

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2017 (Based on Japanese GAAP)

November 8, 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 to file Quarterly Securities Report: November 13, 2017
 Scheduled date to commence dividend payments: December 4, 2017
 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, 2017 (from April 1, 2017 to September 30, 2017)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2017	239,139	14.8	6,647	29.5	6,554	28.4	4,454	31.8
Six months ended September 30, 2016	208,335	(5.4)	5,132	(19.5)	5,105	(22.6)	3,379	(23.7)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2017	47.02	–
Six months ended September 30, 2016	36.03	–

(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, 2017	227,726	81,213	35.5	855.37
As of March 31, 2017	219,598	75,712	34.4	804.25

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	–	13.50	–	16.50	30.00
Year ending March 31, 2018	–	13.00			
Year ending March 31, 2018 (Forecast)			–	17.00	30.00

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
Full year	480,000	7.2	14,000	6.8	14,300	10.6	9,300	9.2	99.15

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2017
(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: No
- 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, 2017	95,305,435 shares	As of March 31, 2017	93,840,310 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	707,545 shares	As of March 31, 2017	44,546 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, 2017	94,748,486 shares	Six months ended September 30, 2016	93,795,840 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	45,866	42,262
Notes and accounts receivable - trade	98,730	96,456
Electronically recorded monetary claims - operating	7,942	10,895
Securities	10,550	11,054
Merchandise and finished goods	22,864	27,899
Deferred tax assets	1,151	1,293
Other	3,849	5,040
Allowance for doubtful accounts	(569)	(487)
Total current assets	190,386	194,416
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,394	2,341
Machinery, equipment and vehicles, net	87	108
Tools, furniture and fixtures, net	457	509
Land	3,284	3,290
Leased assets, net	4,813	4,751
Other, net	2	21
Total property, plant and equipment	11,040	11,021
Intangible assets	2,463	2,231
Investments and other assets		
Investment securities	14,143	17,475
Claims provable in bankruptcy, claims provable in rehabilitation and other	105	114
Net defined benefit asset	37	576
Deferred tax assets	183	165
Other	1,426	1,921
Allowance for doubtful accounts	(188)	(197)
Total investments and other assets	15,708	20,056
Total non-current assets	29,212	33,310
Total assets	219,598	227,726

(Millions of yen)

As of March 31, 2017 As of September 30, 2017

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	101,556	80,308
Electronically recorded obligations - operating	19,472	39,906
Lease obligations	263	389
Income taxes payable	2,430	2,038
Deferred tax liabilities	8	8
Provision for bonuses	2,593	2,996
Provision for voluntary recall of goods	28	25
Other	8,402	11,286
Total current liabilities	134,755	136,959
Non-current liabilities		
Lease obligations	5,408	5,329
Deferred tax liabilities	2,420	2,960
Net defined benefit liability	349	286
Other	951	977
Total non-current liabilities	9,130	9,553
Total liabilities	143,885	146,513
Net assets		
Shareholders' equity		
Capital stock	7,909	7,909
Capital surplus	6,088	7,561
Retained earnings	56,664	59,571
Treasury shares	(17)	(751)
Total shareholders' equity	70,645	74,290
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,617	6,858
Deferred gains or losses on hedges	89	1
Foreign currency translation adjustment	1,090	1,572
Remeasurements of defined benefit plans	(2,007)	(1,807)
Total accumulated other comprehensive income	4,789	6,624
Non-controlling interests	277	297
Total net assets	75,712	81,213
Total liabilities and net assets	219,598	227,726

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, 2016	Six months ended September 30, 2017
Net sales	208,335	239,139
Cost of sales	180,954	208,770
Gross profit	27,381	30,369
Selling, general and administrative expenses	22,249	23,721
Operating profit	5,132	6,647
Non-operating income		
Interest income	758	813
Dividend income	112	126
Other	104	68
Total non-operating income	975	1,007
Non-operating expenses		
Interest expenses	978	1,043
Other	23	56
Total non-operating expenses	1,002	1,100
Ordinary profit	5,105	6,554
Extraordinary income		
Gain on sales of non-current assets	69	2
Gain on sales of investment securities	0	0
Total extraordinary income	69	2
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	6	1
Impairment loss	24	-
Total extraordinary losses	30	1
Profit before income taxes	5,144	6,555
Income taxes - current	1,553	2,258
Income taxes - deferred	197	(176)
Total income taxes	1,750	2,082
Profit	3,393	4,472
Profit attributable to non-controlling interests	14	18
Profit attributable to owners of parent	3,379	4,454

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	3,393	4,472
Other comprehensive income		
Valuation difference on available-for-sale securities	219	1,240
Deferred gains or losses on hedges	(123)	(87)
Foreign currency translation adjustment	(1,978)	484
Remeasurements of defined benefit plans, net of tax	157	199
Total other comprehensive income	(1,724)	1,836
Comprehensive income	1,669	6,309
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,679	6,289
Comprehensive income attributable to non-controlling interests	(10)	19

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	5,144	6,555
Depreciation	776	828
Retirement benefit expenses	227	286
Impairment loss	24	–
Increase (decrease) in allowance for doubtful accounts	(64)	(73)
Increase (decrease) in other provision	155	360
Increase (decrease) in net defined benefit liability	(547)	(603)
Interest and dividend income	(871)	(939)
Interest expenses	978	1,043
Foreign exchange losses (gains)	7	8
Loss (gain) on sales of investment securities	(0)	(0)
Loss on retirement of property, plant and equipment and intangible assets	6	1
Loss (gain) on sales of property, plant and equipment and intangible assets	(68)	(2)
Decrease (increase) in notes and accounts receivable - trade	6,800	(423)
Decrease (increase) in inventories	(1,422)	(4,881)
Increase (decrease) in notes and accounts payable - trade	(9,599)	(1,019)
Other, net	(47)	1,420
Subtotal	1,499	2,560
Income taxes paid	(1,472)	(2,879)
Net cash provided by (used in) operating activities	27	(318)
Cash flows from investing activities		
Payments into time deposits	(4)	(4)
Proceeds from withdrawal of time deposits	4	4
Purchase of securities	–	(500)
Purchase of investment securities	(19)	(106)
Proceeds from sales of investment securities	6	25
Payments of loans receivable	(8)	(74)
Collection of loans receivable	14	10
Purchase of property, plant and equipment and intangible assets	(775)	(448)
Proceeds from sales of property, plant and equipment and intangible assets	294	3
Interest and dividend income received	866	933
Other, net	46	(13)
Net cash provided by (used in) investing activities	425	(169)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from financing activities		
Repayments of lease obligations	(168)	(131)
Cash dividends paid	(1,688)	(1,547)
Interest expenses paid	(978)	(1,043)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(79)	–
Purchase of treasury shares	(0)	(733)
Net cash provided by (used in) financing activities	(2,914)	(3,456)
Effect of exchange rate change on cash and cash equivalents	(1,545)	341
Net increase (decrease) in cash and cash equivalents	(4,008)	(3,603)
Cash and cash equivalents at beginning of period	53,325	56,359
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	571	–
Cash and cash equivalents at end of period	49,889	52,755