

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2016 (Based on Japanese GAAP)

November 9, 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 to file Quarterly Securities Report: November 11, 2016  
 Scheduled date to commence dividend payments: December 5, 2016  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2016	208,335	(5.4)	5,132	(19.5)	5,105	(22.6)	3,379	(23.7)
Six months ended September 30, 2015	220,243	9.4	6,378	36.0	6,593	37.1	4,428	43.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2016	36.03		-	
Six months ended September 30, 2015	47.21		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2016	196,847	67,531	34.2	717.49
As of March 31, 2016	208,404	67,518	32.3	717.25

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2016	-	12.00	-	18.00	30.00
Year ending March 31, 2017	-	13.50	-	-	-
Year ending March 31, 2017 (Forecast)	-	-	-	16.50	30.00

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
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 six months ended September 30, 2016  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2016	93,840,310 shares	As of March 31, 2016	93,840,310 shares
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Number of treasury shares at the end of the period

As of September 30, 2016	44,513 shares	As of March 31, 2016	44,463 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2016	93,795,840 shares	Six months ended September 30, 2015	93,796,030 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	40,833	37,396
Notes and accounts receivable - trade	101,361	93,946
Securities	12,500	12,500
Merchandise and finished goods	21,701	22,401
Deferred tax assets	1,354	1,375
Other	5,320	4,174
Allowance for doubtful accounts	(579)	(515)
Total current assets	182,490	171,279
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,739	2,438
Machinery, equipment and vehicles, net	114	94
Tools, furniture and fixtures, net	445	473
Land	3,308	3,267
Leased assets, net	5,113	5,011
Other, net	0	—
Total property, plant and equipment	11,722	11,284
Intangible assets	2,285	2,340
Investments and other assets		
Investment securities	10,293	10,462
Claims provable in bankruptcy, claims provable in rehabilitation and other	110	106
Net defined benefit asset	26	24
Deferred tax assets	131	142
Other	1,537	1,396
Allowance for doubtful accounts	(194)	(189)
Total investments and other assets	11,905	11,942
Total non-current assets	25,913	25,567
Total assets	208,404	196,847

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	115,820	105,853
Lease obligations	229	240
Income taxes payable	1,227	1,476
Deferred tax liabilities	20	31
Provision for bonuses	2,623	2,733
Provision for voluntary recall of goods	38	33
Other	10,274	8,553
Total current liabilities	130,234	118,922
Non-current liabilities		
Lease obligations	5,554	5,541
Deferred tax liabilities	899	1,240
Net defined benefit liability	3,055	2,500
Other	1,141	1,111
Total non-current liabilities	10,650	10,393
Total liabilities	140,885	129,316
<b>Net assets</b>		
Shareholders' equity		
Capital stock	7,909	7,909
Capital surplus	6,088	6,088
Retained earnings	51,107	52,806
Treasury shares	(17)	(17)
Total shareholders' equity	65,087	66,787
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,497	3,717
Deferred gains or losses on hedges	(351)	(475)
Foreign currency translation adjustment	1,303	(626)
Remeasurements of defined benefit plans	(2,263)	(2,105)
Total accumulated other comprehensive income	2,186	510
Non-controlling interests	243	233
Total net assets	67,518	67,531
Total liabilities and net assets	208,404	196,847

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

	(Millions of yen)	
	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	220,243	208,335
Cost of sales	191,740	180,954
Gross profit	28,502	27,381
Selling, general and administrative expenses	22,123	22,249
Operating income	6,378	5,132
Non-operating income		
Interest income	781	758
Dividend income	127	112
Other	90	104
Total non-operating income	999	975
Non-operating expenses		
Interest expenses	767	978
Other	17	23
Total non-operating expenses	785	1,002
Ordinary income	6,593	5,105
Extraordinary income		
Gain on sales of non-current assets	136	69
Gain on sales of investment securities	0	0
Total extraordinary income	136	69
Extraordinary losses		
Loss on sales of non-current assets	-	0
Loss on retirement of non-current assets	1	6
Impairment loss	-	24
Other	0	-
Total extraordinary losses	1	30
Profit before income taxes	6,728	5,144
Income taxes - current	1,901	1,553
Income taxes - deferred	352	197
Total income taxes	2,254	1,750
Profit	4,473	3,393
Profit attributable to non-controlling interests	45	14
Profit attributable to owners of parent	4,428	3,379

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	4,473	3,393
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,224)	219
Deferred gains or losses on hedges	(304)	(123)
Foreign currency translation adjustment	(909)	(1,978)
Remeasurements of defined benefit plans, net of tax	160	157
Total other comprehensive income	(2,278)	(1,724)
Comprehensive income	2,195	1,669
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,150	1,679
Comprehensive income attributable to non-controlling interests	44	(10)

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	6,728	5,144
Depreciation	558	776
Retirement benefit expenses	236	227
Impairment loss	–	24
Increase (decrease) in allowance for doubtful accounts	(20)	(64)
Increase (decrease) in other provision	(15)	155
Increase (decrease) in net defined benefit liability	(524)	(547)
Interest and dividend income	(908)	(871)
Interest expenses	767	978
Foreign exchange losses (gains)	(65)	7
Loss (gain) on sales of investment securities	(0)	(0)
Loss on retirement of property, plant and equipment and intangible assets	1	6
Loss (gain) on sales of property, plant and equipment and intangible assets	(136)	(68)
Decrease (increase) in notes and accounts receivable - trade	5,209	6,800
Decrease (increase) in inventories	(2,261)	(1,422)
Increase (decrease) in notes and accounts payable - trade	(4,558)	(9,599)
Other, net	365	(47)
Subtotal	5,374	1,499
Income taxes paid	(2,508)	(1,472)
Net cash provided by (used in) operating activities	2,866	27
Cash flows from investing activities		
Payments into time deposits	(4)	(4)
Proceeds from withdrawal of time deposits	8	4
Purchase of investment securities	(18)	(19)
Proceeds from sales of investment securities	0	6
Payments of loans receivable	(6)	(8)
Collection of loans receivable	12	14
Purchase of property, plant and equipment and intangible assets	(370)	(775)
Proceeds from sales of property, plant and equipment and intangible assets	462	294
Interest and dividend income received	910	866
Other, net	(16)	46
Net cash provided by (used in) investing activities	977	425

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from financing activities		
Repayments of lease obligations	–	(168)
Cash dividends paid	(1,125)	(1,688)
Interest expenses paid	(767)	(978)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(79)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(1,893)	(2,914)
Effect of exchange rate change on cash and cash equivalents	(524)	(1,545)
Net increase (decrease) in cash and cash equivalents	1,425	(4,008)
Cash and cash equivalents at beginning of period	46,799	53,325
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	–	571
Cash and cash equivalents at end of period	48,224	49,889