

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results
for the Year Ended March 31, 2016
(Based on Japanese GAAP)**

May 11, 2016

Company name: YAMAZEN CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 8051 URL <http://www.yamazen.co.jp/>
 Representative: President & CEO Meguru NAKATA
 Inquiries: Manager, IR & PR Dept. Yoshihiro OZAKI TEL 06-6534-3095
 Scheduled date of ordinary general meeting of shareholders: June 24, 2016
 Scheduled date to file Securities Report: June 27, 2016
 Scheduled date to commence dividend payments: June 6, 2016
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	447,774	2.7	13,258	1.0	13,503	1.3	9,192	57.1
Year ended March 31, 2015	435,803	10.3	13,130	37.3	13,330	35.5	5,851	6.1

Note: Comprehensive income Year ended March 31, 2016 ¥4,624 million [(58.9)%]
 Year ended March 31, 2015 ¥11,261 million [48.8%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	98.01	-	13.9	6.6	3.0
Year ended March 31, 2015	62.38	-	9.7	7.0	3.0

Reference: Share of income of investments accounted for using the equity method

Year ended March 31, 2016 ¥- million
 Year ended March 31, 2015 ¥- million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	208,404	67,518	32.3	717.25
As of March 31, 2015	200,301	65,148	32.4	692.59

Reference: Equity As of March 31, 2016 ¥67,274 million
 As of March 31, 2015 ¥64,962 million

(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 period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2016	10,465	1,534	(4,149)	53,325
Year ended March 31, 2015	12,575	422	(5,260)	46,799

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2015	–	8.00	–	12.00	20.00	1,875	32.1	3.1
Year ended March 31, 2016	–	12.00	–	18.00	30.00	2,813	30.6	4.3
Year ending March 31, 2017 (Forecast)	–	13.50	–	16.50	30.00		32.3	

Note: Details of year-end dividends for the year ended March 31, 2016

Ordinary dividends 15 yen Special dividends 3 yen

Details of interim dividends for the six months ending September 30, 2016

Ordinary dividends 12 yen Commemorative dividends 1.5 yen

Details of year-end dividends for the year ending March 31, 2017

Ordinary dividends 15 yen Commemorative dividends 1.5 yen

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2016	220,000	(0.1)	5,600	(12.2)	5,800	(12.0)	3,700	(16.4)	39.45
Full year	460,000	2.7	13,300	0.3	13,600	0.7	8,700	(5.4)	92.75

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2016

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2016	93,840,310 shares	As of March 31, 2015	93,840,310 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2016	44,463 shares	As of March 31, 2015	44,152 shares
----------------------	---------------	----------------------	---------------

Average number of shares during the period

Year ended March 31, 2016	93,795,985 shares	Year ended March 31, 2015	93,796,420 shares
---------------------------	-------------------	---------------------------	-------------------

Reference: Summary of non-consolidated financial results

Non-consolidated financial results for the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(1) Non-consolidated financial results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	406,019	3.9	10,590	10.5	12,661	9.0	9,374	62.3
Year ended March 31, 2015	390,732	8.8	9,579	28.6	11,613	53.3	5,775	42.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2016	99.94	–
Year ended March 31, 2015	61.57	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	183,861	54,363	29.6	579.59
As of March 31, 2015	172,172	49,341	28.7	526.05

Reference: Equity As of March 31, 2016 ¥54,363 million
 As of March 31, 2015 ¥49,341 million

* Indication regarding execution of audit procedures

This financial results report is exempt from the audit procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this financial results report, the audit procedures for financial statements in accordance with the Financial Instruments and Exchange Act have not been completed.

* Proper use of forecasts of financial results, and other special matters

The earnings forecasts shown above are based on information currently available to the Company at the time of disclosure of this financial results report. Actual performance and other results may differ materially due to various factors.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	37,810	40,833
Notes and accounts receivable - trade	101,998	101,361
Securities	9,000	12,500
Merchandise and finished goods	21,532	21,701
Deferred tax assets	1,033	1,354
Other	5,801	5,320
Allowance for doubtful accounts	(588)	(579)
Total current assets	176,587	182,490
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,747	7,003
Accumulated depreciation	(6,743)	(4,263)
Buildings and structures, net	3,003	2,739
Machinery, equipment and vehicles	936	886
Accumulated depreciation	(793)	(771)
Machinery, equipment and vehicles, net	143	114
Tools, furniture and fixtures	1,364	1,534
Accumulated depreciation	(1,055)	(1,089)
Tools, furniture and fixtures, net	308	445
Land	3,690	3,308
Leased assets	317	5,346
Accumulated depreciation	(116)	(232)
Leased assets, net	200	5,113
Other	5	0
Total property, plant and equipment	7,353	11,722
Intangible assets	2,318	2,285
Investments and other assets		
Investment securities	12,387	10,293
Claims provable in bankruptcy, claims provable in rehabilitation and other	116	110
Net defined benefit asset	37	26
Deferred tax assets	112	131
Other	1,589	1,537
Allowance for doubtful accounts	(199)	(194)
Total investments and other assets	14,042	11,905
Total non-current assets	23,714	25,913
Total assets	200,301	208,404

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	113,551	115,820
Lease obligations	95	229
Income taxes payable	2,241	1,227
Deferred tax liabilities	51	20
Provision for bonuses	2,684	2,623
Provision for voluntary recall of goods	64	38
Other	11,595	10,274
Total current liabilities	130,284	130,234
Non-current liabilities		
Lease obligations	172	5,554
Deferred tax liabilities	1,035	899
Net defined benefit liability	2,609	3,055
Other	1,051	1,141
Total non-current liabilities	4,869	10,650
Total liabilities	135,153	140,885
Net assets		
Shareholders' equity		
Capital stock	7,909	7,909
Capital surplus	6,081	6,088
Retained earnings	44,165	51,107
Treasury shares	(16)	(17)
Total shareholders' equity	58,139	65,087
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,846	3,497
Deferred gains or losses on hedges	401	(351)
Foreign currency translation adjustment	3,090	1,303
Remeasurements of defined benefit plans	(1,515)	(2,263)
Total accumulated other comprehensive income	6,823	2,186
Non-controlling interests	185	243
Total net assets	65,148	67,518
Total liabilities and net assets	200,301	208,404

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	435,803	447,774
Cost of sales	379,721	390,231
Gross profit	56,081	57,542
Selling, general and administrative expenses	42,951	44,284
Operating income	13,130	13,258
Non-operating income		
Interest income	1,485	1,520
Dividend income	166	224
Other	193	211
Total non-operating income	1,845	1,955
Non-operating expenses		
Interest expenses	1,532	1,626
Loss on sales of notes receivable - trade	1	-
Other	112	83
Total non-operating expenses	1,645	1,710
Ordinary income	13,330	13,503
Extraordinary income		
Gain on sales of non-current assets	6	148
Gain on sales of investment securities	88	18
Other	0	-
Total extraordinary income	95	167
Extraordinary losses		
Loss on retirement of non-current assets	1	9
Loss on sales of non-current assets	21	0
Impairment loss	2,582	-
Other	8	1
Total extraordinary losses	2,613	11
Profit before income taxes	10,812	13,659
Income taxes - current	4,648	3,497
Income taxes - deferred	271	885
Total income taxes	4,919	4,382
Profit	5,892	9,277
Profit attributable to non-controlling interests	41	84
Profit attributable to owners of parent	5,851	9,192

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Profit	5,892	9,277
Other comprehensive income		
Valuation difference on available-for-sale securities	2,077	(1,348)
Deferred gains or losses on hedges	204	(753)
Foreign currency translation adjustment	2,569	(1,802)
Remeasurements of defined benefit plans, net of tax	516	(747)
Total other comprehensive income	5,368	(4,652)
Comprehensive income	11,261	4,624
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,196	4,556
Comprehensive income attributable to non-controlling interests	64	68

Consolidated statements of changes in equity

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,909	6,081	40,332	(16)	54,307
Cumulative effects of changes in accounting policies			(518)		(518)
Restated balance	7,909	6,081	39,814	(16)	53,789
Changes of items during period					
Dividends of surplus			(750)		(750)
Interim dividends from surplus			(750)		(750)
Profit attributable to owners of parent			5,851		5,851
Purchase of treasury shares				(0)	(0)
Change in treasury shares of parent arising from transactions with non-controlling shareholders					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	4,350	(0)	4,350
Balance at end of current period	7,909	6,081	44,165	(16)	58,139

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	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	2,769	196	543	(2,031)	1,478	120	55,906
Cumulative effects of changes in accounting policies							(518)
Restated balance	2,769	196	543	(2,031)	1,478	120	55,388
Changes of items during period							
Dividends of surplus							(750)
Interim dividends from surplus							(750)
Profit attributable to owners of parent							5,851
Purchase of treasury shares							(0)
Change in treasury shares of parent arising from transactions with non-controlling shareholders							-
Net changes of items other than shareholders' equity	2,077	204	2,546	516	5,344	64	5,409
Total changes of items during period	2,077	204	2,546	516	5,344	64	9,759
Balance at end of current period	4,846	401	3,090	(1,515)	6,823	185	65,148

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,909	6,081	44,165	(16)	58,139
Cumulative effects of changes in accounting policies					–
Restated balance	7,909	6,081	44,165	(16)	58,139
Changes of items during period					
Dividends of surplus			(1,125)		(1,125)
Interim dividends from surplus			(1,125)		(1,125)
Profit attributable to owners of parent			9,192		9,192
Purchase of treasury shares				(0)	(0)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		6			6
Net changes of items other than shareholders' equity					
Total changes of items during period	–	6	6,941	(0)	6,948
Balance at end of current period	7,909	6,088	51,107	(17)	65,087

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	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	4,846	401	3,090	(1,515)	6,823	185	65,148
Cumulative effects of changes in accounting policies							–
Restated balance	4,846	401	3,090	(1,515)	6,823	185	65,148
Changes of items during period							
Dividends of surplus							(1,125)
Interim dividends from surplus							(1,125)
Profit attributable to owners of parent							9,192
Purchase of treasury shares							(0)
Change in treasury shares of parent arising from transactions with non-controlling shareholders	0				0	(9)	(3)
Net changes of items other than shareholders' equity	(1,348)	(753)	(1,786)	(747)	(4,636)	68	(4,568)
Total changes of items during period	(1,348)	(753)	(1,786)	(747)	(4,636)	58	2,370
Balance at end of current period	3,497	(351)	1,303	(2,263)	2,186	243	67,518

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	10,812	13,659
Depreciation	1,106	1,208
Retirement benefit expenses	644	472
Impairment loss	2,582	–
Increase (decrease) in allowance for doubtful accounts	(422)	(11)
Increase (decrease) in other provision	264	(60)
Increase (decrease) in net defined benefit liability	(981)	(1,052)
Increase (decrease) in net defined benefit asset	(9)	8
Interest and dividend income	(1,651)	(1,744)
Interest expenses	1,532	1,626
Foreign exchange losses (gains)	1	(33)
Loss (gain) on sales of investment securities	(88)	(18)
Loss on retirement of property, plant and equipment and intangible assets	1	9
Loss (gain) on sales of property, plant and equipment and intangible assets	14	(148)
Decrease (increase) in notes and accounts receivable - trade	(3,969)	(191)
Decrease (increase) in inventories	(2,663)	(838)
Increase (decrease) in notes and accounts payable - trade	7,314	3,141
Other, net	3,250	(895)
Subtotal	17,737	15,131
Income taxes paid	(5,162)	(4,666)
Net cash provided by (used in) operating activities	12,575	10,465
Cash flows from investing activities		
Payments into time deposits	(11)	(7)
Proceeds from withdrawal of time deposits	21	11
Purchase of investment securities	(81)	(36)
Proceeds from sales of investment securities	233	24
Purchase of shares of subsidiaries and associates	(98)	–
Payments of loans receivable	(5)	(15)
Collection of loans receivable	23	24
Payments of other investments	(42)	(215)
Collection of other investments	36	18
Purchase of property, plant and equipment and intangible assets	(1,329)	(703)
Proceeds from sales of property, plant and equipment and intangible assets	25	685
Interest and dividend income received	1,648	1,747
Net cash provided by (used in) investing activities	422	1,534

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,000)	–
Repayments of long-term loans payable	(227)	–
Repayments of lease obligations	–	(237)
Cash dividends paid	(1,500)	(2,251)
Interest expenses paid	(1,531)	(1,657)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(3)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(5,260)	(4,149)
Effect of exchange rate change on cash and cash equivalents	1,951	(1,323)
Net increase (decrease) in cash and cash equivalents	9,688	6,526
Cash and cash equivalents at beginning of period	37,110	46,799
Cash and cash equivalents at end of period	46,799	53,325