

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2015 (Based on Japanese GAAP)

August 12, 2015

Company name: EPCO Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 2311 URL <http://www.epco.co.jp/>
 Representative: President and Group CEO Yoshiyuki Iwasaki
 Inquiries: Chief Financial Officer Shinichiro Yoshihara TEL +81-3-6853-9165
 Scheduled date to file Quarterly Securities Report: August 13, 2015
 Scheduled date to commence dividend payments: September 4, 2015
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2015 (from January 1, 2015 to June 30, 2015)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2015	1,460	(4.2)	(217)	—	(3)	—	(16)	—
Six months ended June 30, 2014	1,524	(0.9)	243	(29.0)	221	(38.5)	132	(30.0)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended June 30, 2015	(3.76)	—
Six months ended June 30, 2014	29.63	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2015	3,266	2,962	90.7
As of December 31, 2014	3,408	3,095	90.8

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 December 31, 2014	—	25.00	—	30.00	55.00
Year ending December 31, 2015	—	25.00	—	—	—
Year ending December 31, 2015 (Forecast)	—	—	—	30.00	55.00

3. Forecast of consolidated financial results for the year ending December 31, 2015 (from January 1, 2015 to December 31, 2015)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	3,182	4.3	(238)	—	133	(63.8)	64	(69.3)	14.55

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2015: 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 June 30, 2015	4,658,000 shares	As of December 31, 2014	4,658,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2015	189,345 shares	As of December 31, 2014	189,311 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2015	4,468,674 shares	Six months ended June 30, 2014	4,468,727 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

	(Thousands of yen)	
	As of December 31, 2014	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	1,884,966	1,848,236
Notes and accounts receivable - trade	428,145	444,652
Semi-finished goods	32,986	16,910
Work in process	36,235	61,811
Deferred tax assets	8,721	32,065
Other	212,001	58,226
Allowance for doubtful accounts	(9,739)	(5,055)
Total current assets	2,593,317	2,456,848
Non-current assets		
Property, plant and equipment	181,826	179,340
Intangible assets	77,730	254,477
Investments and other assets		
Shares of subsidiaries and associates	290,836	114,572
Investments in capital of subsidiaries and associates	119,322	133,738
Deferred tax assets	19,176	—
Other	126,467	127,505
Total investments and other assets	555,802	375,816
Total non-current assets	815,359	809,634
Total assets	3,408,677	3,266,483
Liabilities		
Current liabilities		
Accounts payable - trade	2,055	2,055
Income taxes payable	4,887	1,567
Provision for bonuses	14,489	6,034
Other	260,956	249,645
Total current liabilities	282,389	259,303
Non-current liabilities		
Long-term accounts payable - other	11,360	11,360
Deferred tax liabilities	—	16,151
Other	19,297	17,247
Total non-current liabilities	30,657	44,759
Total liabilities	313,046	304,062
Net assets		
Shareholders' equity		
Capital stock	87,232	87,232
Capital surplus	118,032	118,032
Retained earnings	2,788,567	2,638,585
Treasury shares	(188,833)	(188,894)
Total shareholders' equity	2,804,998	2,654,955
Accumulated other comprehensive income		
Foreign currency translation adjustment	288,702	306,197
Total accumulated other comprehensive income	288,702	306,197
Subscription rights to shares	1,929	1,267
Total net assets	3,095,630	2,962,420
Total liabilities and net assets	3,408,677	3,266,483

Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
Quarterly consolidated statements of income

	(Thousands of yen)	
	Six months ended June 30, 2014	Six months ended June 30, 2015
Net sales	1,524,327	1,460,580
Cost of sales	838,958	912,532
Gross profit	685,368	548,047
Selling, general and administrative expenses	441,471	765,930
Operating income (loss)	243,897	(217,882)
Non-operating income		
Interest income	1,882	1,654
Subsidy income	—	294,794
Other	297	2,758
Total non-operating income	2,180	299,207
Non-operating expenses		
Share of loss of entities accounted for using equity method	20,578	81,107
Foreign exchange losses	3,825	1,885
Other	—	1,907
Total non-operating expenses	24,403	84,900
Ordinary income (loss)	221,674	(3,575)
Extraordinary income		
Gain on reversal of subscription rights to shares	—	662
Gain on sales of non-current assets	175	—
Total extraordinary income	175	662
Extraordinary losses		
Loss on sales and retirement of non-current assets	10	1,004
Total extraordinary losses	10	1,004
Income (loss) before income taxes and minority interests	221,839	(3,917)
Income taxes - current	53,225	911
Income taxes - deferred	36,193	11,983
Total income taxes	89,418	12,895
Income (loss) before minority interests	132,420	(16,812)
Net income (loss)	132,420	(16,812)

Quarterly consolidated statements of comprehensive income

	(Thousands of yen)	
	Six months ended June 30, 2014	Six months ended June 30, 2015
Income (loss) before minority interests	132,420	(16,812)
Other comprehensive income		
Deferred gains or losses on hedges	(3,226)	—
Foreign currency translation adjustment	(35,258)	16,515
Share of other comprehensive income of entities accounted for using equity method	(8,846)	980
Total other comprehensive income	(47,330)	17,495
Comprehensive income	85,090	682
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	85,090	682
Comprehensive income attributable to minority interests	—	—

Quarterly consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2014	Six months ended June 30, 2015
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	221,839	(3,917)
Depreciation	32,304	56,037
Share of (profit) loss of entities accounted for using equity method	20,578	81,107
Subsidy income	—	(294,794)
Decrease (increase) in notes and accounts receivable - trade	40,403	(15,557)
Decrease (increase) in work in process	69,682	(25,576)
Other, net	(95,406)	(21,955)
Subtotal	289,401	(224,655)
Interest and dividend income received	2,352	2,895
Proceeds from subsidy income	—	376,768
Income taxes paid	(208,301)	(5,512)
Income taxes refund	861	54,736
Net cash provided by (used in) operating activities	84,315	204,231
Cash flows from investing activities		
Payments into time deposits	(1,946)	(2,401)
Purchase of shares of subsidiaries and associates	(147,000)	(20,000)
Proceeds from sales of shares of subsidiaries and associates	—	101,201
Purchase of property, plant and equipment	(22,206)	(26,281)
Proceeds from sales of property, plant and equipment	32,109	—
Purchase of intangible assets	(16,913)	(201,600)
Other, net	(36,266)	26,030
Net cash provided by (used in) investing activities	(192,223)	(123,051)
Cash flows from financing activities		
Proceeds from issuance of subscription rights to shares	1,936	—
Purchase of treasury shares	—	(61)
Cash dividends paid	(134,074)	(133,875)
Net cash provided by (used in) financing activities	(132,138)	(133,937)
Effect of exchange rate change on cash and cash equivalents	(12,764)	6,010
Net increase (decrease) in cash and cash equivalents	(252,811)	(46,746)
Cash and cash equivalents at beginning of period	1,828,930	1,414,046
Cash and cash equivalents at end of period	1,576,119	1,367,299