

Annual Report 2018

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

	2018	2017	2016	Annual		2018
				2015	2014	
For the year:						
Net sales	¥24,260	¥23,430	¥23,653	¥24,065	¥23,122	\$228,332.03
Operating income(Loss)	2,167	1,892	1,364	1,956	2,027	20401.54
Ordinary income(Loss)	1,836	1,684	1,085	1,559	1,667	17280.82
Net income(Loss)	1,066	1,079	687	979	1,068	10040.34
Net income(Loss) per share	¥32.71	¥33.09	¥21.09	¥30.01	¥33.74	0.31
At year-end:						
Assets	63,629	65,212	63,990	67,600	62,475	598,861.64
Net Assets	34,043	33,218	32,673	33,576	30,264	320,412.80
Net Assets per share	1,043.82	1,018.50	1,001.78	1,029.47	927.71	9.82
Per share of common stock:						
				Yen		U.S.\$
Dividends per share	¥10.00	¥8.00	¥8.00	¥8.00	¥7.00	0.09

(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 106.25 to \$1.

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

Consolidated Balance Sheets

March 31, 2018, and 2017

ASSETS	Millions of yen	
	2018 (114th period)	2017 (113th period)
Current Assets		
Cash and deposits	¥8,243	¥6,215
Deposit paid in affiliates	2084	2432
Notes and accounts receivable—trade	5,097	4,995
Merchandise and finished goods	568	595
Work in process	970	1,004
Raw materials and supplies	795	940
Deferred tax assets	194	197
Other	853	446
Less allowance for doubtful accounts	(14)	(17)
Total current assets	<u>18,793</u>	<u>16,810</u>
Property, plant and equipment		
Buildings and structures, net	23,018	24,732
Machinery, equipment and vehicles, net	1,588	1,402
Tools, furniture and fixtures, net	464	568
Land	10,030	12,212
Lease assets, net	128	173
Construction in progress	820	241
Net Property, plant and equipment	<u>36,052</u>	<u>39,330</u>
Intangible assets	106	85
Investments and other assets		
Investment securities	7,994	8,291
Long-term loans receivable	71	34
Deferred tax assets	152	143
Other	645	677
Less allowance for doubtful accounts	(186)	(160)
Total Investments and other assets	<u>8,676</u>	<u>8,986</u>
Total assets	<u><u>63,629</u></u>	<u><u>65,212</u></u>

LIABILITIES AND SHAREHOLDERS EQUITY	Millions of Yen	
	2018 (114th period)	2017 (113th period)
Current liabilities		
Notes and accounts payable-trade	¥1,421	¥1,480
Current portion of long-term loans payable	1,540	2,200
Income taxes payable	287	436
Accrued consumption taxes	193	112
Provision for bonuses	379	378
Provision for loss on construction contracts	13	33
Other provision	4	4
Other	3,017	3,372
Total current liabilities	<u>6,856</u>	<u>8,018</u>
Noncurrent liabilities		
Long-term loans payable	10,360	11,040
Lease and guarantee deposits received	4,480	4,527
Provision for retirement benefits	5,505	5,792
Provision for directors' retirement benefits	388	453
Deferred tax liabilities	1,708	1,829
Other	285	332
Total noncurrent liabilities	<u>22,728</u>	<u>23,975</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	16,313	15,508
Treasury stock	(378)	(378)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,912	4,119
Foreign currency translation adjustment	57	41
Remeasurements Of Defined Benefit Plans	210	-
Total net assets	<u>4,180</u>	<u>33,218</u>
Total liabilities and net assets	<u>63,629</u>	<u>65,212</u>

Consolidated Statements of Income

For the Years Ended March 31, 2018, and 2017

	Millions of Yen	
	2018 (114th period)	2017 (113th period)
Net sales	¥24,260	¥23,430
Cost of sales	17,799	17,150
Gross profit	6,461	6,279
Selling, general and administrative expenses	4,293	4,387
Operating income	2,167	1,892
Other income (Expenses)		
Interest and dividend income	88	141
Interest expenses	(124)	(138)
Other, net	(577)	(387)
Total	(615)	(385)
Income Before Income Taxes	1,552	1,506
Income Taxes		
Current	613	607
Deferred	(127)	(179)
	486	427
Net Income	1,066	1,079
	Yen	
Per share of common stock:		
Net income	¥32.71	¥33.09
Cash dividends	10.00	8.00

Consolidated Statements of Cash Flows

For the years ended March 31, 2018 and 2017

	Thousands of Yen	
	Annual FY2018	Annual FY2017
Net cash provided by (used in) operating activities		
Income before income taxes	1,552,843	1,506,843
Depreciation and amortization	2,154,704	2,225,022
Depreciation and amortization on other	98,129	108,296
Impairment loss	77,092	126,709
Loss (gain) on sales and retirement of property, plant and equipment	184,151	38,359
Loss (gain) on sales of investment securities	-	-
Loss (gain) on sales and retirement of Parent company stock	-	-
Increase (decrease) in allowance for doubtful accounts	23,823	52,659
Increase (decrease) in provision for bonuses	322	34,768
Increase (decrease) in provision for retirement benefits	16,332	(17,260)
Interest and dividends income	(88,615)	(141,587)
Interest expenses	124,648	138,769
Decrease (increase) in notes and accounts receivable-trade	(102,239)	(94,817)
Decrease (increase) in inventories	205,428	(244,093)
Increase (decrease) in lease and guarantee deposits received	(47,358)	(32,942)
Increase (decrease) in notes and accounts payable-trade	(58,779)	57,595
Increase (decrease) in accrued consumption taxes	80,817	(238,550)
Increase (decrease) in advances received	(11,865)	(18,955)
Other, net	8,899	(40,274)
Subtotal	4,218,335	3,460,542
Interest and dividends income received	88,550	141,595
Interest expenses paid	(125,131)	(139,918)
Income taxes paid	(737,535)	(481,737)
Net cash provided by (used in) operating activities	3,444,218	2,980,482
Net cash provided by (used in) investment activities		
Payments into time deposits	(566,000)	(366,000)
Proceeds from withdrawal of time deposits	416,000	366,000
Purchase of property, plant and equipment	(2,594,882)	(1,287,957)
Proceeds from sales of property, plant and equipment	2,598,401	323,434
Purchase of investment securities	-	(10,800)
Proceeds from sales of investment securities	-	-
Proceeds from sales of shares of parent	(6,431)	(12,250)
Payments of long-term loans receivable	-	-
Other, net	(86,211)	122,776
Net cash provided by (used in) investment activities	(239,123)	(864,797)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	-	-
Decrease in short-term loans payable	-	-
Proceeds from long-term loans payable	1,000,000	3,500,000
Repayment of long-term loans payable	(2,340,000)	(3,060,000)
Payment for acquisition of treasury stock	(253)	(447)
Cash dividends paid	(260,864)	(261,402)
Other, net	(78,778)	(74,574)
Net cash provided by (used in) financing activities	(1,679,895)	103,575
Effect of exchange rate change on cash and cash equivalents	4,785	10,230
Net increase (decrease) in cash and cash equivalents	1,529,984	2,229,491
Cash and cash equivalents (beginning of period)	8,431,629	6,202,137
Cash and cash equivalents (end of period)	9,961,613	8,431,629

Directors & Others(June 26,2018)

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. T.Kinoshita

Director
Mr. M.Hasei

Director
Mr. F.Hirahata

Director
Mr. S.Taguchi

Director
Mr. S.Naoe

Senior Corporate Auditor
Mr. S. Ino

Corporate Auditor
Mr. A. Matsuura

Corporate Auditor
Mr. H.Harada