



April 12, 2019

Consolidated Financial Results for the Fiscal Year Ended February 28, 2019 (FY2/19)

[Japanese GAAP]

Company name: NAKAMOTO PACKS CO.,LTD.

Listing: TSE 1st Section

Securities code: 7811

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Scheduled date of Annual General Meeting of Shareholders: May 29, 2019

Scheduled date of filing of Annual Securities Report: May 30, 2019

Scheduled date of payment of dividend: May 30, 2019

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for institutional investors and securities analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for FY2/19 (March 1, 2018 – February 28, 2019)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2/19	33,942	2.9	1,645	23.6	1,684	13.3	1,156	17.8
FY2/18	32,981	4.8	1,331	1.6	1,486	8.7	981	19.5

Note: Comprehensive income FY2/19: 924 million yen (down 17.2%) FY2/18: 1,116 million yen (up 44.3%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
FY2/19	141.52	-	10.1	6.4	4.8
FY2/18	120.13	-	9.1	5.8	4.0

Reference: Equity in earnings of affiliates FY2/19: 8 million yen FY2/18: 9 million yen

Notes: 1. Nakamoto Packs conducted a 2-for-1 common stock split effective on March 1, 2018. Earnings per share is calculated as if this stock split had taken place at the beginning of the previous fiscal year.

2. Diluted earnings per share is not presented since there is no dilutive share.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 28, 2019	26,929	11,984	43.3	1,425.81
As of Feb. 28, 2018	25,935	11,509	43.0	1,363.58

Reference: Equity capital As of Feb. 28, 2019: 11,652 million yen As of Feb. 28, 2018: 11,143 million yen

Note: Nakamoto Packs conducted a 2-for-1 common stock split effective on March 1, 2018. Net assets per share is calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
	Million yen	Million yen	Million yen	Million yen
FY2/19	2,029	(2,348)	(213)	3,015
FY2/18	1,499	(1,199)	(492)	3,585

2. Dividends

	Dividends per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2/18	-	55.00	-	55.00	110.00	449	45.8	4.1
FY2/19	-	27.50	-	28.50	56.00	457	39.6	4.0
FY2/20 (forecast)	-	28.00	-	28.00	56.00		36.0	

Notes: 1. Nakamoto Packs conducted a 2-for-1 common stock split effective on March 1, 2018. Dividends per share for FY2/18 are the actual amounts before the stock split.

2. Breakdown of dividend for FY2/18: 2Q-end: Ordinary dividend of 50.00 yen, commemorative dividend of 5.00 yen
Year-end: Ordinary dividend of 50.00 yen, commemorative dividend of 5.00 yen

3. Consolidated Forecast for FY2/20 (March 1, 2019 – February 29, 2020)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	17,900	4.4	890	0.0	930	0.8	640	6.2	78.31
Full year	36,200	6.6	1,780	8.2	1,850	9.8	1,270	9.8	155.40

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly added: 2 (Nakamoto Packs USA, Inc., Cangzhou Nakamoto Huaxiang New Materials Co., Ltd.) Excluded: -

Note: Please refer to page 12 “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Significant Subsidiaries during the Period” for details.

(2) Changes in accounting policies and accounting-based estimates, and restatements

- 1) Changes in accounting policies due to revisions in accounting standards, others: None
 2) Changes in accounting policies other than 1) above: None
 3) Changes in accounting-based estimates: None
 4) Restatements: None

(3) Number of issued shares (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of Feb. 28, 2019: 8,173,320 shares As of Feb. 28, 2018: 8,173,320 shares

2) Number of treasury shares at the end of the period

As of Feb. 28, 2019: 983 shares As of Feb. 28, 2018: 912 shares

3) Average number of shares during the period

FY2/19: 8,172,376 shares FY2/18: 8,172,521 shares

Note: Nakamoto Packs conducted a 2-for-1 common stock split effective on March 1, 2018. The number of issued shares (common stock) is calculated as if this stock split had taken place at the beginning of the previous fiscal year.

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for FY2/19 (March 1, 2018 – February 28, 2019)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2/19	28,211	3.6	1,306	16.7	1,542	17.9	1,103	28.4
FY2/18	27,235	3.5	1,119	(9.2)	1,308	(4.1)	859	17.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
FY2/19	135.08		-	
FY2/18	105.17		-	

Notes: 1. Nakamoto Packs conducted a 2-for-1 common stock split effective on March 1, 2018. Earnings per share is calculated as if this stock split had taken place at the beginning of the previous fiscal year.

2. Diluted earnings per share is not presented since there is no dilutive share.

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of Feb. 28, 2019	23,141		11,365		49.1		1,390.67	
As of Feb. 28, 2018	22,221		10,791		48.6		1,320.54	

Reference: Shareholders' equity As of Feb. 28, 2019: 11,365 million yen As of Feb. 28, 2018: 10,791 million yen

Note: Nakamoto Packs conducted a 2-for-1 common stock split effective on March 1, 2018. Net assets per share is calculated as if this stock split had taken place at the beginning of the previous fiscal year.

* The current financial report is not subject to the audits by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts and other special items

Cautionary statement with respect to forecasts

Forward-looking statements in these materials are based on certain assumptions judged to be valid and information currently available to Nakamoto Packs. These statements are not promises by Nakamoto Packs regarding future performance. Actual performance may differ significantly from these forecasts for a number of reasons. Please refer to “1. Overview of Results of Operations, (4) Outlook” on page 4 for forecast assumptions and notes of caution for usage.

How to view supplementary information at the financial results meeting

Nakamoto Packs plans to hold an information meeting for institutional investors and analysts on Wednesday, April 24, 2019. Materials to be distributed at this event will be available on the Nakamoto Packs website immediately thereafter.

Contents of Attachments

1. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Position	3
(3) Cash Flows	3
(4) Outlook	4
2. Basic Approach to the Selection of Accounting Standards	4
3. Consolidated Financial Statements and Notes	5
(1) Consolidated Balance Sheet	5
(2) Consolidated Statements of Income and Comprehensive Income	7
Consolidated Statement of Income	7
Consolidated Statement of Comprehensive Income	8
(3) Consolidated Statement of Changes in Equity	9
(4) Consolidated Statement of Cash Flows	11
(5) Notes to Consolidated Financial Statements	12
Going Concern Assumption	12
Changes in Significant Subsidiaries during the Period	12
Segment Information	12
Per Share Information	12
Subsequent Events	12

1. Overview of Results of Operations

(1) Results of Operations

During the fiscal year ended on February 28, 2019, large natural disasters had a negative effect on some sectors of the economy. However, Japan's economy continued to recover slowly due to improvements in the labor market. The outlook is uncertain because of U.S.-China trade friction, labor shortage and other factors.

The Nakamoto Packs Group took many actions during the fiscal year based on the theme of "Using modifying ecological technologies to alter the world of packaging, increasing sales of N brand products, and retaining a commitment to environmental responsibility." One priority was strengthening sales activities across the entire group in order to increase sales of products developed by the group and capture more orders from key customers. There were also measures to raise productivity, upgrade quality assurance programs and make other improvements.

Due to these activities, sales increased 2.9% to 33,942 million yen. Operating profit increased 23.6% to 1,645 million yen, ordinary profit increased 13.3% to 1,684 million yen and profit attributable to owners of parent increased 17.8% to 1,156 million yen.

Results of operations for product categories were as follows.

Food Packaging and Containers

Convenience-store-related orders for printing, lamination, and packaging materials for dairy products, tofu, and frozen foods were firm. In addition, we worked to differentiate ourselves by continuously carrying out development projects with our customers in areas such as weight reduction initiatives for materials and proposals for environmentally-friendly printing. The result was a 3.8% increase in sales to 23,273 million yen.

In addition to reductions in costs and in loss claims as a result of continuous improvement activities, and of sustained efforts in pricing negotiations and ongoing proposals for achieving cost-benefits from changes in the configuration of some films, gross profit increased 12.2% to 2,658 million yen.

IT and Industrial Materials

Despite concern about the impact of U.S.-China trade friction on the electronic components and device sector, this was limited to a reduction in some orders in the functional film processing sector, and orders for projects targeting the Internet of Things (IoT), such as electrification of automobiles, remained robust. In addition, due to the increase in the lineup of processing technologies as a result of the introduction of new processing equipment and of the handling of materials other than general-purpose plastics, inquiries from new customers also increased. Sales increased 18.0% to 4,761 million yen and the gross profit increased 29.5% to 1,168 million yen.

Pharmaceuticals and Health Care

Although orders for products for generic drugs were strong, there was a decline in sales of products for patented and brand-name drugs. Moreover, there was an impact on sales from customers sourcing from multiple suppliers. Sales decreased 9.9% to 1,324 million yen and the gross profit decreased 16.0% to 298 million yen.

Printing Sheets for Building Materials

In addition to stable orders for residential renovation and remodeling, the impact of a shortage of the plywood-veneer boards used in secondary processing was eliminated. Furthermore, we also responded to the disaster recovery demand in the Sanyo region, where sales and speed are required for development products. Sales increased 9.5% to 814 million yen and gross profit increased 9.2% to 133 million yen.

Consumer Product Packaging and Materials

In addition to the sluggish growth in vacuum storage bags and a slackening in the demand for DIY-related products which had been so strong in the previous fiscal year, sales through wholesaler routes decreased for certain distribution channels. Sales decreased 13.3% to 3,367 million yen and the gross profit decreased 14.4% to 900 million yen.

Others

The processing of the imaging layer of thermal cash register paper, ink jet printing paper and other paper was strong. But there was a decline in selling prices of recycled pellets. Although sales decreased 7.1% to 401 million yen, gross profit increased 22.6% to 127 million yen partially due to higher productivity of repeat products and lower costs.

(2) Financial Position**Assets**

Total assets increased 993 million yen from the end of the previous fiscal year to 26,929 million yen at the end of the fiscal year under review.

Current assets decreased 242 million yen to 13,912 million yen. This was mainly due to a decrease in cash and deposits of 569 million yen, while there were increases in notes and accounts receivable-trade of 53 million yen, electronically recorded monetary claims-operating of 87 million yen and inventories of 157 million yen.

Non-current assets increased 1,235 million yen to 13,016 million yen. This was mainly due to increases in property, plant and equipment of 1,122 million yen for the purchase of equipment for increasing output capacity and intangible assets of 171 million yen.

Liabilities

Total liabilities increased 519 million yen to 14,945 million yen.

Current liabilities increased 563 million yen to 12,227 million yen. This was mainly due to increases in electronically recorded obligations-operating of 230 million yen, short-term loans payable of 263 million yen and income taxes payable of 93 million yen.

Non-current liabilities decreased 43 million yen to 2,717 million yen. This was mainly due to decreases in long-term loans payable of 16 million yen and net defined benefit liability of 23 million yen.

Net assets

Net assets increased 474 million yen to 11,984 million yen. This was mainly due to an increase in retained earnings of 707 million yen due to profit attributable to owners of parent and other items, while there were decreases in valuation difference on available-for-sale securities of 82 million yen and foreign currency translation adjustment of 95 million yen.

(3) Cash Flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the fiscal year under review were 3,015 million yen, down 569 million yen over the end of the previous fiscal year.

The cash flow components and the main reasons for changes are as described below.

Cash flows from operating activities

Net cash provided by operating activities was 2,029 million yen (compared with net cash provided of 1,499 million yen in the previous fiscal year). Positive factors include profit before income taxes of 1,642 million yen, depreciation of 872 million yen and an increase in notes and accounts payable-trade of 262 million yen, which offset negative factors including increases in notes and accounts receivable-trade of 168 million yen and inventories of 191 million yen, and income taxes paid of 375 million yen.

Cash flows from investing activities

Net cash used in investing activities was 2,348 million yen (compared with net cash used of 1,199 million yen in the previous fiscal year). Although there were positive factors including proceeds from sales of property, plant and equipment of 15 million yen, there were negative factors including the payment for the purchase of property, plant and equipment (production processing equipment, etc.) of 2,117 million yen, purchase of intangible assets of 70 million yen and payments for transfer of business of 145 million yen.

Cash flows from financing activities

Net cash used in financing activities was 213 million yen (compared with net cash used of 492 million yen in the previous fiscal year). Positive factors include a net increase in short-term loans payable of 279 million yen and proceeds from long-term loans payable of 830 million yen. Negative factors include repayments of long-term loans payable of 861 million yen and cash dividends paid of 449 million yen.

(4) Outlook

The outlook for the Japanese economy is expected to remain severe for the time being as a result of stagnant exports due to U.S.-China trade friction and geopolitical risks, and slowing growth in capital expenditures, although personal consumption remains steady due to a strong labor market. In the industries in which the Group operates, although the food industry, which is largely affected by personal consumption, is expected to be stable, particularly in the convenience-store sector, the IT industry is experiencing sluggishness in the smartphone market. The pharmaceuticals industry is being confronted by the intensifying competition caused by drug price revisions, and the construction materials industry continues to have little hope of achieving growth, as exemplified by the decrease in housing starts.

For the fiscal year ending on February 29, 2020, we forecast a 6.6% increase in net sales to 36,200 million yen, an 8.2% increase in operating profit to 1,780 million yen, a 9.8% increase in ordinary profit to 1,850 million yen and a 9.8% increase in profit attributable to owners of parent to 1,270 million yen. This forecast uses an exchange rate of 16.30 yen to the yuan for yuan-denominated sales and 111.00 yen to the dollar for dollar-denominated sales which are not yet converted to yen. The Nakamoto Packs Group maintain the goal of “increasing sales of N brand products and promoting environmental management” for FY2/20. We will take full advantage of the expertise acquired over many years for the effective use of production and environmental equipment. The goals are to establish a presence in more markets in Japan, China and the United States and to continue growing. Group companies are also determined to increase sales of internally developed products and concentrate on quality assurance in order to achieve greater customer satisfaction. We are also firmly committed to responsible corporate citizenship. By focusing on these activities, we aim to build relationships rooted in trust with all stakeholders and achieve the sustained growth of our corporate value.

2. Basic Approach to the Selection of Accounting Standards

We adopt Japanese GAAP because most of our stakeholders are shareholders, creditors and business partners located in Japan, and we do not necessarily have to raise funds from overseas capital markets.

We will nevertheless consider applying International Financial Reporting Standards (IFRS) in light of future trends in our foreign investor ownership ratio and application of IFRS by our industry peers.

3. Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheet**

	(Thousands of yen)	
	FY2/18	FY2/19
	(As of Feb. 28, 2018)	(As of Feb. 28, 2019)
Assets		
Current assets		
Cash and deposits	3,601,164	3,031,479
Notes and accounts receivable-trade	6,884,040	6,937,992
Electronically recorded monetary claims-operating	899,632	987,126
Merchandise and finished goods	1,568,348	1,753,572
Work in process	338,548	317,461
Raw materials and supplies	608,893	602,738
Deferred tax assets	131,287	133,327
Other	128,482	153,286
Allowance for doubtful accounts	(5,836)	(4,469)
Total current assets	14,154,561	13,912,515
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,659,792	5,302,762
Machinery, equipment and vehicles, net	2,182,999	1,961,257
Land	2,845,829	2,928,210
Leased assets, net	25,945	24,801
Construction in progress	398,219	999,958
Other, net	185,286	203,517
Total property, plant and equipment	10,298,071	11,420,508
Intangible assets		
Other	173,684	345,611
Total intangible assets	173,684	345,611
Investments and other assets		
Investment securities	949,496	854,578
Long-term loans receivable	13,395	13,829
Deferred tax assets	23,132	45,912
Other	350,422	363,614
Allowance for doubtful accounts	(27,095)	(27,095)
Total investments and other assets	1,309,351	1,250,839
Total non-current assets	11,781,107	13,016,960
Total assets	25,935,669	26,929,475

	(Thousands of yen)	
	FY2/18	FY2/19
	(As of Feb. 28, 2018)	(As of Feb. 28, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,814,014	2,822,117
Electronically recorded obligations-operating	3,486,910	3,717,250
Short-term loans payable	3,414,524	3,678,236
Current portion of long-term loans payable	779,841	764,011
Lease obligations	10,455	9,484
Income taxes payable	225,258	319,121
Deferred tax liabilities	16,170	21,345
Provision for bonuses	189,098	201,424
Other	727,787	694,508
Total current liabilities	11,664,061	12,227,501
Non-current liabilities		
Long-term loans payable	2,365,512	2,349,411
Lease obligations	18,267	18,052
Deferred tax liabilities	20	74
Net defined benefit liability	172,692	149,274
Other	205,209	201,034
Total non-current liabilities	2,761,702	2,717,847
Total liabilities	14,425,763	14,945,349
Net assets		
Shareholders' equity		
Capital stock	1,057,468	1,057,468
Capital surplus	1,158,408	1,158,408
Retained earnings	8,171,483	8,878,553
Treasury shares	(838)	(970)
Total shareholders' equity	10,386,521	11,093,460
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	247,405	165,131
Deferred gains or losses on hedges	3,778	2,275
Foreign currency translation adjustment	428,704	332,968
Remeasurements of defined benefit plans	77,345	58,390
Total accumulated other comprehensive income	757,233	558,765
Non-controlling interests	366,149	331,901
Total net assets	11,509,905	11,984,126
Total liabilities and net assets	25,935,669	26,929,475

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

(Thousands of yen)

	FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)	FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)
Net sales	32,981,135	33,942,822
Cost of sales	28,076,249	28,655,018
Gross profit	4,904,885	5,287,803
Selling, general and administrative expenses	3,573,018	3,642,158
Operating profit	1,331,866	1,645,644
Non-operating income		
Interest income	1,907	1,931
Dividend income	12,041	12,225
Share of profit of entities accounted for using equity method	9,233	8,897
Land and house rent received	33,703	30,721
Insurance income	24,792	8,813
Foreign exchange gains	29,521	-
Other	149,957	115,144
Total non-operating income	261,156	177,734
Non-operating expenses		
Interest expenses	63,223	66,772
Expense of a transformation to the first section of the Tokyo Stock Exchange	19,000	-
Foreign exchange losses	-	45,254
Other	23,985	27,060
Total non-operating expenses	106,209	139,087
Ordinary profit	1,486,813	1,684,291
Extraordinary income		
Gain on sales of non-current assets	20,631	4,653
Gain on sales of investment securities	0	-
Total extraordinary income	20,631	4,653
Extraordinary losses		
Loss on sales of non-current assets	25,865	3,214
Loss on retirement of non-current assets	11,813	3,624
Impairment loss	12,960	2,183
Factory transfer expenses	-	37,884
Other	3,983	-
Total extraordinary losses	54,621	46,907
Profit before income taxes	1,452,823	1,642,038
Income taxes-current	425,830	471,930
Income taxes-deferred	6,454	24,525
Total income taxes	432,285	496,456
Profit	1,020,538	1,145,582
Profit (loss) attributable to non-controlling interests	38,790	(10,969)
Profit attributable to owners of parent	981,748	1,156,552

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)	FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)
Profit	1,020,538	1,145,582
Other comprehensive income		
Valuation difference on available-for-sale securities	45,298	(81,151)
Deferred gains or losses on hedges	(6,390)	(1,502)
Foreign currency translation adjustment	52,150	(118,055)
Remeasurements of defined benefit plans, net of tax	2,609	(18,954)
Share of other comprehensive income of entities accounted for using equity method	2,306	(1,122)
Total other comprehensive income	95,973	(220,787)
Comprehensive income	1,116,512	924,795
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,068,812	958,083
Comprehensive income attributable to non-controlling interests	47,699	(33,288)

(3) Consolidated Statement of Changes in Equity

FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,057,468	1,158,408	7,639,227	(492)	9,854,611
Changes of items during period					
Dividends of surplus	-	-	(449,492)	-	(449,492)
Profit attributable to owners of parent	-	-	981,748	-	981,748
Purchase of treasury shares	-	-	-	(345)	(345)
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during period	-	-	532,255	(345)	531,910
Balance at end of current period	1,057,468	1,158,408	8,171,483	(838)	10,386,521

	Accumulated other comprehensive income				
	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 beginning of current period	199,800	10,169	385,464	74,736	670,169
Changes of items during period					
Dividends of surplus	-	-	-	-	-
Profit attributable to owners of parent	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-
Net changes of items other than shareholders' equity	47,605	(6,390)	43,240	2,609	87,064
Total changes of items during period	47,605	(6,390)	43,240	2,609	87,064
Balance at end of current period	247,405	3,778	428,704	77,345	757,233

	Non-controlling interests	Total net assets
Balance at beginning of current period	318,449	10,843,231
Changes of items during period		
Dividends of surplus	-	(449,492)
Profit attributable to owners of parent	-	981,748
Purchase of treasury shares	-	(345)
Net changes of items other than shareholders' equity	47,699	134,764
Total changes of items during period	47,699	666,674
Balance at end of current period	366,149	11,509,905

FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,057,468	1,158,408	8,171,483	(838)	10,386,521
Changes of items during period					
Dividends of surplus	-	-	(449,481)	-	(449,481)
Profit attributable to owners of parent	-	-	1,156,552	-	1,156,552
Purchase of treasury shares	-	-	-	(132)	(132)
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during period	-	-	707,070	(132)	706,938
Balance at end of current period	1,057,468	1,158,408	8,878,553	(970)	11,093,460

	Accumulated other comprehensive income				
	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 beginning of current period	247,405	3,778	428,704	77,345	757,233
Changes of items during period					
Dividends of surplus	-	-	-	-	-
Profit attributable to owners of parent	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-
Net changes of items other than shareholders' equity	(82,274)	(1,502)	(95,736)	(18,954)	(198,468)
Total changes of items during period	(82,274)	(1,502)	(95,736)	(18,954)	(198,468)
Balance at end of current period	165,131	2,275	332,968	58,390	558,765

	Non-controlling interests	Total net assets
Balance at beginning of current period	366,149	11,509,905
Changes of items during period		
Dividends of surplus	-	(449,481)
Profit attributable to owners of parent	-	1,156,552
Purchase of treasury shares	-	(132)
Net changes of items other than shareholders' equity	(34,248)	(232,717)
Total changes of items during period	(34,248)	474,221
Balance at end of current period	331,901	11,984,126

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)	FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)
Cash flows from operating activities		
Profit before income taxes	1,452,823	1,642,038
Depreciation	940,933	872,130
Amortization of goodwill	-	2,386
Impairment loss	12,960	2,183
Share of (profit) loss of entities accounted for using equity method	(9,233)	(8,897)
Increase (decrease) in allowance for doubtful accounts	123	(1,214)
Increase (decrease) in provision for bonuses	4,149	12,611
Increase (decrease) in net defined benefit liability	(34,650)	(50,730)
Interest and dividend income	(13,948)	(14,157)
Interest expenses	63,223	66,772
Foreign exchange losses (gains)	(32,959)	47,717
Loss (gain) on sales of investment securities	(0)	-
Loss on retirement of non-current assets	11,813	3,624
Loss (gain) on sales of non-current assets	5,233	(1,439)
Factory transfer expenses	-	37,884
Decrease (increase) in notes and accounts receivable-trade	(270,433)	(168,365)
Decrease (increase) in inventories	(135,562)	(191,628)
Increase (decrease) in notes and accounts payable-trade	(87,834)	262,172
Increase (decrease) in accrued consumption taxes	13,306	(30,301)
Other, net	92,980	10,431
Subtotal	2,012,925	2,493,218
Interest and dividend income received	15,773	15,982
Interest expenses paid	(62,976)	(66,654)
Income taxes paid	(466,387)	(375,179)
Payments for factory transfer expenses	-	(37,884)
Net cash provided by (used in) operating activities	1,499,334	2,029,482
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,209,166)	(2,117,064)
Proceeds from sales of property, plant and equipment	47,586	15,831
Payments for retirement of property, plant and equipment	(228)	(708)
Purchase of intangible assets	(7,676)	(70,928)
Purchase of investment securities	(15,896)	(16,055)
Proceeds from sales of investment securities	0	-
Payments for transfer of business	-	(145,000)
Payments of loans receivable	-	(3,000)
Collection of loans receivable	2,653	2,566
Payments for guarantee deposits	(1,998)	(756)
Proceeds from collection of guarantee deposits	1,780	575
Other, net	(16,911)	(13,791)
Net cash provided by (used in) investing activities	(1,199,857)	(2,348,332)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	116,000	279,543
Proceeds from long-term loans payable	700,000	830,000
Repayments of long-term loans payable	(847,520)	(861,931)
Repayments of lease obligations	(11,158)	(10,722)
Purchase of treasury shares	(345)	(132)
Cash dividends paid	(449,000)	(449,462)
Dividends paid to non-controlling interests	-	(960)
Net cash provided by (used in) financing activities	(492,025)	(213,664)
Effect of exchange rate change on cash and cash equivalents	7,917	(37,169)
Net increase (decrease) in cash and cash equivalents	(184,630)	(569,684)
Cash and cash equivalents at beginning of period	3,769,794	3,585,164
Cash and cash equivalents at end of period	3,585,164	3,015,479

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Changes in Significant Subsidiaries during the Period

Nakamoto Packs USA, Inc. and Cangzhou Nakamoto Huaxiang New Materials Co., Ltd. were included in the scope of consolidation because they were newly established during the first quarter of the current fiscal year.

Segment Information

Segment information is omitted because the Group's business segments are a single segment of the printing business.

Per Share Information

(Yen)

	FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)	FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)
Net assets per share	1,363.58	1,425.81
Earnings per share	120.13	141.52

Notes: 1. Diluted earnings per share is not presented since there is no dilutive share.

2. Following the resolution of the Board of Directors on December 15, 2017, Nakamoto Packs conducted a 2-for-1 common stock split on March 1, 2018. Net assets per share and earnings per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

3. The basis of calculating the earnings per share is as follows:

(Thousands of yen)

	FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)	FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)
Earnings per share		
Profit attributable to owners of the parent	981,748	1,156,552
Amounts not attributable to common shareholders	-	-
Profit attributable to common shareholders of parent	981,748	1,156,552
Average number of shares during the period (Shares)	8,172,521	8,172,376

Subsequent Events

Not applicable.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.