

Annual Report 2017

Years ended March 31

Showa Aircraft Industry Co., Ltd.
and Consolidated Subsidiaries

Financial Highlights

Showa Aircraft Industry Co., Ltd. And Consolidated Subsidiaries
Years ended March 31

	2017	2016	2015	Annual		2017
				2014	2013	
For the year:						
Net sales	¥23,430	¥23,653	¥24,065	¥23,122	¥22,077	\$208,845.94
Operating income(Loss)	1,892	1,364	1,956	2,027	1,271	16,869.03
Ordinary income(Loss)	1,684	1,085	1,559	1,667	959	15,011.69
Net income(Loss)	1,079	687	979	1,068	575	9,619.88
Net income(Loss) per share	¥33.09	¥21.09	¥30.01	¥33.74	¥18.22	0.29
At year-end:						
Assets	65,212	63,990	67,600	62,475	58,052	581,271.30
Net Assets	33,218	32,673	33,576	30,264	26,067	296,088.53
Net Assets per share	1,018.50	1,001.78	1,029.47	927.71	825.22	9.08
Per share of common stock:						
	Yen					U.S.\$
Dividends per share	¥8.00	¥8.00	¥8.00	¥7.00	¥7.00	0.07

(a) Japanese yen and U.S. dollars are in millions and thousands, respectively, except per share amounts.

(b) The U.S. dollar amounts in this report represent conversions, for the convenience of the reader, of Japanese yen at the rate of 112.19 to \$1.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in Japan.

Consolidated Balance Sheets

March 31, 2017, and 2016

ASSETS	Millions of yen	
	2017 (113th period)	2016 (112th period)
Current Assets		
Cash and deposits	¥6,215	¥4,777
Deposit paid in affiliates	2432	1640
Notes and accounts receivable—trade	4,995	4,900
Merchandise and finished goods	595	614
Work in process	1,004	818
Raw materials and supplies	940	862
Deferred tax assets	197	168
Other	446	484
Less allowance for doubtful accounts	(17)	(5)
Total current assets	<u>16,810</u>	<u>14,262</u>
Property, plant and equipment		
Buildings and structures, net	24,732	25,769
Machinery, equipment and vehicles, net	1,402	1,511
Tools, furniture and fixtures, net	568	392
Land	12,212	12,264
Lease assets, net	173	140
Construction in progress	241	4
Net Property, plant and equipment	<u>39,330</u>	<u>40,084</u>
Intangible assets	85	73
Investments and other assets		
Investment securities	8,291	8,691
Long-term loans receivable	34	34
Deferred tax assets	143	52
Other	677	911
Less allowance for doubtful accounts	(160)	(119)
Total Investments and other assets	<u>8,986</u>	<u>9,570</u>
Total assets	<u><u>65,212</u></u>	<u><u>63,990</u></u>

<u>LIABILITIES AND SHAREHOLDERS EQUITY</u>	Millions of Yen	
	2017 (113th period)	2016 (112th period)
Current liabilities		
Notes and accounts payable-trade	¥1,480	¥1,422
Current portion of long-term loans payable	2,200	2,920
Income taxes payable	436	264
Accrued consumption taxes	112	351
Provision for bonuses	378	343
Provision for loss on construction contracts	33	29
Other provision	4	4
Other	3,372	2,862
Total current liabilities	<u>8,018</u>	<u>8,200</u>
Noncurrent liabilities		
Long-term loans payable	11,040	9,880
Lease and guarantee deposits received	4,527	4,560
Provision for retirement benefits	5,792	5,809
Provision for directors' retirement benefits	453	540
Deferred tax liabilities	1,829	2,010
Other	332	314
Total noncurrent liabilities	<u>23,975</u>	<u>23,116</u>
Net assets		
Common stock		
Authorized 120,000,000 shares		
Issued-33,606,132 shares		
Shareholders' equity		
Capital stock	4,949	4,949
Capital surplus	8,977	8,977
Retained earnings	15,508	14,689
Treasury stock	(378)	(377)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,119	4,395
Foreign currency translation adjustment	41	38
Total net assets	<u>33,218</u>	<u>32,673</u>
Total liabilities and net assets	<u>65,212</u>	<u>63,990</u>

Showa Aircraft Industry Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Income

For the Years Ended March 31, 2017, and 2016

	Millions of Yen	
	2017 (113th period)	2016 (112th period)
Net sales	¥23,430	¥23,653
Cost of sales	17,150	17,788
Gross profit	6,279	5,864
Selling, general and administrative expenses	4,387	4,499
Operating income	1,892	1,364
Other income (Expenses)		
Interest and dividend income	141	135
Interest expenses	(138)	(155)
Other, net	(387)	(310)
Total	(385)	(329)
Income Before Income Taxes	1,506	1,035
Income Taxes		
Current	607	553
Deferred	(179)	(206)
	427	347
Net Income	1,079	687
	Yen	
Per share of common stock:		
Net income	¥33.09	¥21.09
Cash dividends	8.00	8.00

Consolidated Statements of Cash Flows

For the years ended March 31, 2017 and 2016

	Thousands of Yen	
	Annual FY2017	Annual FY2016
Net cash provided by (used in) operating activities		
Income before income taxes	1,506,843	1,035,272
Depreciation and amortization	2,225,022	2,182,107
Depreciation and amortization on other	108,296	116,158
Impairment loss	126,709	-
Loss (gain) on sales and retirement of property, plant and equipment	38,359	50,160
Loss (gain) on sales of investment securities	-	-
Loss (gain) on sales and retirement of Parent company stock	-	-
Increase (decrease) in allowance for doubtful accounts	52,659	(4,898)
Increase (decrease) in provision for bonuses	34,768	(78,386)
Increase (decrease) in provision for retirement benefits	(17,260)	437,364
Interest and dividends income	(141,587)	(135,814)
Interest expenses	138,769	155,270
Decrease (increase) in notes and accounts receivable-trade	(94,817)	6,948
Decrease (increase) in inventories	(244,093)	29,355
Increase (decrease) in lease and guarantee deposits received	(32,942)	(211,616)
Increase (decrease) in notes and accounts payable-trade	57,595	(52,377)
Increase (decrease) in accrued consumption taxes	(238,550)	210,564
Increase (decrease) in advances received	(18,955)	(193,795)
Other, net	(40,274)	111,747
Subtotal	<u>3,460,542</u>	<u>3,658,060</u>
Interest and dividends income received	141,595	135,815
Interest expenses paid	(139,918)	(154,613)
Income taxes paid	(481,737)	(753,924)
Net cash provided by (used in) operating activities	<u>2,980,482</u>	<u>2,885,337</u>
Net cash provided by (used in) investment activities		
Payments into time deposits	(366,000)	(360,000)
Proceeds from withdrawal of time deposits	366,000	350,000
Purchase of property, plant and equipment	(1,287,957)	(3,243,662)
Proceeds from sales of property, plant and equipment	323,434	-
Purchase of investment securities	(10,800)	(500)
Proceeds from sales of investment securities	-	-
Proceeds from sales of shares of parent	(12,250)	-
Payments of long-term loans receivable	-	(9,800)
Other, net	122,776	(44,248)
Net cash provided by (used in) investment activities	<u>(864,797)</u>	<u>(3,308,211)</u>
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	-	500,000
Decrease in short-term loans payable	-	(1,000,000)
Proceeds from long-term loans payable	3,500,000	4,100,000
Repayment of long-term loans payable	(3,060,000)	(3,150,000)
Payment for acquisition of treasury stock	(447)	(518)
Cash dividends paid	(261,402)	(260,517)
Other, net	(74,574)	(71,033)
Net cash provided by (used in) financing activities	<u>103,575</u>	<u>117,929</u>
Effect of exchange rate change on cash and cash equivalents	10,230	27,695
Net increase (decrease) in cash and cash equivalents	<u>2,229,491</u>	<u>(277,249)</u>
Cash and cash equivalents (beginning of period)	<u>6,202,137</u>	<u>6,479,386</u>
Cash and cash equivalents (end of period)	<u>8,431,629</u>	<u>6,202,137</u>

Directors & Others(June 27,2017)

President
Representative Director
Mr. C.Tanuma

Executive Director
Mr. K. Fukumochi

Managing Director
Mr. H.Ogawa

Managing Director
Mr. Y.Tomita

Managing Director
Mr. A.Masaki

Director
Mr.Y.Osamura

Director
Mr. H. Saito

Director
Mr. S.Yamura

Director
Mr. F.Hirahata

Director
Mr. Y.Kouzai

Director
Mr. S.Naoe

Senior Corporate Auditor
Mr. S. Ino

Corporate Auditor
Mr. A. Matsuura

Corporate Auditor
Mr. H.Harada