

# 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: 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 to file Quarterly Securities Report: November 8, 2017  
 Scheduled date to commence dividend payments: December 4, 2017  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(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	103,465	16.1	5,948	38.1	5,961	78.0	3,579	76.7
Six months ended September 30, 2016	89,078	(11.2)	4,306	(15.1)	3,348	(29.4)	2,026	(25.6)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2017	32.95	—
Six months ended September 30, 2016	18.65	—

#### (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	165,406	84,554	48.3	735.73
As of March 31, 2017	160,293	80,664	47.9	706.38

### 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	—	5.00	—	6.00	11.00
Year ending March 31, 2018	—	6.00			
Year ending March 31, 2018 (Forecast)			—	6.00	12.00

### 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	203,000	8.8	10,600	22.7	10,500	29.6	6,300	19.7	58.00

#### 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	114,007,210 shares	As of March 31, 2017	114,007,210 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	5,383,406 shares	As of March 31, 2017	5,382,533 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	108,624,314 shares	Six months ended September 30, 2016	108,626,019 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
<b>Assets</b>		
Current assets		
Cash and deposits	20,456	21,649
Notes and accounts receivable - trade	34,533	38,400
Merchandise and finished goods	1,351	1,216
Work in process	9,601	9,485
Raw materials and supplies	1,095	1,212
Income taxes receivable	19	130
Other	3,251	3,350
Allowance for doubtful accounts	(10)	(10)
Total current assets	70,297	75,435
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,926	12,584
Machinery, equipment and vehicles, net	22,571	22,391
Land	31,915	31,910
Other, net	10,541	10,620
Total property, plant and equipment	77,954	77,507
Intangible assets		
Other	810	667
Total intangible assets	810	667
Investments and other assets		
Net defined benefit asset	1,280	1,479
Investment and other assets	10,024	10,391
Allowance for doubtful accounts	(74)	(74)
Total investments and other assets	11,230	11,796
Total non-current assets	89,995	89,971
Total assets	160,293	165,406
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	22,834	22,834
Electronically recorded obligations - operating	5,076	6,379
Short-term loans payable	14,360	13,739
Income taxes payable	909	1,273
Provision for bonuses	3,017	2,445
Provision	145	59
Other	6,742	7,850
Total current liabilities	53,085	54,581
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	10,000	10,000
Long-term loans payable	4,941	4,345
Deferred tax liabilities for land revaluation	7,601	7,601
Provision	52	38
Net defined benefit liability	1,163	1,237
Asset retirement obligations	409	410
Other	2,374	2,637
Total non-current liabilities	26,543	26,270
Total liabilities	79,628	80,851

	(Millions of yen)	
	As of March 31, 2017	As of September 30, 2017
Net assets		
Shareholders' equity		
Capital stock	8,070	8,070
Capital surplus	2,075	2,075
Retained earnings	46,501	49,429
Treasury shares	(1,198)	(1,199)
Total shareholders' equity	55,448	58,376
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,780	3,149
Revaluation reserve for land	17,255	17,255
Foreign currency translation adjustment	1,628	1,354
Remeasurements of defined benefit plans	(382)	(217)
Total accumulated other comprehensive income	21,282	21,542
Non-controlling interests	3,933	4,636
Total net assets	80,664	84,554
Total liabilities and net assets	160,293	165,406

**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	89,078	103,465
Cost of sales	78,485	90,729
Gross profit	10,593	12,735
Selling, general and administrative expenses	6,287	6,787
Operating profit	4,306	5,948
Non-operating income		
Interest income	15	15
Dividend income	79	80
Rent income on non-current assets	35	34
Foreign exchange gains	–	61
Other	24	29
Total non-operating income	154	221
Non-operating expenses		
Interest expenses	178	185
Foreign exchange losses	916	–
Other	17	23
Total non-operating expenses	1,112	208
Ordinary profit	3,348	5,961
Extraordinary income		
Gain on sales of non-current assets	32	1
Gain on insurance adjustment	73	–
State subsidy	160	–
Total extraordinary income	266	1
Extraordinary losses		
Loss on retirement of non-current assets	6	68
Loss on sales of non-current assets	–	11
Loss on reduction of non-current assets	126	–
Total extraordinary losses	133	80
Profit before income taxes	3,481	5,883
Income taxes - current	1,125	1,412
Income taxes - deferred	17	86
Total income taxes	1,143	1,498
Profit	2,338	4,384
Profit attributable to non-controlling interests	312	804
Profit attributable to owners of parent	2,026	3,579

**Consolidated statements of comprehensive income (cumulative)**

	(Millions of yen)	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	2,338	4,384
Other comprehensive income		
Valuation difference on available-for-sale securities	62	369
Foreign currency translation adjustment	(2,793)	(262)
Remeasurements of defined benefit plans, net of tax	81	164
Total other comprehensive income	(2,648)	271
Comprehensive income	(310)	4,656
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(182)	3,839
Comprehensive income attributable to non-controlling interests	(127)	816

# 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	3,481	5,883
Depreciation	4,025	4,364
Increase (decrease) in provision for bonuses	(485)	(586)
Increase (decrease) in net defined benefit liability	51	236
Decrease (increase) in net defined benefit asset	109	(130)
Interest and dividend income	(95)	(95)
Interest expenses	178	185
Subsidy income	(160)	–
Loss (gain) on sales of property, plant and equipment	(32)	9
Loss on retirement of property, plant and equipment	6	68
Decrease (increase) in notes and accounts receivable - trade	1,113	(3,727)
Decrease (increase) in inventories	(288)	98
Increase (decrease) in notes and accounts payable - trade	(2,426)	1,262
Other, net	4,108	883
Subtotal	9,586	8,452
Interest and dividend income received	96	96
Interest expenses paid	(174)	(258)
Income taxes refund	18	0
Income taxes paid	(573)	(1,011)
Proceeds from subsidy income	160	–
Net cash provided by (used in) operating activities	9,114	7,279
Cash flows from investing activities		
Payments into time deposits	(1)	(1)
Proceeds from withdrawal of time deposits	361	222
Purchase of property, plant and equipment	(4,869)	(4,188)
Proceeds from sales of property, plant and equipment	373	3
Purchase of investment securities	(15)	(15)
Other, net	(129)	(102)
Net cash provided by (used in) investing activities	(4,281)	(4,082)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,959)	(479)
Proceeds from long-term loans payable	1,566	186
Repayments of long-term loans payable	(1,181)	(660)
Dividends paid to non-controlling interests	(0)	(113)
Cash dividends paid	(651)	(651)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,403)	–
Other, net	(93)	(69)
Net cash provided by (used in) financing activities	(3,724)	(1,788)
Effect of exchange rate change on cash and cash equivalents	(413)	9
Net increase (decrease) in cash and cash equivalents	694	1,418
Cash and cash equivalents at beginning of period	18,422	20,198
Cash and cash equivalents at end of period	19,116	21,616