(6810) Hitachi Maxell – 'Outperform' (maintain)

Share price (2016/6/6): 1,558

Mkt cap (JPY bn):	8.31 bn
FY2017/3 P/E (CE):	21.1x
FY2016/3 P/B (act):	0.73x
FY2017/3 DY (CE):	2.3%

Structure reform finally begins

SUMMARY

- > Automotive 3 growth products remain solid growth
- > Earnings are expected to bounce back in FY2018/8 after reshuffling businesses
- Share price will react to the process on structure reform

1 FY2016/3 full year Results: +0% Sales but +40% OP

Sales remained flat at JPY156,216 million but OP gained 40% YoY to JPY7,306 million. Strong growth of TPMS battery, car view camera lenses and car LED head lump lenses was offset by decline in legacy products such as lithium-ion batteries for consumer electronics and magnetic tapes. For growth products, TPMS battery increased sales by 10% YoY, view camera lenses accelerated by 50% YoY and LED head lump lenses maintained at 20% YoY growth. Due to higher demand from Europe, the production capacity of TPMS battery was increased again. Conversely, Lithium-ion battery for smartphones remained under break-even and magnetic tapes expanded loss from a year ago.

2 FY2017/3 full year Forecast: In line with Company outlook

Hitachi Maxell posted FY2017/3 outlook of declining sales of 10% YoY to JPY140,000 million and OP of 18% to JPY6,000 million. The decrease of sales of Lithium-ion for smartphones, magnetic tapes and consumer products of appliance puts downward pressure on profits for this year. In addition, higher appreciation of JPY decreases OP by JPY800 million, assuming USD/JPY weakening to 110 from 120 for the previous year. Titlis forecast is in line with the guidance, slightly higher sales of JPY141,405 million and OP of JPY6,046 million. The table below or 'PL' sheet of the attached spreadsheet shows detail.

FY2016/3	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	OPM	EBT	Тах	Minority	Net Profit		
1Q (act)	37,335	-29,486	-79.0%	7,849	-6,573	-17.6%	1,276	3.4%	1,486	-292	-61	1,133		
2Q (act)	41,231	-32,237	-78.2%	8,994	-6,613	-16.0%	2,381	5.8%	2,310	-452	-130	1,728		
3Q (act)	40,598	-32,017	-78.9%	8,581	-6,396	-15.8%	2,185	5.4%	1,903	-1,158	145	890		
4Q (act)	37,052	-29,283	-79.0%	7,769	-6,305	-17.0%	1,464	4.0%	-476	673	-17	180		
Full Year (act)	156,216	-123,023	-78.8%	33,193	-25,887	-16.6%	7,306	4.7%	5,223	-1,798	-63	3,931	74.4	20.9
Full Year (CE)	157,000						6,500	4.1%	6,100			4,000	122.1	
FY2017/3 (E)	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	OPM	EBT	Tax	Minority	Net Profit		
1Q (E)	33,565	-26,383	-78.6%	7,182	-5,909	-17.6%	1,272	3.8%	1,273	-334	-52	886		
2Q (E)	36,640	-29,236	-79.8%	7,403	-5,877	-16.0%	1,527	4.2%	1,527	-401	-63	1,063		
3Q (E)	36,855	-29,466	-79.9%	7,390	-5,806	-15.8%	1,583	4.3%	1,584	-416	-65	1,103		
4Q (E)	34,345	-26,837	-78.1%	7,508	-5,844	-17.0%	1,663	4.8%	1,663	-437	-68	1,159		
Full Year (E)	141,405	-111,923	-79.2%	29,482	-23,437	-16.6%	6,046	4.3%	6,047	-1,587	-248	4,211	79.7	19.6
Full Year (CE)	140,000						6,000		5,600			3,900	73.8	21.1
FY2018/3 (E)	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	OPM	EBT	Tax	Minority	Net Profit		
1Q (E)	33,763	-25,637	-75.9%	8,126	-5,944	-17.6%	2,182	6.5%	2,182	-573	-90	1,520		
2Q (E)	37,009	-28,615	-77.3%	8,394	-5,936	-16.0%	2,458	6.6%	2,458	-645	-101	1,712		
3Q (E)	37,279	-28,899	-77.5%	8,380	-5,873	-15.8%	2,507	6.7%	2,507	-658	-103	1,746		
4Q (E)	35,046	-26,654	-76.1%	8,393	-5,964	-17.0%	2,429	6.9%	2,429	-638	-100	1,692		
Full Year (E)	143,098	-109,806	-76.7%	33,292	-23,717	-16.6%	9,575	6.7%	9,576	-2,514	-393	6,669	126.2	12.3
Full Year (CE)	170,000						12,000							

(Source) Hitachi Maxell, TIRS

By Segment	E	nergy	Industrial	Material	Electronic A	ppliance/	Tota	
(JPY million)	Sales	OP	Sales	OP	Sales	OP	Sales	OP
FY2016/3								
1Q (act)	10,070	364	11,521	404	15,744	508	37,335	1,276
2Q (act)	11,20	3 631	11,609	534	18,419	1,216	41,231	2,381
3Q (act)	10,13	2 485	11,612	498	18,854	1,202	40,598	2,185
4Q (act)	9,37	7 480	11,577	92	16,098	892	37,052	1,464
Full Year (act)	40,78	2 1,960	46,319	1,528	69,115	3,818	156,216	7,306
Full Year (CE)	38,000	0 1,700	50,000	2,200	69,000	2,600	157,000	6,500
FY2017/3 (E)								
1Q (E)	8,70	1 308	10,289	309	14,576	655	33,565	1,272
2Q (E)	9,649	9 341	9,918	422	17,073	764	36,640	1,527
3Q (E)	8,763	2 369	10,739	470	17,355	745	36,855	1,583
4Q (E)	8,28	3 400	11,104	581	14,958	681	34,345	1,663
Full Year (E)	35,394	4 1,418	42,049	1,782	63,962	2,845	141,405	6,046
Full Year (CE)	34,50	0 1,300	41,000	1,900	64,500	2,800	140,000	6,000
FY2018/3 (E)								
1Q (E)	8,34	5 489	10,071	695	15,347	998	33,763	2,182
2Q (E)	9,240	521	9,679	758	18,091	1,179	37,009	2,458
3Q (E)	8,39	535	10,784	844	18,106	1,129	37,279	2,507
4Q (E)	8,004	4 548	11,358	875	15,685	1,006	35,046	2,429
Full Year (E)	33,97	9 2,092	41,892	3,172	67,228	4,311	143,098	9,575
Full Year (CE)	40,70	0 2,900	52,800	4,200	76,500	4,900	170,000	12,000

Forecast by segment is shown below or 'Segment' sheet of the attached spreadsheet.

(Source) Hitachi Maxell, TIRS

3 <u>Restructure plan</u>

Forecast by product is shown below; please see 'Product' of spreadsheet.

Regarding profitability of automotive 3 products, that of TPMS battery will dip into 15% for FY2017/3 from 20% temporarily due to stronger JPY rates and higher personnel cost shifted from Lithium-ion battery but improve for FY2018/3 led by incremental cost reduction. That for car view camera lens is likely to maintain due to the increase in volume and the decrease in COGS. That of car LED lamp lens is also expected maintain at the same level due to fewer competitors.

Growth Products	Estimated	Estimated	Estimated	*act	Estimated	Estimated					FY20:	6/3									FY2017/3	٤									FY201	18/3E			
Moderate Growth products	OPM 4Q	OPM 1Q	OPM	Annual	FY2017/3	FY2018/3	1 20	a.	20	- I	30	í I	-40	a	Full Y	ar	10,		20		30	1	40		Full	Year	1	a.	2	a	3	a.	40	1	Full Year
Legacy Products	FY2016/3	FY2017/3	FY2018/3	Growth	Growth	Growth	Sales	OP	Sales	OP	Sales	OP	Sales	07	Sales	OP	Sales	OP	Sales	OP	Sales	OP	Sales	02	Sales	OP	Sales	OP	Sales	07	Sales	OP	Sales	OP	Sales
Energy							10,070	364	11,203	631	10,132	485	9,377	490																					
Lithium ion battery (LB)											6,080																								
Lithium-ion Rechargeable Battery (smartphone)	-1.40%	-1.50%	-0.50%	7.8%	-25.0%	-10.0%	5,450	-94	6,290	63	5,550	-50	4,560	-64	21,850	-345	4,088	-61	4,718	-71	4,163	-62	3,420	-51	16,388	-246	3,679	-18	4,246	-21	3,746	-19	3,078	-15	14,749
Laminated LB Rechargeable (automobile)	2.00%	2.00%	2.00%	-20.8%	-20.0%	5.0%	50	1	50	1	30	1	29	1	159	3	40	1	40	1	24	0	23	0	127	3	42	1	42	1	25	1	24	0	133
Coin Type LB Rechargeable (multiple use)	2.00%	2.00%	2.00%	15.9%	10.0%	10.0%	430	2	530	11	392	8	560	11	1.500	38	473	2	583	12	418	8	616	12	2,090	42	520	10	641	13	460	2	678	14	2.299
HEMS (newly developed)	-1.52%	-100.00%	0.00%	-75.7%	-50.0%	10.0%	80	2	50	3	30	1	5	-0	165	6	40	-40	25	-25	15	-15	3	-3	83	-43	44	0	28	0	17		3	0	91
lato des				5.6%			6.010	-82	6.920	77	5.990	-0	5.154	-52	24.074	-98	4.641	-91	5,355	-43	4.620	-02	4.062	-41	18.687	-284	4.285		4.957	4	4.248	-9	3.782	- 4	17.272
Micro battery											4.052																								
TPMS	20.00%	15.00%	16.00%	15.1%	13.0%	15.0%	1.730	311	1,790	354	1.960	392	1.992	322	7.440	1.451	1.955	293	2.023	303	2.215	332	2.215	332	8.407	1.261	2.248	360	2,326	372	2.547	406	2.547	408	2,658
Cylindrical Type L8 (smart meter)	10.00%	7.00%	a.cox	19.4%	10.0%	16.0%	1,240	124	1,440	186	1,250	125	1,300	130	5,230	565	1.364	20	1.584	111	1,375	96	1.430	100	5,753	403	1.582	127	1,017	147	1.595	128	1.659	133	6.673
Silver Oxide Battery (watch)	1.00%	1.00%	1.00%	-3.2%	-5.0%	-5.0%	990	10	1.050	11	932		840		3,812	14	941	9	208	10	885	0	228		3.621	16	823	0	244		841		258		3,440
sub totol				22.5%			1960	645	4,280	554	4.142	526	4.100	530	26.482	2.055	1960	224	4,280	424	4.142	427	4.100	642	16.482	1.700	1960	425		520	4.142	544	4.100	544	
Others	1.00%	1.00%	1.00%	54.1%	0.0%	0.0%	100	1			0	0	122	1	225	2	100	1	1			0	122	1	225	2	100	1	1	0	0	0	122	1	225
Toto/				21.8			10.070	364	11,203	622	10,132	485	9,176	479	43.781	1.962	8.701	204	9.649	342	8.762	369	8.283	400	25.194	1.418	8.345	622	9,240	522	8,290	515		548	
							1 10,010		10,000		10,110	107				1,111	4,101	100	5,445		0,114	347	4,405			1,410	1,010	407	3,449		4,000		1		
Industrial Material		1	1	1	1		11.521	404	11.609	534	11.612	498	11.577	92		- 1									-				1						
Adhesive Tape							11,711		13,005		4.645	4,0				-						-											t+		
Medical & Construction	6.00%	6.00%	6.00%	7.1%	0.0%	0.0%	1.690	96	1.490		1.790	107	1,790	102	6.510	201	1.440	96	1.690	93	1,790	107	1.790	102	6.510	201	1.440	96	1.490	93	1,790	107	1,790	107	6.510
Automobile	1.10%	1.10%	1.10%	3.7%	2.0%	2.0%	260		380		400		370	4	1,410	16	265	2	388		408		377	4	1,438	16	271		395	4	416		285		1.457
Electronics	1.10%	1.10%	1.10%	7.8%	3.0%	3.0%	990		1.090		980		960		4.020		1.020		1,123		1.009		989		4,341		1.050	12	1,156	12	1,040		1.018		4.265
Othertages	0.50%	0.50%	0.50%	-24.0%	-30.0%	-30.0%	1,300		1,300	11	1,047		1,000		4.447	22	910		770	12	733		200		8,313	40	637	14	530	13	513		490		2,179
sub total	0.30%	0.50%	0.50%	-3.7%	-30.0%	30.0%	3.992	107	4,060	111	4,217	128	4,120	127	16,387	472	3.635	105	3,770	110	3.960	127	2,856	126	15,202	458	3,398	104	3,581	109	3,759	126		125	14,421
Optical		-		-3.7%			3,390	107	4,080	111	4,645	128	4,127	107	10,387	4/3	3,633	103	3,770	1.07	3,940	10	3,839	120	13,202	400	3,578	104	3,581	109	3,759	110	3,083	105	19,921
Camera Lenses	1.00%	1.00%	1.00%	-9.6%	-20.0%	-20.0%	2,000		2 200		1,750		1,400		7.350		1.600		1.760		1.400		1.120		5,880	14	1,280		1.038		1,120		816		4 204
Car camera Lenses	20.00%	20.00%	20.00%	62,4%	20.0%	20.0%	2000	198	1,090	218	1,150	226	1,242	248	4,450	890	1,188	238	1,760	262	1,356	271	1,488	298	5,340	1,068	1,426	285	1,408	24	1.627	325		857	6,408
LED car head lamp Lenses	20.00%	20.00%	20.00%	19.2%	19.0%	19.0%	1,000	200	1,090	220	1,150	210	1,300	240	4,720	944	1,100	238	1,306	262	1,500	314	1,465	200	5,617	1,068	1,416	283	1,570	314	1,827	374		357	6,684
Others	1.00%	1.00%	1.00%	-36.6%	-10.0%	-10.0%	600	200	1,300	200	435	204	1,300	200	2,595	264	540	230	540	202	392	276	864	3/3	2,336	1,123	486	205	486	312	352	3/4	778	300	2,222
sub total	1.00%	LUUN	1.00%	-36.6%	-10.0%	-10.0%	4,590	424	4,990	466	435	512	4,900	532	2,595	1.933	4.518	217	4,927	546	4,718	603	5.019	627	2,336	2.274	400	586		644	4,969	714		742	
Magnetic Tape	47.98%	30.00%	0.00%	-29.4%	-50.0%	-30.0%	1,990	-136	1,600	400	1,760	212	1,300	532	6,550	437	925	407	4,317	540	4,718	264	5,019	0//	3,275	2,274	4,000	200	5,021	094	4,969	7,14		/42	
Others (EF2)	3.00%	6.00%	6.00%	1.8%	20.0%	20.0%	1,990	-135	1,800	-47	1,000	941-	1,000	-076	3,667	-237		-27	411	-240	1 200	-204	1.628	-100	4 400	-263	1 900	82	500	0	1 440	86		117	
	310%	0.000	0.000		20.0%	20.0%		10				30		41				00		- 40										31					
Total	-	1	1	-5.2%			11,521	434	11,609	534	22,622	498	11,577	92	46,319	1,528	10,289	309	9,928	422	20,739	470	11,104	582	42,049	1,782	20,071	695	9,679	758	20,784	844	11,358	8/5	41,892
Electronic Appliance/ Consumer Product	-	1					15,744	508	18.419	1.216	18.854	1.202	16.038	892																	_				
Consumer	-	-		-	-		15,799	508	10,419	1,210	7,542	1,202	15,098	892																					
																								144											
Optical Disk	8.50%	6.00%	6.00%	3.5%	0.0%	0.0%	1,730	2	1,730	2	2,700	70	2,400	204	8,560	292	1,730	104	1,730	204	2,700	162	2,600	144	8,560	514	1,730	104	1,730	104	2,700	162		144	8,560
Dry cell battery	1.00%	0.50%	0.50%	-19.3%	-20.0%	-15.0%	1,200	6	1,200	6	2,000	26	1,400	14	5,800	52	960	5	960	5	1,600	8	1,120	6	4,640	23	816		816	4	1,360	7	952		3,944
Other Consumer products	-2.5/2%	-8.02%	0.00%	6.3%	-35.0%	-5.0%	2,490	25	2,500	25	2,842	16	2,200	-55	10,032	2	1,619	-129	1,625	-130	1,847	-148	1,430	-114	6,521	-522	1,538	0	1,544	0	1,755	•	1,359	0	6,295
aub total		-		-2.0%			5,420	43	5,430	40	7,542	110	6,000	263	24,392	151		-21	4,315	-22	6,147	22	4,950	35	19,721	15	4,084	108		208	5,815	169		143	
Projector	5.55%	5.00%	7.00%	-1.7%	-5.0%	10.0%	7,060	282	9,980	194	7,980	659	7,100	334	32,120	2,233	6,707	335	9,481	474	7,581	379	6,745	337	30,514	1,526	7,378	516		730	8,339	584	7,420	519	
Beauty care	12.00%	10.00%	30.00%	16.1%	10.0%	10.0%	2,960	178		268	2,950	413	2,650	318	11,240	1,177	1,256	326		295	3,245	325	2,915	292	12,364	1,235	3,582	358		324	3,570	157		321	
Others	5.00%	5.00%	5.00%	-38.9%	0.0%	0.0%	304	9		30	382	19	348	17	1,363	55		15		16	382	19	348	17	1,363	68	304	15		16	382	19		17	
Total				-0.5%			15,744	508	18,419	1,216	28,854	1,202	16,098	892	69,115	3,828	24,576	655	17,073	764	27,355	745	14,958	682	63,962	2,845	25,347	928	18,092	1,179	28,106	1,129	15,685	2,006	67,228
		-																																	
Grand Total		1		0.1%			37,335	2,276	41,231	2,352	40,598	2,185	37,051	2,464	256,215	7,306	33,565	2,272	36,640	1,527	36,855	1,583	34,345	2,663	141,405	6,045	33,763	2,182	37,009	2,458	37,279	2,507	35,045	2,429	143,098
(Note) *actual growth rate is based on sales growth of	FY2015/3 1-4Q 1	/s. FY2016/3 10	2-4Q. Estimate	ed OPM, growth	h rate and OP fo	or each produ	ict are estimate	d by Titlis.																											

(a) Lithium-ion battery

70% of consumer use Lithium-ion battery is produced for smartphone (of 70% is for Samsung), and the sale is expected to decrease 20% a year. But HM plans to maintain investment in Lithium-ion battery that leads to developing future technology for overall micro batteries, trying to making slightly above break-even profit, as the company will cut further cost of consolidating production facilities of Kyoto and Wuxi and shifting head count to other micro batteries.

(b) Magnetic tapes

HM plans to transfer magnetic tapes to Ube Maxell that is a JV with Ube Industries of, producing separators of battery used for electric vehicles. A technology of process of applying magnetic materials to a tape is able to transfer to a technology for the separator, using manufacturing facility in Kyoto plant. The transfer is scheduled within this fiscal year.

(c) Consumer electric appliance

HM plans to reduce sale of consumer products to JPY10 billion from JPY24 billion in the previous year when commodity type products such as earphones deteriorated profitability of the segment.

4 After restructuring plan: +58% YoY OP for FY2018/3

Although earnings are unlikely to reach goals in MTP, TIRS expects sales to inch up 1.2% YoY to JPY143,098 and OP to jump 58% YoY to JPY9,575 million for FY2018/3 (please see tables above). Due to solid growth in automotive 3 products, profits are expected to expand, whereas negative effect by legacy products is likely to recede. Automotive 3 products will maintain higher profit margins, as the sale prices have been fixed on long-term contracts with customers and HM closely discuss them on production plan including production cost reduction. A risk will remain in projector business if China's economy slows down further.

5 Valuation: Share price remains at a discount

On an EV/EBITDA, the multiple is declining from 2.09x in FY2016/3 to 1.09x in FY2016/3 (E) and 0.67x in FY2018/3 (E). From FY2016/3 to FY2017/3 (E), OP is likely to decrease from JPY7,306 million to JPY6,046 million, but EBITDA is expected to be more stable from JPY11,985 million to JPY11,046 million as depreciation increase from JPY4,679 million to JPY5,000 million. Share price plunged on concern over lower earnings outlook for FY2017/3, but more stable cash flow should be focused. Lower EV/EBITDA multiple seems to show the share price has fully discounted weak outlook for this year. Therefore, it is more likely to respond to positive information if the process is on track.

Mar-14	Mar-15	Mar-16	Mar-17(E)	Mar-18(E)
JPY 114,811	JPY 99,818	JPY 96,779	JPY 86,686	JPY 86,686
JPY 61,885	JPY 32,770	JPY 25,102	JPY 12,049	JPY 9,879
5.15	3.19	2.09	1.09	0.67
8.41	6.31	3.44	1.99	1.03
71.88	93.36	2.38	2.48	1.97
	JPY 114,811 JPY 61,885 5.15 8.41	JPY 114,811 JPY 99,818 JPY 61,885 JPY 32,770 5.15 3.19 8.41 6.31	JPY 114,811 JPY 99,818 JPY 96,779 JPY 61,885 JPY 32,770 JPY 25,102 5.15 3.19 2.09 8.41 6.31 3.44	JPY 114,811 JPY 99,818 JPY 96,779 JPY 86,686 JPY 61,885 JPY 32,770 JPY 25,102 JPY 12,049 5.15 3.19 2.09 1.09 8.41 6.31 3.44 1.99

The following table shows cash flow forecast.

Cash Flow Analysis:	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17(E)	Mar-18(E)
Net Income	490	7,432	6,820	3,931	4,211	6,669
Dep.	2,374	4,661	5,073	4,679	5,000	5,100
Amortization	0	0	0	0	0	0
Other non-cash charges	-2,328	-7,788	-7,592	-2,524	0	0
Changes in WC	-45	2,523	1,625	8,267	2,152	-246
Op. Cash Flow	491	6,828	5,926	14,353	11,363	11,523
Per share	JPY 11.18	JPY 108.59	JPY 112.15	JPY 271.62	JPY 215.04	JPY 218.07
Capex	-5,575	-5,967	-5,575	-3,796	-6,500	-6,500
Free Cash Flow	-5,084	861	351	10,557	4,863	5,023
Per share	(JPY 115.72)	JPY 13.69	JPY 6.64	JPY 199.79	JPY 92.03	JPY 95.06
Beginning Cash	21,304	26,683	28,808	38,187	34,113	44,978
Net cash used	5,379	2,125	9,379	3,830	10,865	2,170
Ending cash	26,683	28,808	38,187	42,017	44,978	47,147

Using sum-of-the-parts (SOTP) model, NAV on TIRS estimates for FY2017/3 is JPY**2,719**, putting the June 6th closing price of JPY1,558 on a **<u>42% discount</u>** (our model normalizes (averages) for each

segment sales, OP, EBITDA and FCF from FY2014/3 through FY2017/3 (E), adding net cash and equivalents). The calculation of future NAV that incorporates medium-term growth through FY2018/3 (E) yields a value of JPY**2,932**, which puts the current share price on a **46% discount**.

NAVs:		NAVs:		
Sum of the parts NAV FY2017/3	3 (E):	Future NAV 2018/3 (E):		
Energy	362 5x EBITDA	Energy	371	5x EBITDA
Industrial Material	455 15x FCF	Industrial Material	510	15x FCF
Electronic Appliance/ Consui	683 15x FCF	Electronic Appliance/ Consumer Pr	727	15x FCF
Cash	843 1x Book	Cash	884	1x Book
Investment	64 0.75x Book	Investment	128	0.75x Book
Land	474 0.75x Book	Land	474	0.75x Book
Debt	(128) 1x Book	Debt	(128)	1x Book
Minority Interset	(32) 1x Book	Minority Interset	(32)	1x Book
Total SOTP NAV	JPY 2,719 57.3%	Total Future NAV	JPY 2,932	53.1%

6 <u>CONCLUSION: Maintain 'Outperform'</u>

Rating of "Outperform" has been kept on hold at this time due to limited downside risk and possible recovery in FY2018/3 after structure reform. Automotive 3 products are very likely to continue growing at solid pace. Recovery for FY2018/3 would mostly rely on whether structure reform successfully completes on schedule, although consumer use Lithium-ion battery and magnetic tape will hardly eliminate risk perfectly but it will be marginal. Share price has already fully discounted weak earnings outlook, and from now it will react positively on a positive outcome of the structure reform. In addition, I believe share price should be more appreciated, as cash flows are more stable than OP and net-net or cash position shows undervalued. Hitachi Maxell should show the result of structure reform, restoring confidence of investors.



	2013/3	2014/3	2015/3	2016/3	2017/3 (E)	2018/3 (E)	2018/9 (E)
Assets	,-	,	, _	,		/-(-/	/
Current Assets							
Cash and Cash Equivalents	5,163	15,297	38,770	42,017	44,978	47,147 📕	44,083
Short-Term Investments	1,375	1,004	-	-	-	-	-
Notes and Accounts Receivable, Allowance for Doubtful Receivables	23,644 (377)	30,804 (408)	32,587 (339)	29,543 (458)	26,742 (415)	27,062 (420)	-
Inventories	19,112	21,285	18,657	13,900	12,582	12,733	-
Deferred Income Taxes	869	1,057	1,714	1,702	1,541	1,559	-
Other Current Assets	35,201	10,415	5,310	5,617	5,084	5,145 📕	-
Total Current Assets	84,987	79,454	96,699	92,321	90,512	93,227	44,083
Property, Plant and Equipment							
Land	40,616	40,908	34,146	33,678	33,678	33,678	33,678
Builidings	10,132	11,485	8,127	7,665	9,984	12,304 📕	12,304
Machinery and Equipment	9,161	14,429	13,221	12,302	16,025	19,747 📕	19,747
Construction in Progress	1,506	1,697	1,977	1,513	1,971	2,429 📕	2,429
Total	61,415	68,519	57,471	55,158	61,658	68,158	68,158
Accumulated Depreciation	-	-	-	-	-	-	1
Net Property, Plant and Equipment	61,415	68,519	57,471	55,158	61,658	68,158	68,159
Software & Other intangible asssts	570	1,288	1,025	1,047	1,047	1,047	1,047
Goodwill	-	-	-	-	-	-	-
	570	1,288	1,025	1,047	1,047	1,047	1,047
Other Assets							
Investments in and Advances to	-	<u> </u>	-	-	-	_	-
Investment Securities	7,458	4,301	2,286	4,550	4,550	4,550	4,550
Software & Others	(10)	(209)	(241)	(225)	(225)	(225)	(225)
Deferred Income Taxes	443	534	535	477	477	477	477
Other	2,336	1,328	2,677	1,028	1,028	1,028	1,028
Total Other Assets	10,227	5,954	5,257	5,830	5 <i>,</i> 830	5,830	5 <i>,</i> 830
Total	157,199	155,215	160,452	154,356	159,047	168,262	119,119
			,			,	
Liabilities and Stockholders' Equity							
Current Liabilities							
Bank Loans	1,633	1,694	-	-	-	-	-
Notes and Accounts Payable, Trade	14,498	20,386	20,822	20,288	18,364	18,584 📕	-
Accrued Expenses	6,750	6,701	6,234	6,946	6,287	6,363 📕	-
Income Taxes	173	408	865	201	182	184 📕	-
Other Current Liabilities	1,752	3,574	3,195	2,252	2,038	2,063	-
Current Portion of Long-Term Debt	-	-	-	35	35	35	35 35
Total Current Liabilities	24,806	32,763	31,116	29,722	26,907	27,229	35
Long-Term Debt	-	6	325	457	457	457	457
Deferred Income Taxes	3,642	3,693	4,299	3,735	3,735	3,735	3,735
Termination and Retirement Benefits	3,733	5,429	5,934	6,350	6,350	6,350	6,350
Other Long-Term Liabilities	1,226	1,050	35	266	266	266	266
	1.600	4 700	225	100	100	100	400
Total Liabilities	1,633 33,407 /	1,700	325 41,709 F	492 40,530 /	492 37,715 /	492 38,037 /	492 10,843
Total Liabilities	33,407 '	42,941 📕	41,709 *	40,530	37,715 *	38,037 *	10,843
Stockholders' Equity							
Common Stock	12,203	12,203	12,203	12,203	12,203	12,203	12,203
Additional Paid-in Capital	55,679	33,578	33,578	33,527	33,527	33,527	33,527
Legal Reserve	62,484	74,172	75,998	77,313	77,313	77,313	77,313
Retained Earnings	-	-	-	-	-	-	-
Treasury Stock	-	(996)	(996)	(996)	(996)	(996)	(996)
Total Stockholders' Equity	130,366	118,957	120,783	122,047	122,047	122,047	122,047
Accumulated other Comprehensive							
Income	1,512	954	529	303			
Cumulative Translation Adjustments	(8,367)	(6,006)	(2,139)	(5,297)			
Minimum Pension Liability							
Adjustments	-	(3,086)	(2,325)	(4,953)			
Net Unrealized Gain on Securities	-	-	-				
Unrealized Gains (Losses) on							
Unrealized Gains (Losses) on Derivative Instruments	-	-	-				
Derivative Instruments			- 0	n	n	٥	0
	- 0 281	- 0 1,455	- 0 1,895	0	0 1,726	0 1,726	0 1,726
Derivative Instruments Warrant	0	0		1,726	1,726		
Derivative Instruments Warrant Minority Interests in Subsidiaries	0 281	0 1,455	1,895		1,726	1,726	1,726