January 31, 2020

Consolidated Financial Results for the Nine Months Ended December 31, 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): February 6, 2020
Scheduled date for commencement of dividend payments: –
Supplementary documents for quarterly results: Yes
Quarterly results briefing: None

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2019 (April 1, 2019 – December 31, 2019)

(1) Consolidated Results of Operations (Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Period ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2019	144,378	2.5	12,810	10.1	13,311	10.1	8,786	0.8
December 31, 2018	140,872	4.6	11,635	4.2	12,085	3.7	8,715	10.7

(Note) Comprehensive income: Period ended December 31, 2019: 8,989 million yen (9.9 %)
Period ended December 31, 2018: 8,176 million yen (-8.6 %)

	Net income per share (basic)	Net income per share (diluted)
Period ended	Yen	Yen
December 31, 2019	212.53	–
December 31, 2018	210.82	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
December 31, 2019	249,780	117,829	47.0	2,837.17
March 31, 2019	249,332	112,198	44.8	2,703.33

(Reference) Equity: As of December 31, 2019: 117,288 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
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	–	40.00	–	41.00	81.00
Year ending March 31, 2020	–	40.00	–		
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 December 31, 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 December 31, 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)

Nine months ended December 31, 2019:	41,339,873 shares
Nine months ended December 31, 2018:	41,339,952 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 Three Quarters Ended December 31, 2019; (3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results” on page 8 of the “Accompanying Materials.”

(How to obtain supplementary documents for quarterly results)
The Company will post supplementary documents for quarterly results at its official website immediately after announcing the results.

Accompanying Materials – Contents

1. Qualitative Information Relating to Consolidated Results of Operations for the First Three Quarters Ended December 31, 2019

(1) Explanation of Financial Results

The Group 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." In addition, the Group set "Balance" as the theme for 2020. The Group will aim to achieve both customers' prosperity and the growth of the Company in a well-balanced manner by developing products that cater to customers' needs and making proposals that lead to the solution of customers' issues. At the same time, the Group will proceed with initiatives for achieving a balance between the values in each sector, such as the balance between sales and profits and the balance between quality and productivity.

(Net sales)

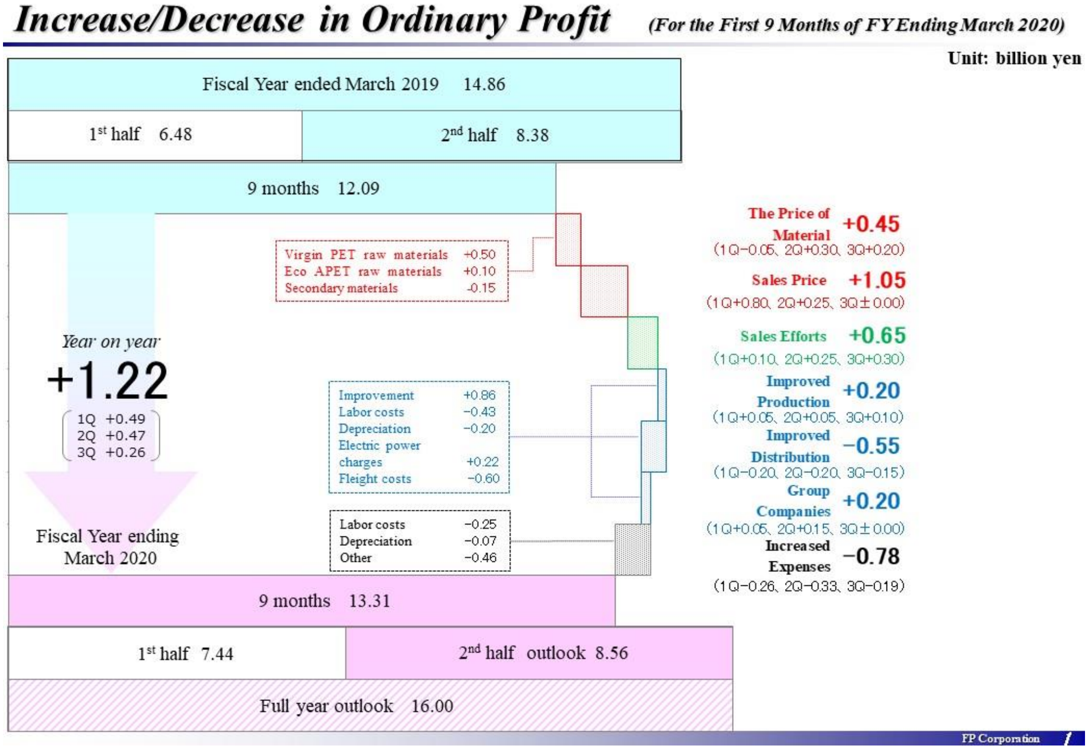
Net sales for the first nine months (from April 1 to December 31, 2019) of the consolidated fiscal year under review stood at 144,378 million yen, up 3,505 million yen or 2.5% year on year, marking a record high. This shows healthy progress toward the forecast figure for the fiscal year announced in *Consolidated Financial Results for the Fiscal Year Ended March 31, 2019* on May 8, 2019. During the first nine months under review, net sales of products manufactured by the Group rose 3.3% year on year to 110,427 million yen, while the sales volume of such products rose 2.9% year on year. Net sales of goods purchased from external parties remained flat from the year-ago level, at 33,951 million yen.

The Company's original products with specific functions have experienced strong sales, including microwavable products and ones with reduced CO_2 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)

Operating profit for the first nine months of the consolidated fiscal year under review increased by 1,175 million yen or 10.1% year on year, to 12,810 million yen, and ordinary profit also increased 1,225 million yen (*1) or 10.1% year on year, to 13,311 million yen. Ordinary profit before depreciation and amortization was 23,412 million yen, up 6.8% year on year, and profit attributable to owners of parent totaled 8,786 million yen, up 0.8% year on year. The profit figures showed healthy progress against the projected levels for the full fiscal year announced in *Consolidated Financial Results for the Fiscal Year Ended March 31, 2019* on May 8, 2019. With regard to factors for the increase/decrease of ordinary profit, profits increased thanks to the effects of the price revision that was implemented in response to the increase of raw material prices 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.

(*1) Factor for the increase/decrease of ordinary profit for the first nine 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.

Products that are being increasingly adopted include securely closed tape-free containers and containers with interior structures for fixed meals, which the Company proposed as containers for work improvement 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.

Namakara Sozai, which uses microwavable Multi FP containers, is positioned as a new way of selling products to ensure that the good flavor of raw ingredients appeals to consumers. The development of seasonal menus of Namakara Sozai is making progress at retailers and food manufacturers. Having been introduced on TV programs all over Japan and otherwise attracting attention since March 2019, Namakara Sozai has become a commonly seen product in selling spaces.

(Production)

In the production sector of the Group, improvement efforts were made, 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. The Company's molding plants around the country operate 73 pieces of automated equipment in 42 production process lines for the purpose of labor saving and the automation of the production process.

In addition, ten production plants of the Company had acquired FSSC 22000 food safety management certification as of December 31, 2019. The Company aims to increase the number of its certified plants to 21 by June 2020. Further, in the supply chain management system, the Company commenced AI-based sales forecasting for around 3,500 of its approximately 10,000 items in October 2019. The Company will increase the number of subject items to around 5,300 by March 2020 and strive to improve the precision and efficiency of the forecasting.

(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 strive to reduce logistics costs 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. As of December 31, 2019, the Company has introduced 29 AGVs to seven locations in Japan. The Company also plans to introduce unmanned forklifts (automated guided forklifts) and accelerate initiatives for saving labor. In addition, the Company has increased the productivity of picking operations by introducing a voice picking system. It will proceed with other initiatives to ensure stable supply during peak periods.

With regard to transportation between distribution centers, all cargo handling operations, including loading and unloading products to and from trucks, were previously carried out manually. The Company began to undertake pallet transportation, or the loading of products placed on pallets onto trucks. This has enabled a significant reduction in the time taken for cargo handling. As of December 31, 2019, pallet transportation has been introduced to four routes. The Company will proceed to expand this method to other routes.

During the Golden Week holidays (late April to early May) and Bon holidays (mid-August) in the first nine 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.

In addition to the above, as part of our Business Continuity Plan (BCP), the Company has installed emergency power-generating equipment and the storage of sufficient fuel to secure an electricity supply for 72 hours, or three days, in 21 locations nationwide to ensure that operations for warehousing and shipping will be continued even in the event of serious incidents, such as an electricity outage caused by a disaster. In the natural disasters that occurred in 2019, including the typhoons, the Company remained able to deliver products and goods as usual by activating the emergency power-generating equipment. In December 2019, the Company obtained a loan based on its DBJ BCM rating in recognition of its initiatives for disaster prevention and business continuity.

(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 Pico House No. 4 (to be newly built in Fukuyama City, Hiroshima Prefecture; 18 units; to be completed in October 2020). In addition, the Company is constructing a group home for people with disabilities (20 units; planned to be completed in April 2020) to further improve the work environment for employees with disabilities.

(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 exceeded 9,300 as of December 31, 2019. Combined with the system for segregation and collection based on the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging that was established in 1997, the above voluntary initiative of the Company has taken root as social infrastructure for making effective use of used containers as resources.

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 December 31, 2019, these posters are displayed in 7,274 stores of 202 supermarket companies. In addition, the Group is proactive in organizing tours to recycling plants at recycling bases all over Japan. Every year, around 20,000 people, including consumers and people from business partners, educational institutions, and administrative bodies, are invited to participate in the tours. The Group will continue to explain to more consumers that food containers are not disposable but can be recycled as valuable resources.

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 42% in the first nine months under review, up 5% 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 enable increased 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, Nishinihon 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 CO_2 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 as alternatives to petroleum-derived plastics, such as paper and biomass, and promoting research and development of various recycling methods, by assuming that technologies will continue to progress. At the same time, the Group will develop industry-leading containers in terms of low environmental impact that feature environmentally friendly designs, with the aim of achieving a recycling-based society and building a sustainable society.

(*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 in 2019 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 and ESG investments.

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.

(2) Explanation of Financial Situation

1) State of assets, liabilities and net assets

Consolidated assets at the end of the third quarter under review totaled 249,780 million yen, up 448 million yen from the end of the previous fiscal year. This was mainly due to an increase in accounts receivable - trade, which resulted from an increase in net sales, and a decline in property, plant and equipment, and intangible assets, which resulted from depreciation and amortization.

Consolidated liabilities amounted to 131,950 million yen, down 5,182 million yen from the end of the previous fiscal year. This is attributed mainly to an increase in notes and accounts payable - trade, which resulted from an increase in the purchase amount of raw materials and others, and a decline in interest-bearing liabilities, which resulted from the repayment of long-term loans payable.

Consolidated net assets totaled 117,829 million yen, up 5,631 million yen from the end of the previous fiscal year. This was attributable principally to profit attributable to owners of parent amounting to 8,786 million yen and dividends of surplus of 3,348 million yen.

2) State of cash flows

Consolidated cash and cash equivalents (hereinafter “cash”) at the end of the third quarter under review totaled 17,193 million yen, down 1,958 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities amounted to 16,463 million yen (17,747 million yen in cash was provided a year earlier). This reflected a cash increase due mainly to profit before income taxes of 13,034 million yen, depreciation of 10,101 million yen, an increase in notes and accounts payable - trade of 3,330 million yen, and a shrinkage in accounts receivable - other of 1,185 million yen, as well as a cash decrease following an increase in notes and accounts receivable - trade of 7,316 million yen and income taxes paid of 5,584 million yen, among others.

(Cash flows from investing activities)

Net cash used in investing activities reached 7,491 million yen (12,912 million yen in cash was used a year earlier).

It was due mainly to 7,235 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 10,930 million yen (2,628 million yen in cash was used a year earlier).

This primarily reflected proceeds from long-term loans payable of 5,000 million yen, repayment of long-term loans payable of 10,589 million yen, repayment of lease obligations of 2,009 million yen and cash dividends paid of 3,321 million yen.

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

Takeaway food offered by restaurants continues to increase because the consumption tax rate imposed on such food has remained 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. In October 2019, we began to sell special containers for the delivery of noodles with soup. The soup is put into the main body of the new container, while the noodles are placed on the inner dish. This prevents the soup from leaking and keeps it hot during delivery, enabling the good flavor of products delivered to customers to be maintained. Further, it enables more containers to be delivered at one time, which we believe will contribute to improved delivery efficiency. We will continue striving to develop containers for the diversifying delivery menus.

Further, in July 2019, the Company began collaborating with a major healthcare food service company providing food services in hospitals and nursing-care facilities, as well as the restaurant industry. Specifically, the Company began to provide containers for special menus for a service called Minna-no Nichiyobi (Sunday for everyone), which is aimed at allowing people in hospitals and nursing-care facilities to experience 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 -40ºC and +110ºC 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 has significantly improved operating efficiency, because it features specialized functions for the operations of packaging material dealers, such as supply chain management functions for controlling the number of orders placed and inventory and a function for placing orders with a smartphone, and it enables the Group to share information promptly. We are planning to gradually introduce this system to 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.

(Explanations of terms)

Multi FP (MFP) container:	A formed PS (polystyrene) container with cold and heat resistance to temperatures between -40ºC and +110ºC 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 +60ºC (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 Superior oil resistance and high transparency, with the same thermal insulation as the OPS transparent container Heat resistance temperature of +80ºC (sales commenced in 2016).
OPS transparent container:	A conventional transparent container molded from the bi-axially oriented polystyrene sheets. Heat resistance temperature of +80ºC

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2019)	Third quarter of the current consolidated fiscal year (As of December 31, 2019)
Assets		
Current assets		
Cash and deposits	19,151	17,193
Notes and accounts receivable - trade	38,512	45,822
Merchandise and finished goods	18,687	17,741
Work in process	136	112
Raw materials and supplies	3,714	3,877
Other	4,464	3,139
Allowance for doubtful accounts	(19)	(105)
Total current assets	84,647	87,780
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	76,802	74,614
Machinery, equipment and vehicles, net	33,175	33,723
Lands	33,072	33,161
Lease assets, net	4,685	3,591
Other, net	5,562	5,641
Total property, plant and equipment	153,298	150,732
Intangible assets		
Goodwill	1,255	1,044
Other	1,347	1,415
Total intangible assets	2,602	2,460
Investments and other assets	8,783	8,807
Total non-current assets	164,684	162,000
Total assets	249,332	249,780
Liabilities		
Current liabilities		
Accounts payable - trade	20,954	24,284
Short-term loans payable	15,883	23,186
Commercial papers	18,000	18,000
Income taxes payable	3,365	1,889
Provision for bonuses	2,191	1,172
Provision for directors’ bonuses	96	75
Other	16,363	16,730
Total current liabilities	76,854	85,339
Non-current liabilities		
Long-term loans payable	52,455	39,562
Provision for directors’ retirement benefits	623	672
Provision for executive officers’ retirement benefits	31	33
Net defined benefit liability	4,284	4,320
Other	2,884	2,022
Total non-current liabilities	60,279	46,610
Total liabilities	137,133	131,950

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2019)	Third quarter of the current consolidated fiscal year (As of December 31, 2019)
Net assets		
Shareholders’ equity		
Capital stock	13,150	13,150
Capital surplus	15,864	15,864
Retained earnings	86,728	92,165
Treasury shares	(5,094)	(5,094)
Total shareholders’ equity	110,648	116,085
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,260	1,309
Remeasurements of defined benefit plans	(154)	(107)
Total accumulated other comprehensive income	1,106	1,202
Non-controlling interests	443	541
Total net assets	112,198	117,829
Total liabilities and net assets	249,332	249,780

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

(Quarterly Consolidated Statement of Income)

(First three quarters period)

(Million yen)

	First three quarters period of previous fiscal year (April 1, 2018 - December 31, 2018)	First three quarters period of current fiscal year (April 1, 2019 - December 31, 2019)
Net sales	140,872	144,378
Cost of sales	95,320	95,758
Gross profit	45,552	48,619
Selling, general and administrative expenses	33,916	35,809
Operating profit	11,635	12,810
Non-operating income		
Interest income	0	0
Dividends income	106	118
Share of profit of entities accounted for using equity method	–	26
Subsidy income	129	141
Gain on sale of scraps	122	131
Other	327	266
Total non-operating income	687	685
Non-operating expenses		
Interest expenses	87	73
Other	150	110
Total non-operating expenses	237	184
Ordinary profit	12,085	13,311
Extraordinary income		
Gain on sales of non-current assets	734	–
Total extraordinary income	734	–
Extraordinary losses		
Loss on sales and retirement of non-current assets	170	185
Impairment loss	100	–
Loss on valuation of investment securities	–	91
Total extraordinary losses	270	276
Profit before income taxes	12,549	13,034
Income taxes - current	3,894	4,220
Income taxes - deferred	(101)	(80)
Total income taxes	3,792	4,139
Profit	8,757	8,894
Profit attributable to non-controlling interests	41	108
Profit attributable to owners of parent	8,715	8,786

(Quarterly Consolidated Statement of Comprehensive Income)

(First three quarters period)

(Million yen)

	First three quarters period of previous fiscal year (April 1, 2018 - December 31, 2018)	First three quarters period of current fiscal year (April 1, 2019 - December 31, 2019)
Profit	8,757	8,894
Other comprehensive income		
Valuation difference on available-for-sale securities	(620)	48
Remeasurements of defined benefit plans, net of tax	39	46
Share of other comprehensive income of entities accounted for using equity method	–	(0)
Total other comprehensive income	(580)	95
Comprehensive income	8,176	8,989
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,134	8,881
Comprehensive income attributable to non-controlling interests	41	108

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	First three quarters period of previous fiscal year (April 1, 2018 - December 31, 2018)	First three quarters period of current fiscal year (April 1, 2019 - December 31, 2019)
Cash flows from operating activities		
Profit before income taxes	12,549	13,034
Depreciation	9,826	10,101
Impairment loss	100	–
Increase (decrease) in provision for bonuses	(990)	(1,018)
Increase (decrease) in provision for directors' bonuses	(7)	(20)
Increase (decrease) in allowance for doubtful accounts	(2)	93
Increase (decrease) in provision for directors' retirement benefits	28	49
Increase (decrease) in provision for executive officers' retirement benefits	4	2
Increase (decrease) in net defined benefit liability	90	35
Loss (gain) on valuation of investment securities	–	91
Interest and dividends income	(107)	(119)
Interest expenses	87	73
Share of loss (profit) of entities accounted for using equity method	–	(26)
Loss (gain) on sales and retirement of non-current assets	(578)	177
Decrease (increase) in notes and accounts receivable - trade	(7,280)	(7,316)
Decrease (increase) in inventories	257	807
Decrease (increase) in accounts receivable - other	813	1,185
Increase (decrease) in notes and accounts payable - trade	3,019	3,330
Other, net	3,559	1,517
Subtotal	21,371	21,998
Interest and dividend income received	107	119
Interest expenses paid	(82)	(70)
Income taxes paid	(3,648)	(5,584)
Net cash provided by (used in) operating activities	17,747	16,463
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,620)	(7,235)
Proceeds from sales of property, plant and equipment	1,407	162
Payments for transfer of business	(874)	–
Other, net	(825)	(418)
Net cash provided by (used in) investing activities	(12,912)	(7,491)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(800)	–
Proceeds from long-term loans payable	15,000	5,000
Repayment of long-term loans payable	(11,310)	(10,589)
Repayments of lease obligations	(2,195)	(2,009)
Cash dividends paid	(3,323)	(3,321)
Other, net	(0)	(10)
Net cash provided by (used in) financing activities	(2,628)	(10,930)
Net increase (decrease) in cash and cash equivalents	2,206	(1,958)
Cash and cash equivalents at beginning of period	15,659	19,151
Cash and cash equivalents at end of period	17,865	17,193

(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