

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2018 (Based on Japanese GAAP)

November 6, 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 to file Quarterly Securities Report: November 7, 2018
 Scheduled date to commence dividend payments: December 5, 2018
 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, 2018 (from April 1, 2018 to September 30, 2018)

(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, 2018	262,263	9.7	8,531	28.4	8,555	30.5	5,703	28.0
Six months ended September 30, 2017	239,139	14.8	6,647	29.5	6,554	28.4	4,454	31.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2018	60.29		-	
Six months ended September 30, 2017	47.02		-	

(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, 2018	240,868	89,790	37.1	945.70
As of March 31, 2018	245,795	84,665	34.3	891.87

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, 2018	-	13.00	-	19.50	32.50
Year ending March 31, 2019	-	15.00	-	-	-
Year ending March 31, 2019 (Forecast)	-	-	-	17.50	32.50

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
Full year	520,000	4.4	17,000	10.5	17,000	12.2	11,000	7.8	116.28

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2018
(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, 2018	95,305,435 shares	As of March 31, 2018	95,305,435 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	707,583 shares	As of March 31, 2018	707,545 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, 2018	94,597,885 shares	Six months ended September 30, 2017	94,748,486 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	49,682	44,416
Notes and accounts receivable - trade	104,176	102,566
Electronically recorded monetary claims - operating	10,806	13,914
Securities	11,554	11,554
Merchandise and finished goods	32,386	31,629
Other	6,052	5,279
Allowance for doubtful accounts	(555)	(517)
Total current assets	214,104	208,845
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,269	2,556
Machinery, equipment and vehicles, net	99	113
Tools, furniture and fixtures, net	476	682
Land	3,283	3,431
Leased assets, net	4,557	4,352
Other, net	43	5
Total property, plant and equipment	10,729	11,141
Intangible assets	2,071	2,240
Investments and other assets		
Investment securities	15,621	14,965
Claims provable in bankruptcy, claims provable in rehabilitation and other	94	94
Net defined benefit asset	1,039	1,290
Deferred tax assets	385	404
Other	1,926	2,062
Allowance for doubtful accounts	(177)	(176)
Total investments and other assets	18,889	18,641
Total non-current assets	31,691	32,023
Total assets	245,795	240,868

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	88,554	76,033
Electronically recorded obligations - operating	43,702	48,085
Lease obligations	442	446
Income taxes payable	3,168	2,884
Provision for bonuses	2,913	3,056
Provision for voluntary recall of goods	33	32
Other	13,550	11,726
Total current liabilities	152,364	142,265
Non-current liabilities		
Lease obligations	5,079	4,882
Deferred tax liabilities	2,448	2,609
Net defined benefit liability	248	278
Other	989	1,043
Total non-current liabilities	8,765	8,813
Total liabilities	161,130	151,078
Net assets		
Shareholders' equity		
Capital stock	7,909	7,909
Capital surplus	7,561	7,561
Retained earnings	64,092	67,954
Treasury shares	(751)	(751)
Total shareholders' equity	78,812	82,673
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,217	6,858
Deferred gains or losses on hedges	(86)	1
Foreign currency translation adjustment	1,130	1,497
Remeasurements of defined benefit plans	(1,705)	(1,569)
Total accumulated other comprehensive income	5,556	6,787
Non-controlling interests	296	328
Total net assets	84,665	89,790
Total liabilities and net assets	245,795	240,868

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, 2017	Six months ended September 30, 2018
Net sales	239,139	262,263
Cost of sales	208,770	228,085
Gross profit	30,369	34,177
Selling, general and administrative expenses	23,721	25,645
Operating profit	6,647	8,531
Non-operating income		
Interest income	813	867
Dividend income	126	130
Other	68	126
Total non-operating income	1,007	1,124
Non-operating expenses		
Interest expenses	1,043	1,070
Other	56	30
Total non-operating expenses	1,100	1,101
Ordinary profit	6,554	8,555
Extraordinary income		
Gain on sales of non-current assets	2	4
Gain on sales of investment securities	0	-
Total extraordinary income	2	4
Extraordinary losses		
Loss on sales of non-current assets	0	-
Loss on retirement of non-current assets	1	1
Total extraordinary losses	1	1
Profit before income taxes	6,555	8,558
Income taxes - current	2,258	3,077
Income taxes - deferred	(176)	(233)
Total income taxes	2,082	2,844
Profit	4,472	5,714
Profit attributable to non-controlling interests	18	11
Profit attributable to owners of parent	4,454	5,703

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	4,472	5,714
Other comprehensive income		
Valuation difference on available-for-sale securities	1,240	644
Deferred gains or losses on hedges	(87)	87
Foreign currency translation adjustment	484	378
Remeasurements of defined benefit plans, net of tax	199	135
Total other comprehensive income	1,836	1,245
Comprehensive income	6,309	6,960
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,289	6,928
Comprehensive income attributable to non-controlling interests	19	32

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	6,555	8,558
Depreciation	828	861
Amortization of goodwill	–	44
Retirement benefit expenses	286	196
Increase (decrease) in allowance for doubtful accounts	(73)	(39)
Increase (decrease) in other provision	360	112
Increase (decrease) in net defined benefit liability	(603)	(261)
Interest and dividend income	(939)	(997)
Interest expenses	1,043	1,070
Foreign exchange losses (gains)	8	(42)
Loss (gain) on sales of investment securities	(0)	–
Loss on retirement of property, plant and equipment and intangible assets	1	1
Loss (gain) on sales of property, plant and equipment and intangible assets	(2)	(4)
Decrease (increase) in notes and accounts receivable - trade	(423)	(1,017)
Decrease (increase) in inventories	(4,881)	1,438
Increase (decrease) in notes and accounts payable - trade	(1,019)	(8,854)
Other, net	1,420	(742)
Subtotal	2,560	323
Income taxes paid	(2,879)	(3,676)
Net cash provided by (used in) operating activities	(318)	(3,353)
Cash flows from investing activities		
Payments into time deposits	(4)	(54)
Proceeds from withdrawal of time deposits	4	54
Purchase of securities	(500)	(500)
Proceeds from redemption of securities	–	500
Purchase of investment securities	(106)	(23)
Proceeds from sales and redemption of investment securities	25	25
Payments of loans receivable	(74)	(16)
Collection of loans receivable	10	13
Payments of other investments	(23)	(126)
Collection of other investments	10	40
Purchase of property, plant and equipment and intangible assets	(448)	(590)
Proceeds from sales of property, plant and equipment and intangible assets	3	10
Interest and dividend income received	933	996
Net cash provided by (used in) investing activities	(169)	329

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from financing activities		
Repayments of lease obligations	(131)	(217)
Cash dividends paid	(1,547)	(1,844)
Interest expenses paid	(1,043)	(1,069)
Purchase of treasury shares	(733)	(0)
Net cash provided by (used in) financing activities	(3,456)	(3,132)
Effect of exchange rate change on cash and cash equivalents	341	217
Net increase (decrease) in cash and cash equivalents	(3,603)	(5,939)
Cash and cash equivalents at beginning of period	56,359	60,675
Increase in cash and cash equivalents from newly consolidated subsidiary	–	486
Cash and cash equivalents at end of period	52,755	55,222