

# Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2017 (Based on Japanese GAAP)

November 14, 2017

Company name: Inabata&Co.,Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 8098 URL <http://www.inabata.co.jp>  
 Representative: Director, President Katsutaro Inabata  
 Inquiries: Executive Officer Nobukazu Kuboi TEL 03-3639-6421  
 Scheduled date to file Quarterly Securities Report: November 14, 2017  
 Scheduled date to commence dividend payments: December 1, 2017  
 Preparation of supplementary material on quarterly financial results: No  
 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 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	304,900	5.6	2,939	(48.2)	3,369	(47.5)	2,730	(41.6)
Six months ended September 30, 2016	288,843	(1.3)	5,679	(4.3)	6,416	(4.8)	4,677	(2.3)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2017	44.39	—
Six months ended September 30, 2016	75.32	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	352,997	141,865	39.8
As of March 31, 2017	340,147	147,629	43.0

### 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	—	18.00	—	22.00	40.00
Year ending March 31, 2018	—	20.00			
Year ending March 31, 2018 (Forecast)			—	20.00	40.00

### 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	620,000	5.7	9,000	(28.7)	9,500	(30.5)	10,000	3.2	162.61

#### 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): Yes
- (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	63,499,227 shares	As of March 31, 2017	63,499,227 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	2,002,335 shares	As of March 31, 2017	2,002,305 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	61,496,909 shares	Six months ended September 30, 2016	62,096,958 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	27,365	29,460
Notes and accounts receivable - trade	157,375	172,453
Merchandise and finished goods	43,293	46,673
Work in process	579	798
Raw materials and supplies	3,020	4,048
Other	8,078	12,418
Allowance for doubtful accounts	(1,271)	(4,599)
Total current assets	238,441	261,253
Non-current assets		
Property, plant and equipment	11,381	13,140
Intangible assets	3,473	3,289
Investments and other assets		
Investment securities	81,106	70,049
Net defined benefit asset	2,721	2,766
Other	4,014	3,428
Allowance for doubtful accounts	(991)	(930)
Total investments and other assets	86,850	75,313
Total non-current assets	101,705	91,744
Total assets	340,147	352,997
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	87,777	103,661
Short-term loans payable	51,800	58,058
Income taxes payable	3,251	2,671
Provision for bonuses	1,123	1,247
Other	6,564	8,012
Total current liabilities	150,517	173,650
Non-current liabilities		
Long-term loans payable	19,275	19,385
Provision for directors' retirement benefits	33	35
Allowance for investment loss	114	—
Provision for loss on guarantees	318	282
Net defined benefit liability	1,191	1,296
Other	21,065	16,482
Total non-current liabilities	41,999	37,481
Total liabilities	192,517	211,132

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Net assets		
Shareholders' equity		
Capital stock	9,364	9,364
Capital surplus	7,708	7,708
Retained earnings	83,205	84,522
Treasury shares	(2,069)	(2,069)
Total shareholders' equity	98,209	99,526
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45,641	37,648
Deferred gains or losses on hedges	(18)	26
Foreign currency translation adjustment	2,701	3,530
Remeasurements of defined benefit plans	(275)	(246)
Total accumulated other comprehensive income	48,048	40,959
Non-controlling interests	1,371	1,379
Total net assets	147,629	141,865
Total liabilities and net assets	340,147	352,997

**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	288,843	304,900
Cost of sales	268,449	282,888
Gross profit	20,394	22,011
Selling, general and administrative expenses	14,714	19,072
Operating profit	5,679	2,939
Non-operating income		
Interest income	128	109
Dividend income	854	738
Foreign exchange gains	—	432
Share of profit of entities accounted for using equity method	286	152
Miscellaneous income	431	306
Total non-operating income	1,700	1,739
Non-operating expenses		
Interest expenses	609	823
Foreign exchange losses	106	—
Loss on valuation of derivatives	—	278
Miscellaneous loss	247	207
Total non-operating expenses	963	1,309
Ordinary profit	6,416	3,369
Extraordinary income		
Gain on sales of investment securities	682	2,791
Total extraordinary income	682	2,791
Extraordinary losses		
Loss on valuation of investment securities	—	310
Total extraordinary losses	—	310
Profit before income taxes	7,099	5,850
Income taxes - current	2,207	2,842
Income taxes - deferred	(0)	48
Total income taxes	2,206	2,890
Profit	4,892	2,960
Profit attributable to non-controlling interests	215	230
Profit attributable to owners of parent	4,677	2,730

# Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	4,892	2,960
Other comprehensive income		
Valuation difference on available-for-sale securities	9,673	(8,087)
Deferred gains or losses on hedges	(42)	45
Foreign currency translation adjustment	(4,371)	687
Remeasurements of defined benefit plans, net of tax	23	29
Share of other comprehensive income of entities accounted for using equity method	(72)	111
Total other comprehensive income	5,211	(7,212)
Comprehensive income	10,104	(4,252)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,932	(4,496)
Comprehensive income attributable to non-controlling interests	171	244

## 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	7,099	5,850
Depreciation	937	1,141
Increase (decrease) in allowance for doubtful accounts	574	3,050
Interest and dividend income	(982)	(847)
Interest expenses	609	823
Share of (profit) loss of entities accounted for using equity method	(286)	(152)
Loss (gain) on sales of investment securities	(682)	(2,791)
Loss (gain) on valuation of investment securities	—	310
Decrease (increase) in notes and accounts receivable - trade	(18,591)	(12,335)
Decrease (increase) in inventories	(102)	(2,382)
Decrease (increase) in other current assets	209	(3,533)
Decrease (increase) in other non-current assets	(318)	476
Increase (decrease) in notes and accounts payable - trade	9,542	14,324
Increase (decrease) in other current liabilities	(887)	1,055
Other, net	510	(191)
Subtotal	(2,368)	4,798
Interest and dividend income received	1,229	997
Interest expenses paid	(528)	(819)
Income taxes paid	(2,416)	(3,395)
Net cash provided by (used in) operating activities	(4,083)	1,581
Cash flows from investing activities		
Payments into time deposits	(202)	(521)
Proceeds from withdrawal of time deposits	217	374
Purchase of property, plant and equipment	(630)	(806)
Proceeds from sales of property, plant and equipment	1,694	16
Purchase of intangible assets	(266)	(179)
Purchase of investment securities	(576)	(2,000)
Proceeds from sales of investment securities	914	2,962
Purchase of shares of subsidiaries	(400)	(88)
Net decrease (increase) in short-term loans receivable	276	(154)
Payments of long-term loans receivable	(48)	(128)
Collection of long-term loans receivable	485	110
Other, net	(25)	(27)
Net cash provided by (used in) investing activities	1,437	(443)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,826	1,416
Proceeds from long-term loans payable	2,721	1,168
Repayments of long-term loans payable	(2,231)	(826)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,245)	(1,357)
Dividends paid to non-controlling interests	(94)	(235)
Other, net	(35)	(25)
Net cash provided by (used in) financing activities	2,940	140
Effect of exchange rate change on cash and cash equivalents	(1,287)	464
Net increase (decrease) in cash and cash equivalents	(993)	1,742
Cash and cash equivalents at beginning of period	17,088	22,935
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	185
Cash and cash equivalents at end of period	16,094	24,864