

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2018
(Based on Japanese GAAP)**

May 10, 2018

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 26, 2018
 Scheduled date to file Securities Report: June 27, 2018
 Scheduled date to commence dividend payments: June 4, 2018
 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, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	497,963	11.2	15,383	17.3	15,152	17.2	10,205	19.8
Year ended March 31, 2017	447,698	(0.0)	13,113	(1.1)	12,931	(4.2)	8,518	(7.3)

Note: Comprehensive income Year ended March 31, 2018 ¥10,991 million [(1.2)%]
 Year ended March 31, 2017 ¥11,127 million [140.6%]

	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, 2018	107.79	–	12.8	6.5	3.1
Year ended March 31, 2017	90.82	–	11.9	6.0	2.9

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

Year ended March 31, 2018 ¥– million
 Year ended March 31, 2017 ¥– 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, 2018	246,923	84,665	34.2	891.87
As of March 31, 2017	219,598	75,712	34.4	804.25

Reference: Equity As of March 31, 2018 ¥84,368 million
 As of March 31, 2017 ¥75,435 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, 2018	8,001	2,223	(5,948)	60,675
Year ended March 31, 2017	8,248	(213)	(5,324)	56,359

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, 2017	–	13.50	–	16.50	30.00	2,813	33.0	3.9
Year ended March 31, 2018	–	13.00	–	19.50	32.50	3,074	30.2	3.8
Year ending March 31, 2019 (Forecast)	–	15.00	–	17.50	32.50		29.3	

Note: Details of year-end dividends for the year ended March 31, 2018

Ordinary dividends 17 yen Special dividends 2.5 yen

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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, 2018	253,000	5.8	6,700	0.8	6,700	2.2	4,600	3.3	48.63
Full year	515,000	3.4	15,500	0.8	15,500	2.3	10,500	2.9	111.00

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(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: No

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, 2018	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 March 31, 2018	707,545 shares	As of March 31, 2017	44,546 shares
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Average number of shares during the period

Year ended March 31, 2018	94,678,980 shares	Year ended March 31, 2017	93,795,818 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	45,866	49,682
Notes and accounts receivable - trade	98,730	104,176
Electronically recorded monetary claims - operating	7,942	10,806
Securities	10,550	11,554
Merchandise and finished goods	22,864	32,386
Deferred tax assets	1,151	1,342
Other	3,849	6,052
Allowance for doubtful accounts	(569)	(555)
Total current assets	190,386	215,447
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,309	5,331
Accumulated depreciation	(2,914)	(3,062)
Buildings and structures, net	2,394	2,269
Machinery, equipment and vehicles	257	278
Accumulated depreciation	(169)	(179)
Machinery, equipment and vehicles, net	87	99
Tools, furniture and fixtures	1,534	1,694
Accumulated depreciation	(1,076)	(1,217)
Tools, furniture and fixtures, net	457	476
Land	3,284	3,283
Leased assets	5,338	5,506
Accumulated depreciation	(525)	(948)
Leased assets, net	4,813	4,557
Other	2	43
Total property, plant and equipment	11,040	10,729
Intangible assets	2,463	2,071
Investments and other assets		
Investment securities	14,143	15,621
Claims provable in bankruptcy, claims provable in rehabilitation and other	105	94
Net defined benefit asset	37	1,039
Deferred tax assets	183	171
Other	1,426	1,926
Allowance for doubtful accounts	(188)	(177)
Total investments and other assets	15,708	18,675
Total non-current assets	29,212	31,476
Total assets	219,598	246,923

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	101,556	88,554
Electronically recorded obligations - operating	19,472	43,702
Lease obligations	263	442
Income taxes payable	2,430	3,168
Deferred tax liabilities	8	–
Provision for bonuses	2,593	2,913
Provision for voluntary recall of goods	28	33
Other	8,402	13,550
Total current liabilities	134,755	152,364
Non-current liabilities		
Lease obligations	5,408	5,079
Deferred tax liabilities	2,420	3,576
Net defined benefit liability	349	248
Other	951	989
Total non-current liabilities	9,130	9,894
Total liabilities	143,885	162,258
Net assets		
Shareholders' equity		
Capital stock	7,909	7,909
Capital surplus	6,088	7,561
Retained earnings	56,664	64,092
Treasury shares	(17)	(751)
Total shareholders' equity	70,645	78,812
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,617	6,217
Deferred gains or losses on hedges	89	(86)
Foreign currency translation adjustment	1,090	1,130
Remeasurements of defined benefit plans	(2,007)	(1,705)
Total accumulated other comprehensive income	4,789	5,556
Non-controlling interests	277	296
Total net assets	75,712	84,665
Total liabilities and net assets	219,598	246,923

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	447,698	497,963
Cost of sales	389,792	434,446
Gross profit	57,906	63,516
Selling, general and administrative expenses	44,793	48,133
Operating profit	13,113	15,383
Non-operating income		
Interest income	1,487	1,593
Dividend income	209	243
Other	173	129
Total non-operating income	1,870	1,966
Non-operating expenses		
Interest expenses	1,983	2,091
Other	68	105
Total non-operating expenses	2,052	2,197
Ordinary profit	12,931	15,152
Extraordinary income		
Gain on sales of non-current assets	72	4
Gain on sales of investment securities	43	1,050
Total extraordinary income	116	1,054
Extraordinary losses		
Loss on retirement of non-current assets	9	2
Loss on sales of non-current assets	0	0
Impairment loss	24	17
Loss on sales of golf club memberships	6	–
Other	1	–
Total extraordinary losses	41	20
Profit before income taxes	13,005	16,186
Income taxes - current	4,023	5,300
Income taxes - deferred	430	645
Total income taxes	4,453	5,945
Profit	8,552	10,241
Profit attributable to non-controlling interests	33	35
Profit attributable to owners of parent	8,518	10,205

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	8,552	10,241
Other comprehensive income		
Valuation difference on available-for-sale securities	2,119	599
Deferred gains or losses on hedges	441	(175)
Foreign currency translation adjustment	(241)	24
Remeasurements of defined benefit plans, net of tax	255	301
Total other comprehensive income	2,575	750
Comprehensive income	11,127	10,991
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,094	10,972
Comprehensive income attributable to non-controlling interests	33	19

Consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,909	6,088	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)
Increase by share exchanges					-
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)
Increase by share exchanges							-
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

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,909	6,088	56,664	(17)	70,645
Changes of items during period					
Dividends of surplus			(1,547)		(1,547)
Interim dividends from surplus			(1,229)		(1,229)
Profit attributable to owners of parent			10,205		10,205
Purchase of treasury shares				(733)	(733)
Increase by merger					-
Increase by share exchanges		1,472			1,472
Net changes of items other than shareholders' equity					
Total changes of items during period	-	1,472	7,428	(733)	8,166
Balance at end of current period	7,909	7,561	64,092	(751)	78,812

	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	5,617	89	1,090	(2,007)	4,789	277	75,712
Changes of items during period							
Dividends of surplus							(1,547)
Interim dividends from surplus							(1,229)
Profit attributable to owners of parent							10,205
Purchase of treasury shares							(733)
Increase by merger							-
Increase by share exchanges							1,472
Net changes of items other than shareholders' equity	599	(175)	40	301	766	19	785
Total changes of items during period	599	(175)	40	301	766	19	8,952
Balance at end of current period	6,217	(86)	1,130	(1,705)	5,556	296	84,665

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	13,005	16,186
Depreciation	1,580	1,701
Retirement benefit expenses	455	575
Impairment loss	24	17
Increase (decrease) in allowance for doubtful accounts	(15)	(25)
Increase (decrease) in other provision	3	307
Increase (decrease) in net defined benefit liability	(1,093)	(1,221)
Decrease (increase) in net defined benefit asset	(8)	(20)
Contribution to retirement benefit trust	(1,700)	–
Interest and dividend income	(1,696)	(1,836)
Interest expenses	1,983	2,091
Foreign exchange losses (gains)	(9)	(24)
Loss (gain) on sales of investment securities	(43)	(1,050)
Loss on retirement of property, plant and equipment and intangible assets	9	2
Loss (gain) on sales of property, plant and equipment and intangible assets	(71)	(3)
Decrease (increase) in notes and accounts receivable - trade	(5,323)	(8,169)
Decrease (increase) in inventories	(1,270)	(9,587)
Increase (decrease) in notes and accounts payable - trade	4,957	11,184
Other, net	596	2,810
Subtotal	11,383	12,939
Income taxes paid	(3,135)	(4,938)
Net cash provided by (used in) operating activities	8,248	8,001
Cash flows from investing activities		
Payments into time deposits	(7)	(7)
Proceeds from withdrawal of time deposits	7	7
Purchase of securities	–	(500)
Purchase of investment securities	(1,151)	(125)
Proceeds from sales and redemption of investment securities	182	2,025
Payments of loans receivable	(24)	(81)
Collection of loans receivable	30	32
Payments of other investments	(57)	(66)
Collection of other investments	96	21
Purchase of property, plant and equipment and intangible assets	(1,282)	(924)
Proceeds from sales of property, plant and equipment and intangible assets	298	5
Interest and dividend income received	1,694	1,837
Net cash provided by (used in) investing activities	(213)	2,223

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Repayments of lease obligations	(305)	(348)
Cash dividends paid	(2,954)	(2,777)
Interest expenses paid	(1,983)	(2,088)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(81)	–
Purchase of treasury shares	(0)	(733)
Net cash provided by (used in) financing activities	(5,324)	(5,948)
Effect of exchange rate change on cash and cash equivalents	(248)	39
Net increase (decrease) in cash and cash equivalents	2,461	4,316
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	56,359	60,675