



Consolidated Basis Results of the Fiscal 2018 (April 1, 2018 – March 31, 2019)

May 10, 2019

Registered Company name: TOPY INDUSTRIES, LIMITED Stock listing: Tokyo, Nagoya stock exchanges
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Scheduled date for holding of ordinary general meeting of shareholders: June 25, 2019
 Scheduled date for dividend payment: June 4, 2019
 Scheduled date for submission of securities report: June 25, 2019
 Preparation of supplementary explanatory materials: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Figures of less than ¥1 million have been omitted)

1. Consolidated Operating Results and Financial Position of the Fiscal 2018 (April 1, 2018 - March 31, 2019)

(1) Consolidated Operating Results (Percentage figures are changes from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2018	286,227	24.2	7,505	(6.2)	9,357	16.5	7,114	29.3
Fiscal 2017	230,462	10.7	7,997	11.4	8,034	31.4	5,500	(23.5)

(Note) Comprehensive income: Fiscal 2018 ¥4,234 million -41.2% Fiscal 2017 ¥7,199 million -6.5%

	Profit per share	Profit per share after full dilution	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal 2018	302.85	–	6.5	3.5	2.6
Fiscal 2017	234.25	–	5.2	3.4	3.5

(For reference) Share of profit or loss of entities accounted for using equity method: Fiscal 2018 ¥583 million
 Fiscal 2017 ¥144 million

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal 2018	284,198	112,362	39.2	4,737.26
Fiscal 2017	248,102	109,859	43.9	4,640.13

(For reference) Shareholders' equity: Fiscal 2018 ¥111,304 million Fiscal 2017 ¥108,959 million

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal 2018	11,725	(20,835)	15,936	29,560
Fiscal 2017	10,780	(5,861)	1,834	23,036

2. Dividends

	Dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Dividends/net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full fiscal year			
Fiscal 2017	Yen –	Yen 20.00	Yen –	Yen 60.00	Yen 80.00	Million yen 1,884	% 34.2	% 1.8
Fiscal 2018	–	20.00	–	70.00	90.00	2,119	29.7	1.9
Fiscal 2019 (Forecasts)	–	40.00	–	50.00	90.00		26.4	

3. Consolidated Financial Forecasts for Fiscal 2019 (April 1, 2019 - March 31, 2020)

(Percentage figures are changes from the same period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	149,000	10.2	4,200	25.9	4,400	30.6	3,100	39.2	131.94
Full year	307,000	7.3	11,000	46.6	11,400	21.8	8,000	12.5	340.49

* NOTE

- (1) Changes in the State of Material Subsidiaries during the Period: Yes
 Newly included: 1 (Asahi Tec Aluminium (Thailand) Co., Ltd.) Excluded: –
- (2) Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements
 (a) Changes in accounting principles accompanying the amendment of accounting standards: None
 (b) Changes other than those in (a) above: None
 (c) Changes in accounting estimates: None
 (d) Retrospective restatements: None
- (3) Number of Shares Issued (Common shares)
 (a) Number of shares issued at the end of the period (including treasury stock)
 Fiscal 2018 24,077,510 shares Fiscal 2017 24,077,510 shares
 (b) Number of treasury stock at the end of the period
 Fiscal 2018 582,007 shares Fiscal 2017 595,417 shares
 (c) Average number of shares issued during the period
 Fiscal 2018 23,490,559 shares Fiscal 2017 23,482,598 shares

(For reference) Non-Consolidated Results

Non-Consolidated Operating Results and Financial Position of the Fiscal 2018 (April 1, 2018 - March 31, 2019)

(1) Non-Consolidated Operating Results (Percentage figures are changes from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2018	150,768	8.6	1,048	(62.2)	5,566	32.5	1,245	(44.9)
Fiscal 2017	138,872	13.4	2,771	11.2	4,199	(12.9)	2,259	(66.2)

	Profit per share		Profit per share after full dilution	
	Yen	Yen	Yen	Yen
Fiscal 2018	53.00	–	–	–
Fiscal 2017	96.21	–	–	–

(2) Non-Consolidated Financial Position

	Total assets		Net assets		Ratio of shareholders' equity to total assets	Net assets per share	
	Million yen	Million yen	Million yen	Million yen		Yen	Yen
Fiscal 2018	215,608	77,198	77,198	35.8	3,285.17	–	
Fiscal 2017	191,128	79,297	79,297	41.5	3,376.40	–	

(For reference) Shareholders' equity: Fiscal 2018 ¥77,198 million
 Fiscal 2017 ¥79,297 million

*These Consolidated Basic Results are not included in the scope of audits by certified public accountants or audit corporations.

* Explanation of the Appropriate Use of Performance Forecasts and Other Related Items

(Caution concerning future descriptions etc.)

The above estimate has been compiled based on information available at the time this disclosure was made. The actual earnings are subject to change from the estimated values due to various factors. For assumed conditions underlying the earnings forecast and cautionary statements in using the earnings forecast, please refer to "1. Overview of Operating Results" on page 4.

(Obtaining supplementary documents of financial results)

Supplementary documents will be posted on the Company's website.

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Note: This document has been translated from the original Japanese version for reference purposes only. In the event of any discrepancy between this translated document and the original Japanese version, the original shall prevail.
The original disclosure in Japanese was released on **May 10th, 2019 at 13:30 (GMT+9)**.
The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

1. Overview of Operating Results

(1) Overview of Operating Results for the Fiscal Year under Review

Operating Results for the Consolidated Fiscal Year under review

During the consolidated fiscal year under review, the global economy staged a moderate recovery overall, reflecting continued expansion in the United States and a visible trend toward recovery in emerging economies. However, the slowdown in China became more apparent, primarily due to the effects of trade tensions with the United States. The Japanese economy sustained a gradual recovery as the employment environment picked up and capital spending remained on an expansion track, despite weakness in certain economic indicators.

The Group instituted the Growth & Change 2018 initiative of the mid-term management plan to achieve sustainable growth and offer great workplaces. In the Automotive & Industrial Machinery Components Business, the Group bolstered the operating base for the passenger car wheel business and the expansion of overseas bases through the conversion of Ring Techs Co., Ltd., a steel wheel manufacturer, and ASAHI Tec Corporation, an aluminum wheel manufacturer, into wholly owned subsidiaries. In addition, in response to growing demand for construction machinery in Southeast Asia, the Group began operating steel belt assembly lines at PT. Topy Undercarriage Indonesia. In the Steel Business, the Group sought to cultivate demand by starting to sell TACOIL, a new concrete reinforcing steel bar that improves processing work efficiency.

Looking at the Group's financial results for the fiscal year under review, net sales came to ¥286,227 million (up 24.2% year on year), mainly reflecting the sale of a greater number of components, including parts for the undercarriages of construction machinery and the effects of new consolidation in the passenger car wheel business. Meanwhile, operating profit was ¥7,505 million (down 6.2% year on year) because of an opportunity loss arising from the trouble at the steelmaking facilities at Toyohashi Works in October 2018. However, ordinary profit came to ¥9,357 million (up 16.5% year on year), mainly attributable to the posting of insurance claim income. Profit attributable to owners of parent was ¥7,114 million (up 29.3% year on year).

Performance by Segment

(Steel Business)

In the electric furnace industry, demand for steel materials remained firm, primarily among construction companies. Meanwhile, harsh conditions persisted in terms of costs given sustained high prices for steel scrap, a key raw material, and a surge in prices for sub-materials such as electrode and alloy iron.

Given these circumstances, the Group continued to work to expand sales volume and improve costs and promoted an improvement in sales prices. In addition, the Group accomplished the early restoration of the troubled steelmaking facilities and made efforts to recover after the restoration. As a result, the segment achieved net sales of ¥80,442 million (up 12.5% year on year) and operating profit of ¥2,248 million (up 16.7% year on year).

(Automotive & Industrial Machinery Components Business)

In the construction machinery industry, global demand for hydraulic shovels expanded, mainly in China and North America. Demand for mining machinery also remained strong worldwide. In the automotive industry, the number of automobiles produced in Japan remained almost unchanged from the previous year.

Given these conditions, the Group made steady efforts to meet demand for parts for the undercarriages of construction machinery and very large wheels for mining. In addition, thanks to the effects of new consolidation in the passenger car wheel business, net sales came to ¥188,175 million (up 31.8% year on year). However, operating profit was ¥7,833 million (down 7.1% year on year) mainly due to higher costs caused by rising material prices and the generation of temporary expenses for acquisitions.

(Power Business)

The Group worked on the stable supply of electricity in line with its business plan. Chiefly due to a rise in wholesale electricity price, the segment achieved net sales of ¥10,567 million (up 10.1% year on year) and operating profit of ¥1,228 million (up 41.0% year on year).

(Others)

The Group focused on the expansion of overseas and domestic sales of synthetic mica used in cosmetics and other products. It also sought to improve sales organizations for crawler robots, while at the same time accelerating the development of a crawler mechanism for back/forth and left/right movement to cater to the needs of a range of businesses such as those in the agriculture and distribution industries. The Group also saw strong performance overall in other businesses, which included indoor and outdoor sign systems, civil engineering and construction, the leasing of real estate such as Topy-Rec Plaza (Minami-Suna, Koto-ku, Tokyo), and the operation of the sports club OSSO. As a result, net sales came to ¥7,041 million (up 7.5% year on year), with operating profit of ¥1,550 million (up 5.8% year on year).

(2) Overview of Financial Position for the Fiscal Year under Review

Asset, liabilities and net assets

Total assets at the end of the consolidated fiscal year under review increased by ¥36,096 million from the end of the previous consolidated fiscal year, to ¥284,198 million. Primary factors for the increase included a ¥9,381 million increase in inventories, a ¥7,779 million increase in property, plant and equipment, a ¥6,565 million increase in notes and accounts receivable-trade, a ¥6,491 million increase in cash and deposits, a ¥4,366 million in investments and a ¥2,081 million increase in intangible assets.

Liabilities were ¥171,836 million, an increase of ¥33,593 million from the end of the previous consolidated fiscal year. This was caused mainly by an increase of ¥14,521 million in long-term loans payable, an increase of ¥8,131 million in accounts payable and an increase of ¥2,057 million in short-term loans payable.

Net assets were ¥112,362 million, an increase of ¥2,502 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥5,229 million in retained earnings, a decrease of ¥1,685 million in valuation difference on available-for-sale securities and a decrease of ¥1,054 million in foreign currency translation adjustment. As a result, net assets per share stood at ¥4,737.26 and the net worth ratio was 39.2%.

Cash flows

Cash and cash equivalents (hereinafter referred to as “funds”) during this consolidated fiscal year stood at ¥29,560 million (an increase of ¥6,523 million year on year). This was due to the allocation of increased funds from operating activities and financing activities to the purchase of property, plant and equipment in investment activities.

(Cash flows from operating activities)

Funds provided by operating activities stood at ¥11,725 million (an increase of ¥945 million year on year). This mainly reflected profit before income taxes of ¥10,345 million, depreciation of ¥11,110 million, inventories of ¥4,617 million, and an increase in trade receivables of ¥3,303 million.

(Cash flows from investment activities)

Funds used in investment activities stood at ¥20,835 million (an increase of ¥14,973 million year on year). This mainly reflected the purchase of property, plant and equipment of ¥15,181 million, repayment for the purchase of shares of subsidiaries resulting in a change in the scope of consolidation of ¥11,043 million and proceeds from the sale of property, plant and equipment of ¥5,834 million.

(Cash flows from financing activities)

Funds provided by financing activities stood at ¥15,936 million (an increase of ¥14,102 million year on year). This mainly reflected proceeds from long-term loans payable of ¥18,700 million and the repayment of long-term loans payable of ¥4,846 million.

(Reference) Cash flow-related indicators

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Equity ratio (%)	42.1	42.7	46.6	43.9	39.2
Equity ratio based on market value (%)	26.2	22.7	31.1	29.3	18.3
The ratio of interest-bearing debt to operating cash flow (years)	4.0	3.6	5.5	5.7	6.8
Interest coverage ratio (times)	17.0	16.9	12.0	17.3	16.0

Equity ratio: Shareholders' equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

The ratio of interest-bearing debt to operating cash flow: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest payments

(Note 1) All amounts are on a consolidated basis.

(Note 2) Total market value for stocks is calculated on the basis of the number of outstanding shares, excluding treasury stock.

(Note 3) Cash flows are cash flows from operating activities.

(Note 4) Interest-bearing debt is all the debt with interest on the consolidated balance sheet.

(3) Future Outlook

Going forward, the Japanese economy is expected to continue to recover moderately thanks to improvements in employment/income conditions and the government's economic policy, among other factors. However, the global economy faces uncertain factors, such as the exacerbation of trade issues mainly between the United States and China and the economic outlook for China. Accordingly, the Group will need to keep a close eye on its operating environment.

In these circumstances, the Group will strive to continue reducing costs and to improve sales prices in response to sharp rises in raw material prices, while focusing on demand trends in each business segment. The Group will also focus on developing new products that will meet market needs.

With respect to the consolidated business performance for the next fiscal year, the Group forecasts net sales of ¥307,000 million, operating profit of ¥11,000 million, ordinary profit of ¥11,400 million and profit attributable to owners of parent of ¥8,000 million.

(4) Basic Profit Allocation Policy, and Dividends for the Current and New Fiscal Year

The Company's basic policy for profit distribution is to return profits to its shareholders based on the consolidated business results, while at the same time increasing retained earnings for the development of future business and the strengthening of corporate structure. The Company will allocate retained earnings to investment in new business and the development of new technologies and products that will contribute to long-term, stable business development, thereby enabling it to strengthen its corporate structure and global competitiveness. In terms of the index of profit return based on consolidated business earnings, it will aim for an approximate range of 30% to 35%, a consolidated payout ratio that will be determined after carefully studying the possibility of continuing to pay dividends consistently.

For the year-end dividend for this consolidated fiscal year, the Company plans to pay ¥70 per share. Given the interim dividend of ¥20 per share paid, the annual dividend for the fiscal year under review will be ¥90 per share.

In terms of the dividends for the next fiscal year, the Company plans to pay ¥90 yen per year.

2. Basic Policy for the Selection of Accounting Standards

The Group adopts the Japanese accounting standards, taking into account the possibility of comparing terms of consolidated financial statements and performances between the companies.

It will work to adopt the International Financial Reporting Standards as appropriate, considering the situation in both Japan and other countries.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheets

(Million yen)

	Previous Consolidated Accounting Year (March 31, 2018)	Current Consolidated Accounting Year (March 31, 2019)
Assets		
Current assets		
Cash and deposits	23,179	29,671
Notes and accounts receivable-trade	53,253	59,818
Merchandise and finished goods	17,572	22,327
Work in process	5,503	7,413
Raw materials and supplies	12,452	15,169
Other	6,600	7,417
Allowance for doubtful accounts	(65)	(66)
Total current assets	118,495	141,751
Non-current assets		
Property, plant and equipment		
Buildings and structures	85,948	93,166
Accumulated depreciation	(57,633)	(62,636)
Buildings and structures, net	28,315	30,530
Machinery, equipment and vehicles	186,638	204,197
Accumulated depreciation	(145,132)	(157,286)
Machinery, equipment and vehicles, net	41,506	46,911
Land	15,897	15,287
Leased assets	3,493	5,089
Accumulated depreciation	(2,172)	(3,290)
Leased assets, net	1,320	1,799
Construction in progress	3,871	3,696
Other	38,586	42,392
Accumulated depreciation	(37,290)	(40,630)
Other, net	1,295	1,761
Total property, plant and equipment	92,206	99,986
Intangible assets		
Other	3,078	5,160
Total intangible assets	3,078	5,160
Investments and other assets		
Investment securities	29,351	27,093
Long-term loans receivable	469	478
Deferred tax assets	1,342	2,340
Net defined benefit asset	365	345
Other	2,852	7,100
Allowance for doubtful accounts	(60)	(58)
Total investments and other assets	34,321	37,300
Total non-current assets	129,606	142,447
Total assets	248,102	284,198

(Million yen)

	Previous Consolidated Accounting Year (March 31, 2018)	Current Consolidated Accounting Year (March 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	26,324	31,880
Electronically recorded obligations-operating	17,694	20,268
Short-term loans payable	17,356	19,414
Current portion of bonds	5,000	5,000
Lease obligations	582	878
Income taxes payable	1,715	2,170
Other	14,218	18,293
Total current liabilities	82,891	97,907
Non-current liabilities		
Bonds payable	20,800	22,800
Long-term loans payable	17,940	32,461
Lease obligations	875	888
Deferred tax liabilities	494	1,093
Provision for corporate officers' retirement benefits	158	162
Provision for officers' stock benefits	28	21
Provision for directors' retirement benefits	42	41
Reserve for repairs	248	371
Net defined benefit liability	11,249	12,617
Asset retirement obligations	276	373
Other	3,238	3,096
Total non-current liabilities	55,351	73,929
Total liabilities	138,242	171,836
Net assets		
Shareholders' equity		
Capital stock	20,983	20,983
Capital surplus	18,652	18,606
Retained earnings	63,302	68,532
Treasury shares	(1,734)	(1,708)
Total shareholders' equity	101,203	106,413
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,970	6,284
Deferred gains or losses on hedges	(9)	(5)
Foreign currency translation adjustment	31	(1,023)
Remeasurements of defined benefit plans	(235)	(365)
Total accumulated other comprehensive income	7,756	4,890
Non-controlling interests	899	1,057
Total net assets	109,859	112,362
Total liabilities and net assets	248,102	284,198

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Million yen)

	Previous Consolidated Accounting Year (April 1, 2017 - March 31, 2018)	Current Consolidated Accounting Year (April 1, 2018 - March 31, 2019)
Net sales	230,462	286,227
Cost of sales	192,741	244,108
Gross profit	37,720	42,118
Selling, general and administrative expenses	29,723	34,613
Operating profit	7,997	7,505
Non-operating income		
Interest income	69	105
Dividends income	683	712
Share of profit of entities accounted for using equity method	144	583
Insurance income	31	1,661
Other	382	368
Total non-operating income	1,311	3,431
Non-operating expenses		
Interest expenses	608	669
Foreign exchange losses	–	252
Premium paid	135	131
Other	530	524
Total non-operating expenses	1,274	1,578
Ordinary profit	8,034	9,357
Extraordinary income		
Gain on sales of non-current assets	266	3,222
Gain on sales of investment securities	520	0
Gain on bargain purchase	3,066	–
Total extraordinary income	3,853	3,222
Extraordinary losses		
Loss on sales of non-current assets	303	681
Loss on retirement of non-current assets	496	268
Loss on valuation of investment securities	1,089	–
Impairment loss	2,007	1,188
Other	55	97
Total extraordinary losses	3,953	2,234
Profit before income taxes	7,933	10,345
Income taxes - current	2,402	3,737
Income taxes - deferred	(70)	(546)
Total income taxes	2,331	3,191
Profit	5,602	7,154
Profit attributable to non-controlling interests	101	40
Profit attributable to owners of parent	5,500	7,114

(Consolidated Statements of Comprehensive Income)

(Million yen)

	Previous Consolidated Accounting Year (April 1, 2017 - March 31, 2018)	Current Consolidated Accounting Year (April 1, 2018 - March 31, 2019)
Profit	5,602	7,154
Other comprehensive income		
Valuation difference on available-for-sale securities	1,354	(1,608)
Deferred gains or losses on hedges	5	4
Foreign currency translation adjustment	(310)	(921)
Remeasurements of defined benefit plans, net of tax	542	(129)
Share of other comprehensive income of associates accounted for using equity method	5	(264)
Total other comprehensive income	1,597	(2,920)
Comprehensive income	7,199	4,234
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,107	4,248
Comprehensive income attributable to non-controlling interests	91	(14)

(3) Consolidated Statements of Changes in Net Assets

Previous Consolidated Accounting Year (April 1, 2017 - March 31, 2018)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of year	20,983	18,625	59,922	(1,728)	97,801
Changes of items during period					
Dividends of surplus			(2,120)		(2,120)
Profit attributable to owners of parent			5,500		5,500
Purchase of treasury shares				(13)	(13)
Disposal of treasury shares				7	7
Change in ownership interest of parent due to transactions with non-controlling interests		27			27
Net changes of items other than shareholders' equity					
Total changes of items during period	-	27	3,380	(5)	3,402
Balance at the end of year	20,983	18,652	63,302	(1,734)	101,203

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of year	6,610	(14)	332	(778)	6,149	902	104,853
Changes of items during period							
Dividends of surplus							(2,120)
Profit attributable to owners of parent							5,500
Purchase of treasury shares							(13)
Disposal of treasury shares							7
Change in ownership interest of parent due to transactions with non-controlling interests							27
Net changes of items other than shareholders' equity	1,359	4	(301)	543	1,606	(2)	1,603
Total changes of items during period	1,359	4	(301)	543	1,606	(2)	5,005
Balance at the end of year	7,970	(9)	31	(235)	7,756	899	109,859

Current Consolidated Accounting Year (April 1, 2018 - March 31, 2019)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of year	20,983	18,652	63,302	(1,734)	101,203
Changes of items during period					
Dividends of surplus			(1,884)		(1,884)
Profit attributable to owners of parent			7,114		7,114
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		(0)		31	31
Change in ownership interest of parent due to transactions with non-controlling interests		(45)			(45)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(45)	5,229	25	5,209
Balance at the end of year	20,983	18,606	68,532	(1,708)	106,413

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of year	7,970	(9)	31	(235)	7,756	899	109,859
Changes of items during period							
Dividends of surplus							(1,884)
Profit attributable to owners of parent							7,114
Purchase of treasury shares							(5)
Disposal of treasury shares							31
Change in ownership interest of parent due to transactions with non-controlling interests							(45)
Net changes of items other than shareholders' equity	(1,685)	4	(1,054)	(129)	(2,865)	157	(2,707)
Total changes of items during period	(1,685)	4	(1,054)	(129)	(2,865)	157	2,502
Balance at the end of year	6,284	(5)	(1,023)	(365)	4,890	1,057	112,362

(4) Consolidated Cash Flow Statements

(Million yen)

	Previous Consolidated Accounting Year (April 1, 2017 - March 31, 2018)	Current Consolidated Accounting Year (April 1, 2018 - March 31, 2019)
Cash flows from operating activities		
Profit (loss) before income taxes	7,933	10,345
Depreciation	10,599	11,110
Gain on bargain purchase	(3,066)	-
Impairment loss	2,007	1,188
Amortization of goodwill	-	93
Increase (decrease) in allowance for doubtful accounts	0	(28)
Increase (decrease) in allowance for executive directors' retirement benefits	(37)	(8)
Increase (decrease) in allowance for periodic repairs	(57)	123
Increase (decrease) in net defined benefit liability	385	598
Interest and dividend income	(752)	(817)
Interest expenses	608	669
Insurance income	(31)	(1,661)
Share of (profit) loss of entities accounted for using equity method	(144)	(583)
Loss (gain) on sales of short-term and long-term investment securities	(520)	0
Loss (gain) on valuation of short-term and long-term investment securities	1,089	-
Loss (gain) on sales and retirement of property, plant and equipment	533	(2,273)
Decrease (increase) in notes and accounts receivable - trade	(7,497)	(3,303)
Decrease (increase) in inventories	(7,007)	(4,617)
Increase (decrease) in notes and accounts payable - trade	8,707	2,557
Increase/decrease in other assets/liabilities	(1,292)	75
Subtotal	11,457	13,469
Interest and dividend income received	808	842
Interest expenses paid	(623)	(730)
Proceeds from insurance income	31	1,661
Income taxes paid	(893)	(3,516)
Net cash provided by (used in) operating activities	10,780	11,725

(Million yen)

	Previous Consolidated Accounting Year (April 1, 2017 - March 31, 2018)	Current Consolidated Accounting Year (April 1, 2018 - March 31, 2019)
Cash flows from investing activities		
Net decrease (increase) in time deposits	86	110
Purchase of property, plant and equipment	(8,330)	(15,181)
Proceeds from sales of property, plant and equipment	916	5,834
Purchase of investment securities	(1,474)	(35)
Proceeds from sales of investment securities	883	0
Payments of loans receivable	(16)	(29)
Collection of loans receivable	173	19
Purchase of intangible assets	(1,449)	(440)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	3,181	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(11,043)
Other, net	168	(70)
Net cash provided by (used in) investing activities	(5,861)	(20,835)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,741	2,847
Proceeds from long-term loans payable	7,565	18,700
Repayments of long-term loans payable	(6,351)	(4,846)
Proceeds from issuance of bonds	4,954	6,958
Redemption of bonds	(3,300)	(5,000)
Increase (decrease) in deposits received through CMS	0	0
Repayments of lease obligations	(578)	(765)
Purchase of treasury shares	(13)	(5)
Proceeds from disposal of treasury shares	0	0
Cash dividends paid	(2,117)	(1,882)
Dividends paid to non-controlling interests	(66)	(69)
Net cash provided by (used in) financing activities	1,834	15,936
Effect of exchange rate change on cash and cash equivalents	(65)	(303)
Net increase (decrease) in cash and cash equivalents	6,687	6,523
Cash and cash equivalents at the beginning of year	16,349	23,036
Cash and cash equivalents at the end of year	23,036	29,560

(5) Notes Regarding the Consolidated Financial Statements

(Note related to going-concern assumption)

None

(Segment information)

1. Summary of the reportable segments

The reportable segments of the Company are units constituting the Company that are to be regularly examined by the Board of Directors to determine the allocation of management resources and evaluate the business results, as their financial information is available separately from that of others.

The Company has business divisions by product and service, and each business division develops a comprehensive domestic and overseas strategy for the products and services it offers in conducting its business activities.

Accordingly, the Company consists of segments by product and service based on the business divisions. There are three reportable segments: the Steel Business, the Automotive & Industrial Machinery Components Business and the Power Business.

The Steel Business produces general section steel, deformed section steel, deformed bar steel and other steel products. The Automotive & Industrial Machinery Component Business produces various wheels for automobiles, industrial vehicles and construction machinery, pressing products, components for construction machinery, industrial fasteners, etc. The Power Business engages in the wholesale of electricity.

2. Method of calculating amounts of net sales, profits or losses, assets and other items by reportable segment

The accounting method for the business segments reported is the same as that stated in “Important basic matters for preparation of the consolidated financial statements.” In addition, the profits of the reportable segments show operating profits.

The internal revenue and transfer between segments are based on the actual market price.

3. Information regarding amounts of net sales, profits or losses, assets and other items by reportable segment

Previous consolidated fiscal year (from April 1, 2017 to March 31, 2018)

(Million yen)

	Reportable segment				Others (Note) 1	Total	Amount of adjustment (Note) 2	Amount recorded in the consolidated financial statements (Note) 3
	Steel	Automotive & Industrial Machinery Components	Power	Total				
Net sales								
Net sales to outside customers	71,525	142,790	9,596	223,913	6,548	230,462	–	230,462
Internal sales or transfer between segments	19,782	–	–	19,782	–	19,782	(19,782)	–
Total	91,308	142,790	9,596	243,695	6,548	250,244	(19,782)	230,462
Profits of segment	1,925	8,433	871	11,230	1,465	12,695	(4,698)	7,997
Assets of segment	94,420	110,225	5,495	210,141	14,847	224,988	23,114	248,102
Other items								
Depreciation	4,296	5,224	541	10,061	454	10,516	82	10,599
Increase in property, plant and equipment and intangible assets	4,118	5,635	367	10,121	488	10,610	1,522	12,132

(Notes) 1. The category “Others” includes the business segments not included in the reportable segments such as synthetic mica, crawler robots, indoor and outdoor sign systems, civil engineering and construction, the leasing of real estate and the operation of the sports club.

2. The details of the adjustment are as explained below.

(1) Profits of segment in an amount of a loss of ¥4,698 million are common corporate expenses, etc. not allocated to the respective reportable segments. The common corporate expenses are mainly the expenses related to the administrative divisions of the Company that are not attributable to the reportable segments.

(2) Assets of segment in an amount of ¥23,114 million include the corporate assets of ¥29,172 million not allocated to the respective reportable segments and the elimination of intra-company transactions between segments in an amount of -¥6,058 million. The corporate assets are mainly the assets related to the administrative divisions of the Company that are not attributable to the reportable segments.

(3) Of the Other items, depreciation of ¥82 million mainly relates to the equipment of the administrative divisions of the Company. In addition, an increase in property, plant and equipment and intangible assets in an amount of ¥1,522 million is mainly capital spending of the administrative divisions of the Company.

3. Profit of segment is adjusted with operating profit recorded under the consolidated financial statements.

Consolidated fiscal year under review (from April 1, 2018 to March 31, 2019)

(Million yen)

	Reportable segment				Others (Note) 1	Total	Amount of adjustment (Note) 2	Amount recorded in the consolidated financial statements (Note) 3
	Steel	Automotive & Industrial Machinery Components	Power	Total				
Net sales								
Net sales to outside customers	80,442	188,175	10,567	279,185	7,041	286,227	–	286,227
Internal sales or transfer between segments	23,838	–	–	23,838	–	23,838	(23,838)	–
Total	104,281	188,175	10,567	303,024	7,041	310,065	(23,838)	286,227
Profits of segment	2,248	7,833	1,228	11,309	1,550	12,860	(5,355)	7,505
Assets of segment	97,694	137,244	5,902	240,841	16,122	256,963	27,235	284,198
Other items								
Depreciation	4,497	5,201	555	10,254	312	10,567	543	11,110
Increase in property, plant and equipment and intangible assets	6,505	16,251	745	23,503	1,208	24,711	389	25,100

(Notes) 1. The category “Others” includes the business segments not included in the reportable segments such as synthetic mica, crawler robots, indoor and outdoor sign systems, civil engineering and construction, the leasing of real estate and the operation of the sports club.

2. The details of the adjustment are as explained below.

- (1) Profits of segment in an amount of a loss of ¥5,355 million are common corporate expenses, etc. not allocated to the respective reportable segments. The common corporate expenses are mainly the expenses related to the administrative divisions of the Company that are not attributable to the reportable segments.
- (2) Assets of segment in an amount of ¥27,235 million include the corporate assets of ¥33,229 million not allocated to the respective reportable segments and the elimination of intra-company transactions between segments in an amount of -¥5,994 million. The corporate assets are mainly the assets related to the administrative divisions of the Company that are not attributable to the reportable segments.
- (3) Of the Other items, depreciation of ¥543 million mainly relates to the equipment of the administrative divisions of the Company. In addition, an increase in property, plant and equipment and intangible assets in an amount of ¥389 million is mainly capital spending of the administrative divisions of the Company.

3. Profit of segment is adjusted with operating profit recorded under the consolidated financial statements.

(Information per share)

	Previous consolidated fiscal year (from April 1, 2017 to March 31, 2018)	Consolidated fiscal year under review (from April 1, 2018 to March 31, 2019)
Net assets per share	4,640.13 yen	4,737.26 yen
Profit per share	234.25 yen	302.85 yen

(Notes) 1. Profit per share after full dilution is not stated because there are no dilutive shares.

2. In the calculation of net assets per share, the shares of the Company that are held by the trust related to the stock compensation plan for directors, etc. are included in the treasury shares that are deducted from the total number of shares issued and outstanding at the end of the fiscal year (68 thousand shares for the previous consolidated fiscal year and 52 thousand shares for the consolidated fiscal year under review).

In addition, also in the calculation of profit per share, the said shares above are included in the treasury shares that are deducted in the calculation of the average number of shares during the fiscal year (69 thousand shares for the previous consolidated fiscal year and 58 thousand shares for the consolidated fiscal year under review).

3. The bases for the calculation of profit per share are as shown below.

	Previous consolidated fiscal year (from April 1, 2017 to March 31, 2018)	Consolidated fiscal year under review (from April 1, 2018 to March 31, 2019)
Profit attributable to owners of parent (million yen)	5,500	7,114
Amount not attributable to common shareholders (million yen)	–	–
Profit attributable to owners of parent in relation to common shares (million yen)	5,500	7,114
Average number of shares during the fiscal year (thousand shares)	23,482	23,490

(Important events after the reporting period)

None