

Consolidated Financial Results for the Six Months Ended September 30, 2019

Company name: FP Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 7947 URL: <https://www.fpco.jp/>
 Representative: Morimasa Sato, Representative Director, President
 Contact: Isao Ikegami, Executive Vice President and Director, Executive General Manager of Finance and Accounting Division
 Tel. +81-8-4953-1145

Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho): November 7, 2019

Scheduled date for commencement of dividend payments: November 28, 2019

Supplementary documents for quarterly results: Yes

Quarterly results briefing: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are truncated.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2019 (April 1, 2019 – September 30, 2019)

(1) Consolidated Results of Operations

(Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Period ended September 30, 2019	92,901	3.7	7,094	15.2	7,445	14.8	4,842	11.4
September 30, 2018	89,577	3.5	6,160	(2.0)	6,483	(2.2)	4,345	(1.7)

(Note) Comprehensive income: Period ended September 30, 2019: 4,830 million yen (9.3 %)

Period ended September 30, 2018: 4,421 million yen (-15.2 %)

	Net income per share (basic)		Net income per share (diluted)	
	Yen		Yen	
Period ended September 30, 2019	117.14		-	
September 30, 2018	105.12		-	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of September 30, 2019	239,696		115,324		47.9		2,777.21	
March 31, 2019	249,332		112,198		44.8		2,703.33	

(Reference) Equity: As of September 30, 2019: 114,809 million yen

As of March 31, 2019: 111,755 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
Year ended March 31, 2019	-	40.00	-	41.00	81.00
Year ending March 31, 2020	-	40.00	-	41.00	81.00
Year ending March 31, 2020 (forecast)	-	-	-	41.00	81.00

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

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Year ending March 31, 2020	186,000	2.7	15,500	11.1	16,000	7.7	10,600	7.1	256.41	

(Note) Revisions to consolidated business performance forecasts published most recently: No

* Notes

- (1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries accompanying changes in scope of consolidation): No
- (2) Application of particular accounting treatment concerning preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies and accounting estimates, and restatement
- | | |
|---|----|
| (i) Changes in accounting policies accompanying amendments to accounting standards, etc.: | No |
| (ii) Changes in accounting policies other than (i): | No |
| (iii) Changes in accounting estimates: | No |
| (iv) Restatement: | No |
- (4) Number of shares outstanding (common shares):
- | | |
|---|-------------------|
| (i) Number of shares outstanding at end of period (including treasury shares) | |
| As of September 30, 2019: | 44,284,212 shares |
| As of March 31, 2019: | 44,284,212 shares |
| (ii) Number of treasury shares at end of period: | |
| As of September 30, 2019: | 2,944,363 shares |
| As of March 31, 2019: | 2,944,292 shares |
| (iii) Average number of shares outstanding during the period (consolidated cumulative period) | |
| Six Months ended September 30, 2019: | 41,339,883 shares |
| Six Months ended September 30, 2018: | 41,339,953 shares |

* Quarterly consolidated financial results are outside the scope of audit procedures by certified public accountants and audit firm.

* Explanations and other special notes concerning the appropriate use of business performance forecasts
(Notes on forward-looking statements)

Descriptions regarding the future, such as the forecast of financial results herein, are calculated based on the information which is available to the Company as of the date hereof. Please note that actual results may be different due to various factors such as subsequent changes in business environment. For assumptions underlying the forecasts and notes to the use of the forecasts, please refer to “1. Qualitative Information Relating to Consolidated Results of Operations for the First Six Months Ended September 30, 2019; (3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results” on page 7 of the “Accompanying Materials.”

(Method used to obtain content for the quarterly analyst meeting)

The Company plans to hold a briefing for institutional investors and analysts on November 6 (Wed.), 2019. A video of this briefing is planned to be posted on the Company’s website as soon as possible after the briefing along with quarterly earnings results materials to be used at the briefing on the day.

Accompanying Materials – Contents

1. Qualitative Information Relating to Consolidated Results of Operations for the First Six Months Ended September 30, 2019	2
(1) Explanation of Financial Results	2
(2) Explanation of Financial Situation	6
(3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results	7
2. Quarterly Consolidated Financial Statements and Key Notes	8
(1) Quarterly Consolidated Balance Sheets	8
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income.....	10
Quarterly Consolidated Statement of Income	
First half period	10
Quarterly Consolidated Statement of Comprehensive Income	
First half period	11
(3) Quarterly Consolidated Statement of Cash Flows	12
(4) Notes to Quarterly Consolidated Financial Statements	13
Note to Going Concern Assumption.....	13
Notes on Any Significant Change in the Value of Shareholders' Equity	13

1. Qualitative Information Relating to Consolidated Results of Operations for the First Six Months Ended September 30, 2019

(1) Explanation of Financial Results

We extend our heartfelt sympathy to the people affected by the recent natural disasters, including the multiple typhoons, along with our sincere wish for the earliest reconstruction of the concerned areas.

The Group set “Source” as the theme for 2019. It ensures the Hands-on Approach and Customer-First Concept as its source and practices the three basic pillars of a manufacturer, that is, “reliably deliver the most environmentally friendly products of the highest quality at the most competitive prices whenever they are needed.”

(Net sales)

Net sales for the first six months (from April 1 to September 30, 2019) of the consolidated fiscal year under review stood at 92,901 million yen, up 3,324 million yen or 3.7% year on year, marking a record high. This shows healthy progress toward the forecast figure for the fiscal year announced in *Consolidated Financial Results for the Fiscal Year Ended March 31, 2019* on May 8, 2019. During the first six months under review, net sales of products manufactured by the Group rose 4.2% year on year to 70,829 million yen, while the sales volume of such products rose 3.1% year on year. Net sales of goods purchased from outsiders rose 2.3% year on year to 22,072 million yen.

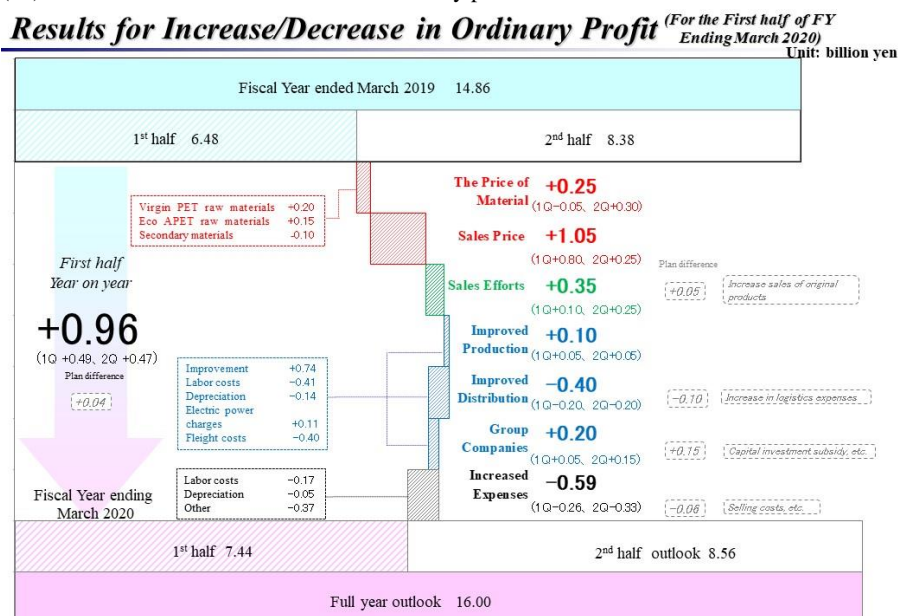
The Company’s original products with specific functions have experienced strong sales, including microwavable products and ones with reduced CO₂ emissions. In particular, demand for eco-friendly products has been growing due to rising environmental awareness among consumers. Examples of such products include Eco Tray, which our clients adopt proactively.

(Profits)

With regard to factors for the increase/decrease of profits for the first six months under review, profits increased thanks to the effects of the price revision in the previous consolidated fiscal year and the strong sales of our original and new products, while we also saw an increase in costs including labor expenses, depreciation expenses, and logistics costs. As a result, operating profit increased by 934 million yen or 15.2% year on year, to 7,094 million yen, and ordinary profit also increased 961 million yen (*1) or 14.8% year on year, to 7,445 million yen. Ordinary profit before depreciation and amortization was 14,148 million yen, up 8.9% year on year, and profit attributable to owners of parent totaled 4,842 million yen, up 11.4% year on year.

Against the projected levels for the first six months announced in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 on May 8, 2019, operating profit was 155 million yen (2.1%) below the projected level, while ordinary profit was 45 million yen (0.6%) above the initial plan. The differences are attributed mainly to the increase in logistics costs, increase in selling expenses, and subsidy income for capital investment by Group companies.

(*1) Factor for the increase/decrease of ordinary profit for the first six months under review



(Sales activities)

The Group is speeding up the development and widening of lineups of high value-added products matched with consumers' lifestyles and increase product sales and the profit ratio.

New products that are being increasingly adopted include securely closed tape-free containers, containers for assortments of prepared food items with cassette-like interior structures, and containers with interior structures for fixed meals, which the Company proposed as work improvement measures for coping with the labor shortage faced by food retailers. In addition, the Company receives a large number of inquiries about low-foaming PSP containers, which are lighter in weight while maintaining an attractive appearance, and appealing containers made by using fixed position molding technology to show the same patterns in the same positions. The Company introduced these products at the FPCO Fair 2019 held from March 27 to 29, 2019.

As part of the Company's activities for distributing information about successful selling spaces, development of seasonal menus for Namakara Sozai, which has the good flavor of raw ingredients that appeals to consumers, is making progress at retailers and food manufacturers. Introduced on eight TV programs since March 2019, Namakara Sozai is attracting attention all over Japan. The number of companies selling menus using Namakara Sozai has increased, mainly among supermarkets, to 157. It is becoming a commonly seen product in selling spaces.

(Production)

In the production sector of the Group, patient improvement efforts were accumulated, including skills improvement of operators, reduction of preparation time, improvement of the performance of manufacturing facilities, and improvement of metal molds and trimming dies. As a result, the number of shots per hour was improved by 13% compared to the level in the fiscal year ended March 31, 2008. Further, the Company's molding plants around the country operate 65 pieces of automated equipment in 34 production process lines for the purpose of labor saving and the automation of the production process.

(Logistics)

Transportation unit prices continue to soar nationwide due to the heavy rain in Western Japan that occurred in July 2018, as well as the labor shortage in the transportation industry. The Group will control the further increase in the cost of consolidated cargo services by increasing the ratio of use of its own trucks and improving the loading efficiency of each truck.

In addition, the Company began introducing unmanned carriers (automatic guided vehicles: AGVs) in August 2017 to streamline operations in the warehouse and to save labor. At present, the Company has introduced 29 AGVs to seven locations in Japan. Further, the Company also introduced a voice picking system to increase the productivity of picking operations. With these and other initiatives, the Company established a stable supply system for future market expansion and peak seasons.

During the Golden Week holidays (late April to early May) and Bon holidays (mid-August) in the first six months under review, when providers of consolidated cargo services suspended the services or restricted the collection of goods, the Company was able to deliver products and goods to customers without significant disruptions thanks to the preparations it had made for delivery by using its own trucks during this period.

(Workstyle reform initiatives)

The Group works to create a working environment that is friendly to workers in consideration of tasks in which employees with disabilities can play fulfilling roles, and strives to hire more workers with disabilities with a view to enhancing diversity. As of March 31, 2019, 13.6% of employees had disabilities in the FPCO Group.

In association with initiatives to expand women's occupational domains, to help women to remain employed, and to increase the number of women in managerial positions, the Company posted its *Positive Action* declaration on the Positive Action Portal operated by the Ministry of Health, Labour and Welfare. The Company set the target ratio of female employees for the main career track for 2019 and thereafter at 30% or more and the target number of female managers at 50 by 2022. The Company is implementing a range of initiatives to achieve these targets.

In addition to the above, the Company has put in place not only the flextime system but also a staggered working hour scheme under which the start and finish times may be shifted in a bid to broaden the working hour options and to press ahead with workstyle reform for reducing overtime work by encouraging employees to work intensively in busy time slots on their respective duties and thereby to improve work productivity. In addition, in the fiscal year ended March 2019, the Company began to require each employee to take paid leave of five consecutive days in an attempt to help refresh their mental and

physical condition and enliven the workplaces.

In support for the employees' work environment, the Company provides Pico House No.1 (Chikusei City, Ibaraki Prefecture; 150 units; completed in January 2017) and Pico House No.2 (Wanouchi Town, Ampachi County, Gifu Prefecture; 102 units; completed in March 2017), company dormitories for single employees which have furniture and home appliances. In addition, the Company is planning to construct Pico House No.3 (renovation of a bachelors' dormitory in Koga City, Ibaraki Prefecture; 63 units; to be completed in March 2020) and Piko House No.4 (to be newly built in Fukuyama City, Hiroshima Prefecture; 18 units; to be completed in September 2020).

(Initiatives aimed at realizing a recycling-based society)

The FPCO Group considers marine plastic waste and climate change as material issues to be tackled, and works to seriously address recycling throughout the Group.

In 1990, the Group embarked on circular recycling using the FPCO method with collection boxes at six collection points in supermarkets. Thanks to the understanding and cooperation of consumers, the number of used container collection points currently exceeds 9,200, having taken root as part of the social infrastructure for recycling in each local community.

To collect more used containers, the Group has created posters to promote recycling, which feature the celebrity LiLiCo. These posters say, "We will never say that they are disposable!!" and "Say 'No!' to disposal. Recycle them into containers." As of September 30, 2019, these posters are displayed at 7,247 stores of 199 supermarket companies. They will allow us to communicate to more consumers that food containers are not for single use, but are valuable resources that can be reused.

The percentage of sales of eco-friendly products (Eco Tray, Eco APET container and Eco OPET container) to the product sales of the Group reached 44% in the first six months under review, up 8% year on year. The percentage of sales of eco-friendly products made from recycled PET materials (APET and OPET containers) reached 98% to sales of PET transparent containers.

To increase sales of ECO APET and ECO OPET containers made from recycled PET materials, the Company made a capital investment in Kanto Eco PET Plant in May 2019 to increase its capacity to produce recycled PET materials by around 2,000 tons per year. This has resulted in a new record of monthly production volume. In June 2019, Nishinohon PET-Bottle Recycle Co., Ltd., a consolidated subsidiary, made a capital investment to increase its capacity to produce recycled PET materials by around 5,000 tons per year. The new equipment began operation in October. Due to efforts to improve production efficiency as well as these capital investments, the Group's total capacity to produce recycled PET materials is expected to increase from approx. 50,000 tons per year to approx. 60,000 tons in the next fiscal year. Given the growing concern over the marine plastic waste issue in recent years, the G20 Ministerial Meeting on Energy Transitions and Global Environment for Sustainable Growth was held in Karuizawa, Nagano Prefecture, on June 15 and 16, 2019. The Company was selected as an exhibitor at the G20 Innovation Exhibition, an outdoor exhibition that was hosted by the Government of Japan and held on the sidelines of the G20 Ministerial Meeting, and exhibited its Tray to Tray recycling (*2). For people related to the G20 Ministerial Meeting and visitors to the event, the Company explained the advantages of Tray to Tray recycling, including the Eco Tray's effects of reducing CO₂ emissions by as much as 30% compared to containers produced from virgin materials.

The Group's distribution of information about these recycling initiatives is highly rated by supermarkets, other users, and dealers of packaging materials. This has accelerated their proactive selection of environmentally friendly packaging materials, including Eco Tray.

Based on the idea that established recycling technologies and systems exist for products made of a single material, the FPCO Group considers the expansion and promotion of recycling as an effective measure for tackling the marine plastic waste and climate change issues, and it will implement the FPCO method of Tray to Tray and Bottle to Tray recycling. At the same time, the Group will continue collecting information about materials and promoting research and development by assuming that technologies will continue to progress. The Group will thus aim to achieve a recycling-based society and build a sustainable society through the development of industry-leading containers in terms of low environmental impact that feature environmentally friendly designs.

(*2) FP Corporation selected as an exhibitor at the G20 Innovation Exhibition, introducing its recycling initiatives



(Initiatives on ESG and SDGs)

Measures taken by the Company include enhancement of initiatives related to supply chain management and human rights and disclosure of a wider range of information, in addition to circular recycling using the FPCO method and employment of disabled workers.

As a result of these initiatives, the Company was selected as a constituent of the FTSE4Good Index Series and FTSE Blossom Japan Index, which were developed by FTSE Russell, for the first time in June 2019. In addition, as of June 2019, the Company has continued to be selected as a constituent of the MSCI Japan Empowering Women (WIN) Select Index, which was established by MSCI Inc.

Further, the Company received the Excellence Award in the ESG category of The Japan Times Satoyama & ESG Awards 2019. Established this year by The Japan Times, Ltd., this award program aims to commend companies and organizations that have made remarkable achievements in promoting and spreading the effective use of *satoyama* (woodlands near villages) and *satoumi* (a coastal area where biological productivity and biodiversity has increased through human interaction) in rural areas.

Moving forward, the Company will continue to accelerate its efforts to achieve the Sustainable Development Goals (SDGs) by implementing the FPCO method of recycling. Thus, the Company will enhance efforts to achieve a recycling-based society.

(Explanations of terms)

- Multi FP (MFP) container: A formed PS (polystyrene) container with cold and heat resistance to temperatures between -40°C and +110°C and with superior oil and thermal insulation.
- Eco Tray: A recycled expanded polystyrene container for which polystyrene containers collected at supermarket shop counters and scrap pieces collected within plants are used as raw materials (sales commenced in 1992).
- Eco APET container: A recycled PET transparent container for which PET transparent containers collected at supermarket shop counters, PET (polyethylene terephthalate) bottles and scrap pieces collected within plants are used as raw materials.
Heat resistance temperature of +60°C (sales commenced in 2012).
- Eco OPET container: A recycled OPET transparent container molded from the bi-axially oriented PET sheets, which use the same raw materials as an Eco APET container, features superior oil resistance and high transparency, achieving the same thermal insulation as the OPS transparent container.
Heat resistance temperature of +80°C (sales commenced in 2016).
- OPS transparent container: A conventional transparent container molded from the bi-axially oriented polystyrene sheets.
Heat resistance temperature of +80°C

(2) Explanation of Financial Situation

1) State of assets, liabilities and net assets

Consolidated assets at the end of the second quarter under review totaled 239,696 million yen, down 9,635 million yen from the end of the previous fiscal year. This was mainly due to a decline in operating receivables, which resulted because the last day of the previous consolidated fiscal year was a holiday for financial institutions, and a decline in property, plant and equipment, and intangible assets, which resulted from depreciation and amortization.

Consolidated liabilities amounted to 124,372 million yen, down 12,761 million yen from the end of the previous fiscal year. This is attributed mainly to repayment of long-term loans payable and payment of income taxes payable, and accrued consumption taxes.

Consolidated net assets totaled 115,324 million yen, up 3,125 million yen from the end of the previous fiscal year. This was attributable principally to quarterly net profit attributable to owners of parent amounting to 4,842 million yen and dividends of surplus of 1,694 million yen.

Under its basic principles of profit distribution that have been announced, the Company has decided to pay a dividend of 40 yen per share with a record date of September 30, 2019 and a year-end dividend of 41 yen on the assumption that the forecast results will be achieved. The annual dividend per share will thus be 81 yen.

2) State of cash flows

Consolidated cash and cash equivalents (hereinafter “cash”) at the end of the second quarter under review totaled 17,860 million yen, down 1,291 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities amounted to 12,906 million yen (12,068 million yen in cash was provided a year earlier). This reflected a cash increase due mainly to quarterly profit before income taxes of 7,254 million yen, depreciation of 6,702 million yen and a shrinkage in notes and accounts receivable - trade of 3,672 million yen as well as a cash decrease following notes and accounts payable - trade of 1,840 million yen and income taxes paid of 3,334 million yen, among others.

(Cash flows from investing activities)

Net cash used in investing activities reached 5,373 million yen (10,567 million yen in cash was used a year earlier).

It was due mainly to 5,261 million yen spent on the purchase of property, plant and equipment in connection with automation equipment and other production equipment.

(Cash flows from financing activities)

Net cash used in financing activities came to 8,824 million yen (2,570 million yen in cash was provided a year earlier).

This primarily reflected proceeds from long-term loans payable of 3,000 million yen, repayment of long-term loans payable of 8,763 million yen, repayment of lease obligations of 1,356 million yen and cash dividends paid of 1,694 million yen.

(3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results

Takeaway food offered by restaurants is expected to increase because the consumption tax rate imposed on such food will remain unchanged after the consumption tax hike in October 2019. With this background, FP Trading Co., Ltd., a consolidated subsidiary of the Company, opened the Pack Market, an e-commerce site offering packaging materials, on June 27, 2019. We strengthen merchandising of packaging materials by collaborating with Group companies and influential dealers of packaging materials in the respective regions. At the same time, we strengthen sales to small-scale customers who purchase small lots by using the IT and logistics infrastructures of the FPCO Group.

In addition, in July 2019, we began to collaborate with a major home delivery portal to develop dedicated containers for home deliveries. We believe that the development of containers that are appropriate for home deliveries will contribute to preventing leakage of liquid, quality degradation and other issues that may occur in the process of delivery to customers. Delivery services using our containers will start after trial use at stores.

Further, in July 2019, the Company began to collaborate with the restaurant industry on providing special menus for a service called Minna-no Nichiyobi (Sunday for everyone). This service is provided by a major healthcare food service company to allow people in hospitals and nursing-care facilities to have the pleasure of eating out on Sundays. The Company offers containers for this service to make users feel as if they were eating at a restaurant.

The Company will continue to expand its business into the frozen food package market, a new market, by taking advantage of the cold and heat resistance to temperatures between -40°C and $+110^{\circ}\text{C}$ and the superior thermal insulation, which are the features of Multi FP containers as one of the Company's original products. By taking this and other measures, the Company will continue to develop products that will aid customers in improving the value of their products.

The Company introduced a new mission-critical system at FPCO International Package Co., Ltd., a consolidated subsidiary, in May 2019. This system is expected to significantly improve operating efficiency, because it features specialized functions for the operations of packaging material dealers, such as SCM functions for controlling the number of orders placed and inventory and a function for placing orders with a smartphone, and it is expected to enable the Group to share information promptly. We are planning to gradually introduce this system to FPCO Ishida Co., Ltd. and other packaging material dealers in the FPCO Group.

The results forecasts for the full year that were announced in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 on May 8, 2019 remain unchanged.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2019)	Second quarter of the current consolidated fiscal year (As of September 30, 2019)
Assets		
Current assets		
Cash and deposits	19,151	17,860
Notes and accounts receivable - trade	38,512	34,836
Merchandise and finished goods	18,687	17,463
Work in process	136	130
Raw materials and supplies	3,714	3,904
Other	4,464	3,527
Allowance for doubtful accounts	(19)	(19)
Total current assets	84,647	77,702
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	76,802	75,191
Machinery, equipment and vehicles, net	33,175	33,153
Lands	33,072	33,040
Lease assets, net	4,685	3,931
Other, net	5,562	5,502
Total property, plant and equipment	153,298	150,819
Intangible assets		
Goodwill	1,255	1,114
Other	1,347	1,336
Total intangible assets	2,602	2,451
Investments and other assets	8,783	8,724
Total non-current assets	164,684	161,994
Total assets	249,332	239,696
Liabilities		
Current liabilities		
Accounts payable - trade	20,954	19,113
Short-term loans payable	15,883	21,836
Commercial papers	18,000	18,000
Income taxes payable	3,365	2,420
Provision for bonuses	2,191	2,191
Provision for directors' bonuses	96	47
Other	16,363	12,777
Total current liabilities	76,854	76,387
Non-current liabilities		
Long-term loans payable	52,455	40,739
Provision for directors' retirement benefits	623	623
Provision for executive officers' retirement benefits	31	30
Net defined benefit liability	4,284	4,317
Other	2,884	2,274
Total non-current liabilities	60,279	47,985
Total liabilities	137,133	124,372

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2019)	Second quarter of the current consolidated fiscal year (As of September 30, 2019)
Net assets		
Shareholders' equity		
Capital stock	13,150	13,150
Capital surplus	15,864	15,864
Retained earnings	86,728	89,875
Treasury shares	(5,094)	(5,094)
Total shareholders' equity	110,648	113,795
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,260	1,136
Remeasurements of defined benefit plans	(154)	(122)
Total accumulated other comprehensive income	1,106	1,013
Non-controlling interests	443	514
Total net assets	112,198	115,324
Total liabilities and net assets	249,332	239,696

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(First half period)

(Million yen)

	First half period of previous fiscal year (April 1, 2018 - September 30, 2018)	First half period of current fiscal year (April 1, 2019 - September 30, 2019)
Net sales	89,577	92,901
Cost of sales	61,363	62,345
Gross profit	28,213	30,556
Selling, general and administrative expenses	22,053	23,461
Operating profit	6,160	7,094
Non-operating income		
Interest income	0	0
Dividends income	58	68
Share of profit of entities accounted for using equity method	–	19
Subsidy income	128	137
Gain on sale of scraps	74	76
Other	210	177
Total non-operating income	472	480
Non-operating expenses		
Interest expenses	57	50
Other	91	79
Total non-operating expenses	149	129
Ordinary profit	6,483	7,445
Extraordinary losses		
Loss on sales and retirement of non-current assets	117	98
Loss on valuation of investment securities	–	91
Total extraordinary losses	117	190
Profit before income taxes	6,366	7,254
Income taxes - current	2,116	2,501
Income taxes - deferred	(112)	(170)
Total income taxes	2,004	2,330
Profit	4,361	4,923
Profit attributable to non-controlling interests	15	81
Profit attributable to owners of parent	4,345	4,842

(Quarterly Consolidated Statement of Comprehensive Income)
(First half period)

(Million yen)

	First half period of previous fiscal year (April 1, 2018 - September 30, 2018)	First half period of current fiscal year (April 1, 2019 - September 30, 2019)
Profit	4,361	4,923
Other comprehensive income		
Valuation difference on available-for-sale securities	33	(123)
Remeasurements of defined benefit plans, net of tax	26	31
Share of other comprehensive income of entities accounted for using equity method	–	(1)
Total other comprehensive income	59	(92)
Comprehensive income	4,421	4,830
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,405	4,749
Comprehensive income attributable to non- controlling interests	15	81

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	First half period of previous fiscal year (April 1, 2018 - September 30, 2018)	First half period of current fiscal year (April 1, 2019 - September 30, 2019)
Cash flows from operating activities		
Profit before income taxes	6,366	7,254
Depreciation	6,506	6,702
Increase (decrease) in provision for bonuses	(54)	0
Increase (decrease) in provision for directors' bonuses	(33)	(48)
Increase (decrease) in allowance for doubtful accounts	(3)	3
Increase (decrease) in provision for directors' retirement benefits	16	(0)
Increase (decrease) in provision for executive officers' retirement benefits	1	(0)
Increase (decrease) in net defined benefit liability	55	32
Loss (gain) on valuation of investment securities	-	91
Interest and dividends income	(59)	(68)
Interest expenses	57	50
Share of loss (profit) of entities accounted for using equity method	-	(19)
Loss (gain) on sales and retirement of non-current assets	103	92
Decrease (increase) in notes and accounts receivable - trade	(1,014)	3,672
Decrease (increase) in inventories	246	1,040
Decrease (increase) in accounts receivable - other	324	678
Increase (decrease) in notes and accounts payable - trade	(49)	(1,840)
Other, net	1,786	(1,413)
Subtotal	14,248	16,227
Interest and dividend income received	59	68
Interest expenses paid	(57)	(55)
Income taxes paid	(2,181)	(3,334)
Net cash provided by (used in) operating activities	12,068	12,906
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,640)	(5,261)
Payments for transfer of business	(635)	-
Other, net	(292)	(112)
Net cash provided by (used in) investing activities	(10,567)	(5,373)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(800)	-
Proceeds from long-term loans payable	15,000	3,000
Repayment of long-term loans payable	(8,443)	(8,763)
Repayments of lease obligations	(1,487)	(1,356)
Cash dividends paid	(1,698)	(1,694)
Other, net	(0)	(10)
Net cash provided by (used in) financing activities	2,570	(8,824)
Net increase (decrease) in cash and cash equivalents	4,071	(1,291)
Cash and cash equivalents at beginning of period	15,659	19,151
Cash and cash equivalents at end of period	19,731	17,860

(4) Notes to Quarterly Consolidated Financial Statements

Note to Going Concern Assumption

Not applicable

Notes on Any Significant Change in the Value of Shareholders' Equity

Not applicable