

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended March 31, 2017  
(Based on Japanese GAAP)**

May 10, 2017

Company name: YAMAZEN CORPORATION  
 Stock exchange listing: Tokyo  
 Stock code: 8051 URL <http://www.yamazen.co.jp/>  
 Representative: President, CEO & COO Yuji NAGAO  
 Inquiries: Manager, IR & PR Dept. Yoshihiro OZAKI TEL 06-6534-3095  
 Scheduled date of ordinary general meeting of shareholders: June 28, 2017  
 Scheduled date to file Securities Report: June 29, 2017  
 Scheduled date to commence dividend payments: June 5, 2017  
 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, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	447,698	(0.0)	13,113	(1.1)	12,931	(4.2)	8,518	(7.3)
Year ended March 31, 2016	447,774	2.7	13,258	1.0	13,503	1.3	9,192	57.1

Note: Comprehensive income Year ended March 31, 2017 ¥11,127 million [140.6%]  
 Year ended March 31, 2016 ¥4,624 million [(58.9)%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	90.82	–	11.9	6.0	2.9
Year ended March 31, 2016	98.01	–	13.9	6.6	3.0

Reference: Share of profit of entities accounted for using equity method

Year ended March 31, 2017 ¥– million  
 Year ended March 31, 2016 ¥– 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, 2017	219,598	75,712	34.4	804.25
As of March 31, 2016	208,404	67,518	32.3	717.25

Reference: Equity As of March 31, 2017 ¥75,435 million  
 As of March 31, 2016 ¥67,274 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, 2017	8,248	(213)	(5,324)	56,359
Year ended March 31, 2016	10,465	1,534	(4,149)	53,325

## 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, 2016	–	12.00	–	18.00	30.00	2,813	30.6	4.3
Year ended March 31, 2017	–	13.50	–	16.50	30.00	2,813	33.0	3.9
Year ending March 31, 2018 (Forecast)	–	13.00	–	17.00	30.00		30.3	

Note: Details of interim dividends for the six months ended September 30, 2016

Ordinary dividends 12 yen      Commemorative dividends 1.5 yen

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

Ordinary dividends 15 yen      Commemorative dividends 1.5 yen

## 3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		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, 2017	230,000	10.4	6,200	20.8	6,300	23.4	4,200	24.3	44.78
Full year	480,000	7.2	14,000	6.8	14,300	10.6	9,300	9.2	99.15

Note:

For the average number of shares during the period as basis for calculating earnings per share, the total number of issued shares (excluding treasury shares) as of March 31, 2017 is used.

## 4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(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, 2017	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 March 31, 2017	44,546 shares	As of March 31, 2016	44,463 shares
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Average number of shares during the period

Year ended March 31, 2017	93,795,818 shares	Year ended March 31, 2016	93,795,985 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	40,833	45,866
Notes and accounts receivable - trade	96,381	98,730
Electronically recorded monetary claims - operating	4,979	7,942
Securities	12,500	10,550
Merchandise and finished goods	21,701	22,864
Deferred tax assets	1,354	1,151
Other	5,320	3,849
Allowance for doubtful accounts	(579)	(569)
Total current assets	182,490	190,386
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,003	5,309
Accumulated depreciation	(4,263)	(2,914)
Buildings and structures, net	2,739	2,394
Machinery, equipment and vehicles	886	257
Accumulated depreciation	(771)	(169)
Machinery, equipment and vehicles, net	114	87
Tools, furniture and fixtures	1,534	1,534
Accumulated depreciation	(1,089)	(1,076)
Tools, furniture and fixtures, net	445	457
Land	3,308	3,284
Leased assets	5,346	5,338
Accumulated depreciation	(232)	(525)
Leased assets, net	5,113	4,813
Other	0	2
Total property, plant and equipment	11,722	11,040
Intangible assets	2,285	2,463
Investments and other assets		
Investment securities	10,293	14,143
Claims provable in bankruptcy, claims provable in rehabilitation and other	110	105
Net defined benefit asset	26	37
Deferred tax assets	131	183
Other	1,537	1,426
Allowance for doubtful accounts	(194)	(188)
Total investments and other assets	11,905	15,708
Total non-current assets	25,913	29,212
Total assets	208,404	219,598

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	115,820	101,556
Electronically recorded obligations - operating	–	19,472
Lease obligations	229	263
Income taxes payable	1,227	2,430
Deferred tax liabilities	20	8
Provision for bonuses	2,623	2,593
Provision for voluntary recall of goods	38	28
Other	10,274	8,402
Total current liabilities	130,234	134,755
Non-current liabilities		
Lease obligations	5,554	5,408
Deferred tax liabilities	899	2,420
Net defined benefit liability	3,055	349
Other	1,141	951
Total non-current liabilities	10,650	9,130
Total liabilities	140,885	143,885
<b>Net assets</b>		
Shareholders' equity		
Capital stock	7,909	7,909
Capital surplus	6,088	6,088
Retained earnings	51,107	56,664
Treasury shares	(17)	(17)
Total shareholders' equity	65,087	70,645
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,497	5,617
Deferred gains or losses on hedges	(351)	89
Foreign currency translation adjustment	1,303	1,090
Remeasurements of defined benefit plans	(2,263)	(2,007)
Total accumulated other comprehensive income	2,186	4,789
Non-controlling interests	243	277
Total net assets	67,518	75,712
Total liabilities and net assets	208,404	219,598

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

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	447,774	447,698
Cost of sales	390,231	389,792
Gross profit	57,542	57,906
Selling, general and administrative expenses	44,284	44,793
Operating profit	13,258	13,113
Non-operating income		
Interest income	1,520	1,487
Dividend income	224	209
Other	211	173
Total non-operating income	1,955	1,870
Non-operating expenses		
Interest expenses	1,626	1,983
Other	83	68
Total non-operating expenses	1,710	2,052
Ordinary profit	13,503	12,931
Extraordinary income		
Gain on sales of non-current assets	148	72
Gain on sales of investment securities	18	43
Total extraordinary income	167	116
Extraordinary losses		
Loss on retirement of non-current assets	9	9
Loss on sales of non-current assets	0	0
Impairment loss	–	24
Loss on sales of golf club memberships	0	6
Other	1	1
Total extraordinary losses	11	41
Profit before income taxes	13,659	13,005
Income taxes - current	3,497	4,023
Income taxes - deferred	885	430
Total income taxes	4,382	4,453
Profit	9,277	8,552
Profit attributable to non-controlling interests	84	33
Profit attributable to owners of parent	9,192	8,518

**Consolidated statements of comprehensive income**

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	9,277	8,552
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,348)	2,119
Deferred gains or losses on hedges	(753)	441
Foreign currency translation adjustment	(1,802)	(241)
Remeasurements of defined benefit plans, net of tax	(747)	255
Total other comprehensive income	(4,652)	2,575
Comprehensive income	4,624	11,127
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,556	11,094
Comprehensive income attributable to non-controlling interests	68	33

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(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	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)
Increase by merger					–
Change in ownership interest of parent due to transactions with non-controlling interests		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
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)
Increase by merger							–
Change in ownership interest of parent due to transactions with non-controlling interests	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

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,909	6,088	51,107	(17)	65,087
Changes of items during period					
Dividends of surplus			(1,688)		(1,688)
Interim dividends from surplus			(1,266)		(1,266)
Profit attributable to owners of parent			8,518		8,518
Purchase of treasury shares				(0)	(0)
Increase by merger		(0)	(6)		(6)
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(0)	5,557	(0)	5,557
Balance at end of current period	7,909	6,088	56,664	(17)	70,645

	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	3,497	(351)	1,303	(2,263)	2,186	243	67,518
Changes of items during period							
Dividends of surplus							(1,688)
Interim dividends from surplus							(1,266)
Profit attributable to owners of parent							8,518
Purchase of treasury shares							(0)
Increase by merger							(6)
Change in ownership interest of parent due to transactions with non-controlling interests							-
Net changes of items other than shareholders' equity	2,119	441	(213)	255	2,603	33	2,636
Total changes of items during period	2,119	441	(213)	255	2,603	33	8,194
Balance at end of current period	5,617	89	1,090	(2,007)	4,789	277	75,712

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	13,659	13,005
Depreciation	1,208	1,580
Retirement benefit expenses	472	455
Impairment loss	–	24
Increase (decrease) in allowance for doubtful accounts	(11)	(15)
Increase (decrease) in other provision	(60)	3
Increase (decrease) in net defined benefit liability	(1,052)	(1,093)
Decrease (increase) in net defined benefit asset	8	(8)
Contribution to retirement benefit trust	–	(1,700)
Interest and dividend income	(1,744)	(1,696)
Interest expenses	1,626	1,983
Foreign exchange losses (gains)	(33)	(9)
Loss (gain) on sales of investment securities	(18)	(43)
Loss on retirement of property, plant and equipment and intangible assets	9	9
Loss (gain) on sales of property, plant and equipment and intangible assets	(148)	(71)
Decrease (increase) in notes and accounts receivable - trade	(191)	(5,323)
Decrease (increase) in inventories	(838)	(1,270)
Increase (decrease) in notes and accounts payable - trade	3,141	4,957
Other, net	(895)	596
Subtotal	15,131	11,383
Income taxes paid	(4,666)	(3,135)
Net cash provided by (used in) operating activities	10,465	8,248
Cash flows from investing activities		
Payments into time deposits	(7)	(7)
Proceeds from withdrawal of time deposits	11	7
Purchase of investment securities	(36)	(1,151)
Proceeds from sales of investment securities	24	182
Payments of loans receivable	(15)	(24)
Collection of loans receivable	24	30
Payments of other investments	(215)	(57)
Collection of other investments	18	96
Purchase of property, plant and equipment and intangible assets	(703)	(1,282)
Proceeds from sales of property, plant and equipment and intangible assets	685	298
Interest and dividend income received	1,747	1,694
Net cash provided by (used in) investing activities	1,534	(213)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Repayments of lease obligations	(237)	(305)
Cash dividends paid	(2,251)	(2,954)
Interest expenses paid	(1,657)	(1,983)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(3)	(81)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(4,149)	(5,324)
Effect of exchange rate change on cash and cash equivalents	(1,323)	(248)
Net increase (decrease) in cash and cash equivalents	6,526	2,461
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	53,325	56,359