



## Consolidated Financial Report For the Six Months Ended September 30, 2016

November 8, 2016

Company Name: Meitec Corporation  
Representative: Hideyo Kokubun  
President, Group CEO  
Code No.: 9744 TSE 1st Section

[Fractions of one million yen are rounded down]

### 1. Consolidated Results for the 2nd Quarter (April 1, 2016 to September 30, 2016)

#### (1) Consolidated operating results

(% is comparison to the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six months ended September 30, 2016	44,111	4.7	5,071	6.9	5,074	7.4	3,466	(8.7)
Six months ended September 30, 2015	42,143	7.2	4,744	18.8	4,723	17.7	3,798	—

(Note) Comprehensive Income; Six months ended September 30, 2016: 3,597 million yen [(8.0)%]  
Six months ended September 30, 2015: 3,911 million yen [ — %]

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2016	118.83	—
Six months ended September 30, 2015	125.43	—

#### (2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of September 30, 2016	63,752	37,273	58.5
As of March 31, 2016	64,468	37,605	58.2

Reference: Shareholders' Equity; as of September 30, 2016: 37,273 million yen  
as of March 31, 2016: 37,543 million yen

### 2. Dividends

	Annual Dividends per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2016	—	63.00	—	81.00	144.00
FY ending March 31, 2017	—	68.00	—	—	—
FY ending March 31, 2017 (Forecast)	—	—	—	71.50	139.50

(Note) Revision of dividends forecast from recent forecast: Yes

Regarding the revision of the dividends, please see "Notice Regarding Dividend of Retained Earnings (Interim Dividend) and Revision of the Year-end Dividend Forecast" which was announced today, November 8, 2016.

### 3. Consolidated Forecasts for Fiscal Year ending March 31, 2017

(% is comparison to the same period of previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
FY ending March 31, 2017	90,800	3.3	10,700	(1.6)	10,700	(1.3)	7,600	(6.0)	262.58

(Note) Revision of performance forecast from recent forecast: Yes

**Notes to Financial Statements**

- (1) Significant changes involving subsidiaries during the term: None  
(Changes in specific subsidiaries that affected the scope of consolidation)
- (2) Adoption of special accounting treatment for preparing quarterly consolidated financial Statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
- |  |      |
|--|------|
| i. Change in accounting policies :     | Yes  |
| ii. Changes not relating to i. :       | None |
| iii. Changes in accounting estimates : | None |
| iv. Restatements :                     | None |
- (4) Number of shares issued (common stock)
- |   |            |
|---|------------|
| i. Number of shares issued at the fiscal year end (including treasury shares) |            |
| 2nd Quarter ended September 30, 2016:   | 31,300,000 |
| FY ended March 31, 2016:  | 31,300,000 |
| ii. Number of treasury shares at the fiscal year end                          |            |
| 2nd Quarter ended September 30, 2016:   | 2,356,203  |
| FY ended March 31, 2016:  | 1,936,687  |
| iii. Average number of shares outstanding during the period                   |            |
| 2nd Quarter ended September 30, 2016:   | 29,172,003 |
| 2nd Quarter ended September 30, 2015:   | 30,285,065 |

**\* Indication of quarterly review procedure implementation status**

At the time of disclosure of the financial results, the quarterly financial statement review procedures based upon the Financial Instruments and Exchange Act, have not been completed.

**\* Advice relating to appropriate use of financial forecasts and other relevant information**

Earnings forecasts and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable, and it is not intended to promise its achievement. Actual results may therefore differ materially from these statements for various reasons. For cautionary notes concerning assumptions for earnings forecasts and use of earning forecasts, please refer to “(3)-1. Earnings Forecasts” under “1. Qualitative Information on the Consolidated Results for the 2nd Quarter,” “(3) Explanation of Forecast Information Such as Consolidated Earnings Forecast, etc.”

## 1. Qualitative Information on the Consolidated Results for the 2nd Quarter

### (1) Qualitative Information on the Consolidated Operating Results

Figure 1: Summary ; Consolidated Operating Results

(Millions of yen, rounded down)	2nd Q FY ended September 30, 2015	2nd Q FY ended September 30, 2016	YoY Amount	Change (%)
Net Sales	42,143	44,111	+1,967	+4.7%
Cost of Sales	31,321	32,861	+1,539	+4.9%
SG&A Expenses	6,077	6,178	+101	+1.7%
Operating Income	4,744	5,071	+326	+6.9%
Ordinary Income	4,723	5,074	+351	+7.4%
Profit before income taxes	5,777	5,073	(704)	(12.2)%
Profit Attributable to Owners of Parent	3,798	3,466	(332)	(8.7)%

#### (1)-1. Consolidated Operating Results

During the six months from April 1, 2016 to September 30, 2016, the Japanese economy continued to recover at a moderate pace due to factors such as the impact of the government's economic and fiscal policies. However, the outlook remained uncertain due to precariousness in the global economy caused by economic problems in emerging countries and resource-producing nations and other factors.

Under these circumstances, many leading manufacturers, which are the major clients of the Company, continued steady investment in technological development looking to the next generation regardless of business conditions. Thanks to a strong order environment, the number of engineers assigned to clients steadily increased. This was mainly due to assignment of new graduate engineers who joined us on April 1 (Meitec: 338, Meitec Fielders: 182; total: 520) to clients proceeding steadily.

As a result, consolidated net sales for the period under review increased ¥1,967 million, or 4.7%, from a year earlier to ¥44,111 million. Consolidated cost of sales rose ¥1,539 million, or 4.9%, from a year earlier to ¥32,861 million, chiefly because of higher labor costs due to an increase in the number of engineers. Consolidated selling, general and administrative expenses rose ¥101 million, or 1.7%, from a year earlier to ¥6,178 million. As a result, consolidated operating income increased ¥326 million, or 6.9%, from a year earlier to ¥5,071 million, and consolidated ordinary income rose ¥351 million, or 7.4%, from a year earlier to ¥5,074 million.

Furthermore, profit attributable to owners of parent decreased ¥332 million, or 8.7%, from a year earlier to ¥3,466 million, due to the recording of extraordinary income of approximately ¥1.0 billion for the first six months of the previous fiscal year, arising from the sale of training facilities and other facility.

## (1)-2. Operating Results of Business Segments

Figure 2: Summary ; Results of Three Business Segments

(Millions of yen, rounded down)	Meitec Group (Consolidated)				
		Temporary Staffing Business	Recruiting & Placement Business	Engineering Solutions Business	Eliminations / Corporate
Net Sales	44,111	42,540	846	821	(97)
Component Ratio	100.0%	96.4%	1.9%	1.9%	(0.2)%
YoY Amount	+1,967	+1,843	+126	(25)	+22
%Change	+4.7%	+4.5%	+17.6%	(3.0)%	—
Operating Income	5,071	4,785	299	(13)	—
Component Ratio	100.0%	94.4%	5.9%	(0.3)%	—
YoY Amount	+326	+267	+81	(24)	+1
%Change	+6.9%	+5.9%	+37.5%	—	—

Figure 3: Meitec Group Temporary Engineer Staffing Business

		2nd Q FY ended September 30, 2015	2nd Q FY ended September 30, 2016
MT <sup>*1</sup> +MF <sup>*2</sup>	Period-End Engineering Staff <sup>1</sup>	8,333	8,704
	Utilization ratio (Company-wide)	95.6%	95.1%
	Utilization ratio (Excluding new hires)	98.2%	98.0%
MT <sup>*1</sup>	Period-End Engineering Staff <sup>1</sup>	6,563	6,735
	Of which assigned to internal engineering projects <sup>1</sup>	38	39
	Utilization ratio (Company-wide)	96.0%	95.3%
	Utilization ratio (Excluding new hires)	98.1%	97.8%
	Working Hours	8.77h/day	8.74h/day
MF <sup>*2</sup>	Period-End Engineering Staff	1,770	1,969
	Utilization ratio (Company-wide)	94.2%	94.5%
	Utilization ratio (Excluding new hires)	98.6%	98.8%
	Working Hours	8.90h/day	8.87h/day

\*1:Meitec Corporation      \*2:Meitec Fielders, Inc.

Note 1: Number of engineers for Meitec does not include engineers who are assigned to our internal engineering projects and lecturer for internal training.

See the Meitec website for monthly and quarterly utilization ratio figures:

[http://www.meitec.co.jp/e/ir/financial\\_performance.html](http://www.meitec.co.jp/e/ir/financial_performance.html)

### (1)-2.i Temporary Staffing Business

Net sales in the Temporary Staffing Business segment for the period under review increased ¥1,843 million, or 4.5%, from a year earlier to ¥42,540 million. The main reason for the increase was an increase in the number of engineers assigned to clients in the Temporary Staffing Business, which accounts for more than 90% of consolidated net sales, particularly in the professional staffing business for engineers, the core business of this segment. Operating income increased ¥267 million, or 5.9%, from a year earlier to ¥4,785 million.

The Company's non-consolidated utilization ratio (overall) maintained a level of 95.3%, a slight decline compared with 96.0% in the same period of the previous fiscal year. The main reason was careful selection of work assignments for the 338 newly graduated engineers that joined the Company in April 2016, as well as the strategic rotation of engineers between clients and assignments in order to support career enhancement. Moreover, while the order environment was brisk, working hours declined to 8.74 hours/day (8.77 hours/day for the same period of the previous fiscal year) because of a decline in overtime hours work at some clients, etc.

(1)-2.ii Recruiting & Placement Business

The Recruiting & Placement Business segment operates job placement and information portal site businesses for engineers.

Net sales in the Recruiting & Placement Business for the period under review increased ¥126 million, or 17.6%, from a year earlier to ¥846 million, and operating income increased ¥81 million, or 37.5%, to ¥299 million.

Meitec Next achieved sales and profit growth due to an increase in the number of job placements.

(1)-2.iii Engineering Solutions Business

The Engineering Solutions Business segment provides technology support services for printed-circuit board business.

Net sales in the Engineering Solutions Business for the period under review declined ¥25 million, or 3.0%, from a year earlier to ¥821 million, and operating loss of ¥13 million was posted, compared with an operating income of ¥10 million a year earlier.

Figure 4: Summary ; Meitec Group Results

(Millions of Yen, rounded down)	Temporary Staffing Business				Recruiting & Placement Business			Engineering Solutions Business
	Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec NEXT	all engineer. jp	Meitec Shanghai HR, etc.	Apollo Giken
<b>Net Sales</b>	34,073	7,218	1,340	45	758	65	33	821
YoY Amount	+941	+831	+41	+16	+119	(2)	+7	(25)
YoY %	+2.8%	+13.0%	+3.2%	+56.9%	+18.7%	(3.7)%	+29.6%	(3.0)%
<b>Operating Income</b>	4,100	641	49	(13)	283	21	(5)	(13)
YoY Amount	+172	+93	+2	+0	+79	(7)	+18	(24)
YoY %	+4.4%	+17.1%	+4.9%	—	+38.8%	(26.5)%	—	—
<b>Ordinary Income</b>	4,679	639	49	(13)	283	21	(5)	(14)
YoY Amount	+283	+91	+2	+0	+79	(7)	+19	(25)
YoY %	+6.5%	+16.8%	+5.5%	—	+38.8%	(26.0)%	—	—
<b>Profit</b>	3,279	523	39	(13)	193	17	(5)	9
YoY Amount	(470)	+173	+9	+0	+57	(8)	+19	+3
YoY %	(12.5)%	+49.7%	+33.0%	—	+41.8%	(32.7)%	—	+59.7%

## (2) Qualitative Information on the Consolidated Financial Position

Figure 5: Overview of the Consolidated Financial Position

(millions of yen, rounded down)	FY ended March 31, 2016	2nd Q FY ended September 30, 2016	YoY Amount	Change (%)
Total current assets	53,104	52,568	(536)	(1.0)%
Total non-current assets	11,363	11,183	(179)	(1.6)%
Total assets	64,468	63,752	(716)	(1.1)%
Total current liabilities	13,650	12,923	(727)	(5.3)%
Total non-current liabilities	13,212	13,555	+342	+2.6%
Total liabilities	26,862	26,478	(384)	(1.4)%
Total shareholders' equity	39,973	39,570	(402)	(1.0)%
Total accumulated other comprehensive income	(2,429)	(2,296)	+133	—
Non-controlling interests	61	—	(61)	(100.0)%
Total net assets	37,605	37,273	(331)	(0.9)%
Total liabilities and net assets	64,468	63,752	(716)	(1.1)%

### (2)-1. Assets

Total consolidated assets at the end of the second quarter (September 30, 2016) decreased ¥716 million from March 31, 2016 to ¥63,752 million. This reflected a decline of ¥536 million in current assets from the previous fiscal year-end.

The drop in current assets was mainly due to a decrease in notes and accounts receivable-trade.

### (2)-2. Liabilities

Total consolidated liabilities as of September 30, 2016 decreased ¥384 million from March 31, 2016 to ¥26,478 million. This reflected a decrease of ¥727 million in current liabilities from the previous fiscal year-end.

The decrease in current liabilities was mainly due to a payment of accrued consumption taxes and a decrease in provision for bonuses.

### (2)-3. Net Assets

Total consolidated net assets as of September 30, 2016 decreased ¥331 million from March 31, 2016 to ¥37,273 million. This mainly reflected an increase in profit attributable to owners of parent due to business performance in the period under review, offset by the payment of dividends and purchase of treasury shares.

### (3) Explanation of Forecast Information Such as Consolidated Earnings Forecast, etc.

#### (3)-1. Earnings Forecasts

Assuming continued strength in the environment for orders, the main performance indicators for the professional staffing business for engineers have been revised based on recent trends, and the full-year earnings forecasts announced on May 10, 2016 have been revised as follows.

Figure 6: Consolidated Forecast (April 1, 2016 to March 31, 2017)

(Millions of Yen)	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of parent
Previous Forecast (A)	90,500	10,300	10,300	7,000
Revised Forecast (B)	90,800	10,700	10,700	7,600
Comparison to the Previous Forecast (B-A)	+300	+400	+400	+600
Change (%)	+0.3%	+3.9%	+3.9%	+8.6%

Figure 7: Non-consolidated Forecast (April 1, 2016 to March 31, 2017)

(Millions of Yen)	Net Sales	Operating Income	Ordinary Income	Profit
Previous Forecast (A)	70,200	8,500	9,000	6,300
Revised Forecast (B)	70,200	8,800	9,300	6,700
Comparison to the Previous Forecast (B-A)	—	+300	+300	+400
Change (%)	—	+3.5%	+3.3%	+6.3%

Figure 8: Prerequisites for the Forecast (April 1, 2016 to March 31, 2017)

	Meitec		Meitec Fielders	
	Revised forecast	Previous forecast	Revised forecast	Previous forecast
Utilization Ratio(Company-wide)	96.5%	96.7%	95.8%	94.9%
First Half	95.3%	95.6%	94.5%	92.8%
Second Half	97.6%	97.8%	97.0%	96.9%
Working Hours	8.82h/day	8.83h/day	8.95h/day	8.96h/day
New Graduated Hires*	338	338	182	182
Mid-career Hire	135	160	183	158
Turnover Ratio	4.5%	4.5%	6.9%	8.3%

\*Number of engineers hired as of April 1, 2016, who were recent graduates

#### (3)-2. Dividend Forecasts

The Company has revised its forecast for the interim dividend to ¥68.00 per share (up ¥16.50 from the initial forecast), as profit attributable to owners of parent for the six months ended September 30, 2016 exceeded the initial forecast. The Company also expects profit attributable to owners of parent for the second half of the fiscal year to exceed the forecast announced at the beginning of the period. As a result, the Company has revised its year-end dividend forecast to ¥71.50 per share (up ¥3.00 over the forecast announced at the beginning of the period), in accordance with the basic policy regarding profit distribution (More than 50% payout ratio).

For details of our basic policy regarding profit distribution, please refer to the Consolidated Financial Report for the Fiscal Year ended March 31, 2016, released on May 10, 2016, and the IR presentation materials on the Company's website.

### (3)-3. Acquisition of Treasury Shares

In line with the revision of its forecast for profit attributable to owners of parent for the second half of the fiscal year (up ¥130 million), the Company will purchase treasury shares in the amount not exceeding ¥2,100 million, in accordance with the Basic Policy Regarding Profit Distribution (total return ratio of no higher than 100%).

\* Total Return Ratio 100% = (total amount of expected year-end dividend: approximately ¥2,100 million + total amount to be used for the acquisition of treasury shares in the second half of the year: approximately ¥2,100 million) / forecast for the profit attributable to owners of parent for the second half of the year: approximately ¥4,100 million.

Note: Earnings forecasts and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable. Actual results may therefore differ materially from these statements for various reasons, and it is not intended to promise the realization.

Some important factors that might have an effect on business performance pertain to Business Risks stated in the Company's annual securities report and other information already released, but factors influencing business performance are not limited to those released.

## 2. Summary information (Notes)

### (1) Application of special accounting for preparing quarterly consolidated financial statements

#### Tax expenses

Tax expenses are calculated by multiplying the income before income taxes by the reasonably estimated effective tax rates after the application of tax effect accounting to the income before income taxes for the fiscal year including the second quarter ended September 30, 2016.

### (2) Changes in accounting policies, changes in accounting estimates, and restatements

#### Changes in accounting policies

(Application of Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016)

Following the revision to the Corporation Tax Act, the Company adopted the "Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016" (ASBJ PITF No. 32, June 17, 2016) effective from the first quarter under review, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining balance method to the straight line method.

The effect of this change on profit and loss is immaterial.



3. Consolidated Financial Statements  
(1) Consolidated Balance Sheets

(Thousands of Yen)

	Fiscal year ended March 31, 2016	The 2nd Quarter ended Sep. 30, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	35,413,980	34,954,605
Notes and accounts receivable - trade	13,823,668	12,695,243
Work in process	253,121	468,306
Other	3,614,737	4,451,127
Allowance for doubtful accounts	(659)	(720)
Total current assets	53,104,848	52,568,562
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,932,414	3,872,778
Other, net	1,788,801	1,760,016
Total property, plant and equipment	5,721,215	5,632,795
Intangible assets		
Other	744,873	737,388
Total intangible assets	744,873	737,388
Investments and other assets		
Other	4,923,425	4,837,379
Allowance for doubtful accounts	(26,116)	(23,917)
Total investments and other assets	4,897,309	4,813,461
Total non-current assets	11,363,398	11,183,645
Total assets	64,468,247	63,752,208
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	236,270	111,117
Income taxes payable	1,262,313	1,790,392
Provision for directors' bonuses	168,466	88,126
Provision for bonuses	6,446,314	6,042,217
Other	5,536,938	4,891,368
Total current liabilities	13,650,303	12,923,221
Non-current liabilities		
Net defined benefit liability	13,195,915	13,540,845
Other	16,603	14,213
Total non-current liabilities	13,212,519	13,555,058
Total liabilities	26,862,822	26,478,279
<b>Net assets</b>		
Shareholders' equity		
Capital stock	16,825,881	5,000,000
Capital surplus	4,491,970	16,327,354
Retained earnings	24,645,186	25,733,396
Treasury shares	(5,989,693)	(7,490,232)
Total shareholders' equity	39,973,345	39,570,518
Accumulated other comprehensive income		
Revaluation reserve for land	(662,440)	(662,440)
Foreign currency translation adjustment	8,833	2,103
Remeasurements of defined benefit plans	(1,776,060)	(1,636,252)
Total accumulated other comprehensive income	(2,429,668)	(2,296,589)
Non-controlling interests	61,747	—
Total net assets	37,605,424	37,273,928
Total liabilities and net assets	64,468,247	63,752,208

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

(Thousands of Yen)

	The 2nd Quarter ended Sep. 30, 2015	The 2nd Quarter ended Sep. 30, 2016
Net sales	42,143,215	44,111,000
Cost of sales	31,321,537	32,861,520
Gross profit	10,821,678	11,249,479
Selling, general and administrative expenses	6,077,178	6,178,229
Operating income	4,744,500	5,071,250
Non-operating income		
Interest income	4,990	1,328
Gain on forfeiture of unclaimed dividends	1,410	2,981
Other	8,155	6,883
Total non-operating income	14,556	11,193
Non-operating expenses		
Commitment fee	1,881	1,514
Commission fee	—	4,866
Taxes and dues	20,620	—
Other	13,392	1,593
Total non-operating expenses	35,894	7,973
Ordinary income	4,723,162	5,074,470
Extraordinary income		
Gain on sales of non-current assets	1,084,557	—
Gain on liquidation of subsidiaries	—	2,733
Total extraordinary income	1,084,557	2,733
Extraordinary losses		
Loss on retirement of non-current assets	644	3,466
Impairment loss	25,655	—
Other	3,734	92
Total extraordinary losses	30,034	3,558
Profit before income taxes	5,777,685	5,073,645
Income taxes	1,977,729	1,609,252
Profit	3,799,956	3,464,392
Profit (loss) attributable to non-controlling interests	1,279	(2,245)
Profit attributable to owners of parent	3,798,677	3,466,637

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	The 2nd Quarter ended Sep. 30, 2015	The 2nd Quarter ended Sep. 30, 2016
Profit	3,799,956	3,464,392
Other comprehensive income		
Foreign currency translation adjustment	(60)	(6,729)
Remeasurements of defined benefit plans, net of tax	111,364	139,808
Total other comprehensive income	111,303	133,078
Comprehensive income	3,911,259	3,597,470
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,910,008	3,599,716
Comprehensive income attributable to non-controlling interests	1,251	(2,245)

(3) Notes to Quaterly Financial Statements

(3)-1 Notes to Financial Statements Regarding Going Concern: None

(3)-2 Significant changes in shareholders' equity:

Changes in capital stock and capital surplus

The reduction of capital stock and legal capital surplus was resolved at the Annual General Meeting of Shareholders held on June 23, 2016 and these accounts were reduced and transferred in the second quarter ended September 30, 2016 under review as follows:

(3)-2.i Change in capital stock

Amount of reduction in capital stock	¥11,825,881 thousand
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(3)-2.ii Change in capital surplus

Amount of reduction in legal capital surplus	¥2,960,000 thousand
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Amount of increase in other capital surplus	¥14,785,881 thousand
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4. Non-Consolidated Financial Statements  
(1)Supplemental Non-Consolidated Balance Sheets

(Thousands of Yen)

	Fiscal year ended March 31, 2016	The 2nd Quarter ended Sep. 30, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	30,700,279	30,246,587
Notes and accounts receivable-trade	10,876,861	9,984,719
Work in process	129,460	390,265
Other	2,998,856	3,665,346
<b>Total current assets</b>	<b>44,705,457</b>	<b>44,286,919</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,924,109	3,865,121
Other, net	1,779,634	1,752,182
<b>Total property, plant and equipment</b>	<b>5,703,744</b>	<b>5,617,304</b>
Intangible assets		
Other	697,831	692,527
<b>Total intangible assets</b>	<b>697,831</b>	<b>692,527</b>
Investments and other assets		
Other	5,844,739	5,878,180
Allowance for doubtful accounts	(9,957)	(9,957)
<b>Total investments and other assets</b>	<b>5,834,781</b>	<b>5,868,222</b>
<b>Total non-current assets</b>	<b>12,236,357</b>	<b>12,178,054</b>
<b>Total assets</b>	<b>56,941,814</b>	<b>56,464,974</b>
<b>Liabilities</b>		
Current liabilities		
Income taxes payable	912,046	1,453,126
Provision for directors' bonuses	165,000	85,000
Provision for bonuses	4,965,129	4,634,350
Other	4,352,189	3,811,547
<b>Total current liabilities</b>	<b>10,394,365</b>	<b>9,984,023</b>
Non-current liabilities		
Provision for retirement benefits	10,589,741	11,135,784
Allowance for investment loss	84,977	71,924
<b>Total non-current liabilities</b>	<b>10,674,718</b>	<b>11,207,708</b>
<b>Total liabilities</b>	<b>21,069,084</b>	<b>21,191,732</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	16,825,881	5,000,000
Capital surplus	4,491,970	16,317,852
Retained earnings	21,207,011	22,108,062
Treasury shares	(5,989,693)	(7,490,232)
<b>Total shareholders' equity</b>	<b>36,535,170</b>	<b>35,935,682</b>
Valuation and translation adjustments		
Revaluation reserve for land	(662,440)	(662,440)
<b>Total valuation and translation adjustments</b>	<b>(662,440)</b>	<b>(662,440)</b>
<b>Total net assets</b>	<b>35,872,729</b>	<b>35,273,241</b>
<b>Total liabilities and net assets</b>	<b>56,941,814</b>	<b>56,464,974</b>

## (2) Supplemental Non-Consolidated Statements of Operations

	(Thousands of Yen)	
	The 2nd Quarter ended Sep. 30, 2015	The 2nd Quarter ended Sep. 30, 2016
Net sales	33,131,269	34,073,032
Cost of sales	24,758,602	25,545,913
Gross profit	8,372,667	8,527,119
Selling, general and administrative expenses	4,444,809	4,426,868
Operating income	3,927,857	4,100,250
Non-operating income		
Interest income	5,483	2,285
Dividend income	475,241	565,990
Other	17,144	17,242
Total non-operating income	497,868	585,517
Non-operating expenses		
Commitment fee	1,881	1,514
Commission fee	—	4,866
Taxes and dues	20,620	—
Other	7,577	203
Total non-operating expenses	30,079	6,584
Ordinary income	4,395,646	4,679,184
Extraordinary income		
Gain on sales of non-current assets	1,084,557	—
Reversal of allowance for investment loss	—	13,052
Gain on liquidation of subsidiaries	—	2,733
Total extraordinary income	1,084,557	15,786
Extraordinary losses		
Loss on retirement of non-current assets	644	3,464
Impairment loss	25,655	—
Provision of allowance for investment loss	16,696	—
Other	4	92
Total extraordinary losses	43,000	3,557
Profit before income taxes	5,437,202	4,691,414
Income taxes	1,687,328	1,411,934
Profit	3,749,874	3,279,479