>125</b>
<b>Ordinary income</b>	<b>432</b>	<b>507</b>
<b>Extraordinary income</b>	<b>884</b>	<b>36</b>
<b>Extraordinary losses</b>	<b>729</b>	<b>1</b>
<b>Income before income taxes</b>	<b>587</b>	<b>543</b>
<b>Income taxes</b>	<b>121</b>	<b>229</b>
<b>Net income</b>	<b>465</b>	<b>314</b>

(Note) This statement of income is prepared in accordance with the Regulations Concerning Preparation Methods of Consolidated Financial Statements but is not subject to review upon legal disclosure.