

## Translation

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

May 12, 2017

Company name: PRESS KOGYO CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 7246 URL <http://www.presskogyo.co.jp>  
 Representative: President & CEO Hiroshige Kakudo  
 Inquiries: General Manager, General Affairs Dept. Hisako Konishi TEL 044-276-3901  
 Scheduled date of ordinary general meeting of shareholders: June 29, 2017  
 Scheduled date to file Securities Report: June 29, 2017  
 Scheduled date to commence dividend payments: June 30, 2017  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(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	186,629	(4.7)	8,639	(14.6)	8,101	(12.0)	5,263	(6.2)
Year ended March 31, 2016	195,806	(0.9)	10,115	3.0	9,208	(14.7)	5,613	(11.7)

	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	48.46	—	7.1	5.1	4.6
Year ended March 31, 2016	51.67	—	7.9	5.7	5.2

### (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	160,293	80,664	47.9	706.38
As of March 31, 2016	157,517	77,047	45.8	664.30

### (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	15,037	(8,990)	(4,106)	20,198
Year ended March 31, 2016	17,677	(8,454)	(6,118)	18,422

## 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	—	5.00	—	6.00	11.00	1,194	21.3	1.7
Year ended March 31, 2017	—	5.00	—	6.00	11.00	1,194	22.7	1.6
Year ending March 31, 2018 (Forecast)	—	5.00	—	6.00	11.00		22.5	

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	96,000	7.8	4,600	6.8	4,500	34.4	2,800	38.2	25.78
Full year	190,000	1.8	8,800	1.9	8,600	6.2	5,300	0.7	48.79

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	114,007,210 shares	As of March 31, 2016	114,007,210 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	5,382,533 shares	As of March 31, 2016	5,380,985 shares
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Average number of shares during the period

Year ended March 31, 2017	108,625,645 shares	Year ended March 31, 2016	108,627,218 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	18,898	20,456
Notes and accounts receivable - trade	34,336	34,533
Merchandise and finished goods	1,376	1,351
Work in process	9,775	9,601
Raw materials and supplies	1,055	1,095
Deferred tax assets	997	1,051
Income taxes receivable	16	19
Other	2,300	2,199
Allowance for doubtful accounts	(16)	(10)
Total current assets	68,741	70,297
Non-current assets		
Property, plant and equipment		
Buildings and structures	37,391	37,266
Accumulated depreciation	(23,688)	(24,340)
Buildings and structures, net	13,702	12,926
Machinery, equipment and vehicles	95,125	95,957
Accumulated depreciation	(71,113)	(73,385)
Machinery, equipment and vehicles, net	24,011	22,571
Tools, furniture and fixtures	29,832	31,223
Accumulated depreciation	(22,806)	(24,614)
Tools, furniture and fixtures, net	7,026	6,609
Land	31,966	31,915
Construction in progress	2,532	3,931
Total property, plant and equipment	79,239	77,954
Intangible assets	1,044	810
Investments and other assets		
Investment securities	5,887	7,519
Deferred tax assets	758	1,110
Net defined benefit asset	727	1,280
Other	1,193	1,394
Allowance for doubtful accounts	(74)	(74)
Total investments and other assets	8,492	11,230
Total non-current assets	88,775	89,995
Total assets	157,517	160,293

	(Millions of yen)	
	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,265	22,834
Electronically recorded obligations - operating	5,158	5,076
Short-term loans payable	13,443	14,360
Lease obligations	261	145
Income taxes payable	585	909
Provision for bonuses	2,902	3,017
Provision for directors' bonuses	130	145
Other	8,511	6,596
Total current liabilities	52,258	53,085
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	10,000	10,000
Long-term loans payable	7,701	4,941
Lease obligations	370	215
Deferred tax liabilities	1,135	1,828
Deferred tax liabilities for land revaluation	7,621	7,601
Net defined benefit liability	546	1,163
Provision for environmental measures	59	52
Asset retirement obligations	408	409
Other	367	331
Total non-current liabilities	28,211	26,543
Total liabilities	80,469	79,628
Net assets		
Shareholders' equity		
Capital stock	8,070	8,070
Capital surplus	2,075	2,075
Retained earnings	42,433	46,501
Treasury shares	(1,197)	(1,198)
Total shareholders' equity	51,380	55,448
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,528	2,780
Revaluation reserve for land	17,236	17,255
Foreign currency translation adjustment	2,467	1,628
Remeasurements of defined benefit plans	(452)	(382)
Total accumulated other comprehensive income	20,779	21,282
Non-controlling interests	4,887	3,933
Total net assets	77,047	80,664
Total liabilities and net assets	157,517	160,293

# 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	195,806	186,629
Cost of sales	173,258	164,765
Gross profit	22,548	21,864
Selling, general and administrative expenses	12,432	13,225
Operating profit	10,115	8,639
Non-operating income		
Interest income	46	35
Dividend income	155	155
Rent income on non-current assets	73	70
Other	53	46
Total non-operating income	329	308
Non-operating expenses		
Interest expenses	508	383
Foreign exchange losses	669	396
Other	58	65
Total non-operating expenses	1,236	845
Ordinary profit	9,208	8,101
Extraordinary income		
Gain on sales of non-current assets	16	41
Gain on sales of investment securities	—	0
Gain on insurance adjustment	723	73
State subsidy	—	163
Total extraordinary income	739	279
Extraordinary losses		
Loss on valuation of investment securities	190	—
Loss on retirement of non-current assets	141	44
Loss on sales of non-current assets	0	20
Loss on reduction of non-current assets	523	129
Loss on disaster	92	—
Objection costs	178	—
Impairment loss	361	—
Total extraordinary losses	1,488	194
Profit before income taxes	8,459	8,185
Income taxes - current	2,692	2,388
Income taxes - deferred	(58)	(261)
Total income taxes	2,633	2,126
Profit	5,826	6,058
Profit attributable to non-controlling interests	212	795
Profit attributable to owners of parent	5,613	5,263

**Consolidated statements of comprehensive income**

	(Millions of yen)	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	5,826	6,058
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,416)	1,251
Revaluation reserve for land	392	19
Foreign currency translation adjustment	(715)	(964)
Remeasurements of defined benefit plans, net of tax	(328)	69
Total other comprehensive income	(2,068)	376
Comprehensive income	3,757	6,435
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,727	5,766
Comprehensive income attributable to non-controlling interests	30	669

# 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	8,070	2,075	38,014	(1,196)	46,963
Changes of items during period					
Dividends of surplus			(1,194)		(1,194)
Profit attributable to owners of parent			5,613		5,613
Purchase of treasury shares				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	4,418	(1)	4,417
Balance at end of current period	8,070	2,075	42,433	(1,197)	51,380

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,945	16,843	2,999	(122)	22,665	4,907	74,536
Changes of items during period							
Dividends of surplus							(1,194)
Profit attributable to owners of parent							5,613
Purchase of treasury shares							(1)
Net changes of items other than shareholders' equity	(1,416)	392	(531)	(329)	(1,885)	(20)	(1,906)
Total changes of items during period	(1,416)	392	(531)	(329)	(1,885)	(20)	2,510
Balance at end of current period	1,528	17,236	2,467	(452)	20,779	4,887	77,047

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	8,070	2,075	42,433	(1,197)	51,380
Changes of items during period					
Dividends of surplus			(1,194)		(1,194)
Profit attributable to owners of parent			5,263		5,263
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	4,068	(0)	4,067
Balance at end of current period	8,070	2,075	46,501	(1,198)	55,448

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,528	17,236	2,467	(452)	20,779	4,887	77,047
Changes of items during period							
Dividends of surplus							(1,194)
Profit attributable to owners of parent							5,263
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	1,251	19	(839)	70	502	(953)	(450)
Total changes of items during period	1,251	19	(839)	70	502	(953)	3,617
Balance at end of current period	2,780	17,255	1,628	(382)	21,282	3,933	80,664



# 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	8,459	8,185
Depreciation	8,921	8,687
Impairment loss	361	–
Increase (decrease) in allowance for doubtful accounts	(8)	(5)
Increase (decrease) in provision for bonuses	(46)	142
Increase (decrease) in provision for directors' bonuses	0	14
Increase (decrease) in net defined benefit liability	47	453
Decrease (increase) in net defined benefit asset	66	(288)
Interest and dividend income	(202)	(191)
Interest expenses	508	383
Gain on sales of Property, plant and equipment	(16)	(41)
Loss on sales of Property, plant and equipment	0	20
Loss on retirement of property, plant and equipment	141	44
Decrease (increase) in notes and accounts receivable - trade	(1,554)	(810)
Increase (decrease) in notes and accounts payable - trade	(1,312)	1,786
Decrease (increase) in inventories	3,926	(88)
Other, net	2,279	(1,111)
Subtotal	21,572	17,181
Interest and dividend income received	203	191
Interest expenses paid	(510)	(379)
Income taxes refund	452	27
Income taxes paid	(4,837)	(2,147)
Proceeds from insurance income	796	–
Proceeds from subsidy income	–	163
Net cash provided by (used in) operating activities	17,677	15,037
Cash flows from investing activities		
Payments into time deposits	(206)	(271)
Proceeds from withdrawal of time deposits	277	452
Purchase of property, plant and equipment	(8,439)	(9,554)
Proceeds from sales of property, plant and equipment	56	462
Purchase of investment securities	(30)	(31)
Proceeds from sales of investment securities	–	152
Payments of loans receivable	(10)	(8)
Collection of loans receivable	15	12
Other, net	(116)	(204)
Net cash provided by (used in) investing activities	(8,454)	(8,990)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(3,316)	(770)
Proceeds from long-term loans payable	1,711	1,977
Repayments of long-term loans payable	(2,676)	(2,439)
Dividends paid to non-controlling interests	(51)	(104)
Cash dividends paid	(1,194)	(1,194)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(1,403)
Other, net	(591)	(171)
Net cash provided by (used in) financing activities	(6,118)	(4,106)

	(Millions of yen)	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Effect of exchange rate change on cash and cash equivalents	(177)	(164)
Net increase (decrease) in cash and cash equivalents	2,926	1,776
Cash and cash equivalents at beginning of period	15,495	18,422
Cash and cash equivalents at end of period	18,422	20,198

## Non-consolidated financial statements

### Non-consolidated balance sheets

	(Millions of yen)	
	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	14,626	16,415
Notes receivable - trade	3,038	3,040
Accounts receivable - trade	20,413	19,387
Work in process	4,624	3,953
Raw materials and supplies	545	579
Prepaid expenses	72	88
Deferred tax assets	666	676
Other	1,560	1,803
Total current assets	45,548	45,945
Non-current assets		
Property, plant and equipment		
Buildings	4,250	4,283
Structures	422	428
Machinery and equipment	5,303	5,738
Vehicles	16	17
Tools, furniture and fixtures	1,422	1,608
Land	29,017	29,017
Construction in progress	1,235	1,818
Total property, plant and equipment	41,667	42,910
Intangible assets		
Software	250	286
Other	19	19
Total intangible assets	270	305
Investments and other assets		
Investment securities	5,687	7,274
Shares of subsidiaries and associates	6,513	7,917
Investments in capital of subsidiaries and associates	4,319	4,319
Long-term loans receivable from subsidiaries and associates	2,896	1,677
Prepaid pension cost	1,368	1,657
Other	183	365
Allowance for doubtful accounts	(74)	(74)
Total investments and other assets	20,895	23,136
Total non-current assets	62,833	66,352
Total assets	108,381	112,298

	(Millions of yen)	
	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes payable - trade	300	66
Accounts payable - trade	10,384	10,424
Electronically recorded obligations - operating	5,663	5,602
Current portion of long-term loans payable	1,104	—
Lease obligations	110	1
Accounts payable - other	267	590
Accrued expenses	1,146	1,143
Income taxes payable	293	617
Advances received	148	72
Deposits received	2,239	2,437
Provision for bonuses	1,658	1,631
Provision for directors' bonuses	120	130
Other	986	718
Total current liabilities	24,422	23,435
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	10,000	10,000
Lease obligations	4	2
Deferred tax liabilities	1,103	1,579
Deferred tax liabilities for land revaluation	7,621	7,601
Provision for retirement benefits	—	361
Provision for environmental measures	49	42
Asset retirement obligations	337	338
Other	0	0
Total non-current liabilities	19,116	19,925
Total liabilities	43,538	43,360
Net assets		
Shareholders' equity		
Capital stock	8,070	8,070
Capital surplus		
Legal capital surplus	2,074	2,074
Other capital surplus	0	0
Total capital surpluses	2,075	2,075
Retained earnings		
Legal retained earnings	25	25
Other retained earnings		
Reserve for advanced depreciation of non-current assets	35	32
General reserve	11,000	11,000
Retained earnings brought forward	26,087	28,938
Total retained earnings	37,148	39,996
Treasury shares	(1,197)	(1,198)
Total shareholders' equity	46,095	48,943
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,511	2,738
Revaluation reserve for land	17,236	17,255
Total valuation and translation adjustments	18,747	19,994
Total net assets	64,842	68,938
Total liabilities and net assets	108,381	112,298

# Non-consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	111,777	102,303
Cost of sales	97,183	90,255
Gross profit	14,594	12,047
Selling, general and administrative expenses		
Delivery expenses of finished goods	1,045	1,119
Employees' salaries and allowances	2,031	2,016
Employees' bonuses	392	369
Provision for bonuses	396	386
Provision for directors' bonuses	120	130
Retirement benefit expenses	257	256
Welfare expenses	616	622
Depreciation	102	102
Research and development expenses	264	272
Other	1,280	1,256
Total selling, general and administrative expenses	6,506	6,532
Operating profit	8,087	5,515
Non-operating income		
Interest income	93	67
Dividend income	582	257
Rent income on non-current assets	108	107
Other	16	23
Total non-operating income	801	456
Non-operating expenses		
Interest expenses	37	22
Foreign exchange losses	429	8
Other	35	42
Total non-operating expenses	503	73
Ordinary profit	8,385	5,899
Extraordinary income		
Gain on sales of non-current assets	–	5
Gain on sales of investment securities	–	0
Gain on insurance adjustment	701	73
State subsidy	–	160
Total extraordinary income	701	241
Extraordinary losses		
Loss on valuation of investment securities	190	–
Loss on sales of non-current assets	–	20
Loss on retirement of non-current assets	139	41
Loss on reduction of non-current assets	523	126
Loss on disaster	92	–
Objection costs	178	–
Loss on valuation of shares of subsidiaries	976	–
Total extraordinary losses	2,100	189
Profit before income taxes	6,985	5,950
Income taxes - current	2,340	1,930
Income taxes - deferred	229	(22)
Total income taxes	2,570	1,907
Profit	4,415	4,043

# Non-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
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings		
						Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward			
Balance at beginning of current period	8,070	2,074	0	2,075	25	39	11,000	22,862	33,927	(1,196)	42,876
Changes of items during period											
Reversal of reserve for advanced depreciation of non-current assets						(4)		4	–		–
Dividends of surplus								(1,194)	(1,194)		(1,194)
Profit								4,415	4,415		4,415
Purchase of treasury shares										(1)	(1)
Net changes of items other than shareholders' equity											
Total changes of items during period	–	–	–	–	–	(4)	–	3,225	3,220	(1)	3,219
Balance at end of current period	8,070	2,074	0	2,075	25	35	11,000	26,087	37,148	(1,197)	46,095

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of current period	2,908	16,843	19,751	62,628
Changes of items during period				
Reversal of reserve for advanced depreciation of non-current assets				–
Dividends of surplus				(1,194)
Profit				4,415
Purchase of treasury shares				(1)
Net changes of items other than shareholders' equity	(1,397)	392	(1,004)	(1,004)
Total changes of items during period	(1,397)	392	(1,004)	2,214
Balance at end of current period	1,511	17,236	18,747	64,842

(millions of yen)

	Shareholders' equity										
	Capital stock	Capital surplus			Retained earnings					Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings		
						Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward			
Balance at beginning of current period	8,070	2,074	0	2,075	25	35	11,000	26,087	37,148	(1,197)	46,095
Changes of items during period											
Reversal of reserve for advanced depreciation of non-current assets						(3)		3	—		—
Dividends of surplus								(1,194)	(1,194)		(1,194)
Profit								4,043	4,043		4,043
Purchase of treasury shares										(0)	(0)
Net changes of items other than shareholders' equity											
Total changes of items during period	—	—	—	—	—	(3)	—	2,851	2,848	(0)	2,847
Balance at end of current period	8,070	2,074	0	2,075	25	32	11,000	28,938	39,996	(1,198)	48,943

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of current period	1,511	17,236	18,747	64,842
Changes of items during period				
Reversal of reserve for advanced depreciation of non-current assets				—
Dividends of surplus				(1,194)
Profit				4,043
Purchase of treasury shares				(0)
Net changes of items other than shareholders' equity	1,227	19	1,247	1,247
Total changes of items during period	1,227	19	1,247	4,095
Balance at end of current period	2,738	17,255	19,994	68,938