

Translation

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

November 8, 2018

Company name: PRESS KOGYO CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 7246 URL <http://www.presskogyo.co.jp>
 Representative: President & COO Tetsushi Mino
 Inquiries: General Manager, General Affairs Dept. Hisako Konishi TEL 044-276-3901
 Scheduled date to file Quarterly Securities Report: November 8, 2018
 Scheduled date to commence dividend payments: December 4, 2018
 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, 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	107,192	3.6	6,257	5.2	6,316	5.9	3,705	3.5
Six months ended September 30, 2017	103,465	16.1	5,948	38.1	5,961	78.0	3,579	76.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2018	33.94	—
Six months ended September 30, 2017	32.95	—

(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	156,144	90,009	54.3	771.92
As of March 31, 2018	168,549	88,123	48.9	758.80

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, 2018	—	6.00	—	6.00	12.00
Year ending March 31, 2019	—	6.50			
Year ending March 31, 2019 (Forecast)			—	6.50	13.00

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	221,000	4.2	13,000	13.1	12,800	11.9	7,200	23.2	65.95

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	114,009,770 shares	As of March 31, 2018	114,007,210 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	4,107,174 shares	As of March 31, 2018	5,384,192 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	109,171,373 shares	Six months ended September 30, 2017	108,624,314 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	24,626	12,218
Notes and accounts receivable - trade	38,263	39,263
Merchandise and finished goods	1,547	1,241
Work in process	10,316	10,530
Raw materials and supplies	1,294	1,243
Income taxes receivable	24	39
Other	2,554	2,392
Total current assets	78,627	66,930
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,574	12,444
Machinery, equipment and vehicles, net	23,718	22,261
Land	31,957	31,906
Other	8,540	9,405
Total property, plant and equipment	76,791	76,017
Intangible assets		
Other	579	518
Total intangible assets	579	518
Investments and other assets		
Deferred tax assets	807	805
Net defined benefit asset	1,871	2,076
Investment and other assets	9,946	9,869
Allowance for doubtful accounts	(74)	(74)
Total investments and other assets	12,550	12,677
Total non-current assets	89,921	89,214
Total assets	168,549	156,144
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,779	24,061
Electronically recorded obligations - operating	5,928	3,507
Short-term loans payable	11,430	11,144
Current portion of bonds with share acquisition rights	10,000	—
Income taxes payable	1,248	1,337
Provision for bonuses	3,359	2,581
Provision	135	62
Other	7,837	8,387
Total current liabilities	64,719	51,083
Non-current liabilities		
Long-term loans payable	3,959	3,200
Deferred tax liabilities	1,691	1,805
Deferred tax liabilities for land revaluation	7,601	7,601
Provision	148	143
Net defined benefit liability	1,499	1,550
Asset retirement obligations	410	410
Other	396	338
Total non-current liabilities	15,706	15,051
Total liabilities	80,425	66,135

	(Millions of yen)	
	As of March 31, 2018	As of September 30, 2018
Net assets		
Shareholders' equity		
Capital stock	8,070	8,070
Capital surplus	2,075	2,074
Retained earnings	51,040	53,809
Treasury shares	(1,199)	(915)
Total shareholders' equity	59,986	63,038
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,304	3,430
Revaluation reserve for land	17,255	17,255
Foreign currency translation adjustment	1,920	1,123
Remeasurements of defined benefit plans	(44)	(12)
Total accumulated other comprehensive income	22,436	21,797
Non-controlling interests	5,700	5,173
Total net assets	88,123	90,009
Total liabilities and net assets	168,549	156,144

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	103,465	107,192
Cost of sales	90,729	93,606
Gross profit	12,735	13,586
Selling, general and administrative expenses	6,787	7,328
Operating profit	5,948	6,257
Non-operating income		
Interest income	15	21
Dividend income	80	90
Rent income on non-current assets	34	32
Foreign exchange gains	61	115
Other	29	26
Total non-operating income	221	285
Non-operating expenses		
Interest expenses	185	169
Other	23	57
Total non-operating expenses	208	227
Ordinary profit	5,961	6,316
Extraordinary income		
Gain on sales of non-current assets	1	1
Gain on insurance adjustment	—	0
Total extraordinary income	1	1
Extraordinary losses		
Loss on retirement of non-current assets	68	10
Loss on sales of non-current assets	11	0
Loss on disaster	—	207
Total extraordinary losses	80	217
Profit before income taxes	5,883	6,100
Income taxes - current	1,412	1,693
Income taxes - deferred	86	54
Total income taxes	1,498	1,748
Profit	4,384	4,352
Profit attributable to non-controlling interests	804	647
Profit attributable to owners of parent	3,579	3,705

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	4,384	4,352
Other comprehensive income		
Valuation difference on available-for-sale securities	369	126
Foreign currency translation adjustment	(262)	(1,033)
Remeasurements of defined benefit plans, net of tax	164	31
Total other comprehensive income	271	(875)
Comprehensive income	4,656	3,476
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,839	3,065
Comprehensive income attributable to non-controlling interests	816	410

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	5,883	6,100
Depreciation	4,364	4,689
Increase (decrease) in provision for bonuses	(586)	(730)
Increase (decrease) in net defined benefit liability	236	81
Decrease (increase) in net defined benefit asset	(130)	(161)
Interest and dividend income	(95)	(111)
Interest expenses	185	169
Loss on disaster	—	207
Loss (gain) on sales of property, plant and equipment	9	(1)
Loss on retirement of property, plant and equipment	68	10
Decrease (increase) in notes and accounts receivable - trade	(3,727)	(1,503)
Decrease (increase) in inventories	98	(99)
Increase (decrease) in notes and accounts payable - trade	1,262	(2,653)
Other, net	883	268
Subtotal	8,452	6,266
Interest and dividend income received	96	109
Interest expenses paid	(258)	(159)
Income taxes refund	0	5
Income taxes paid	(1,011)	(1,585)
Proceeds from insurance income	—	0
Net cash provided by (used in) operating activities	7,279	4,637
Cash flows from investing activities		
Payments into time deposits	(1)	(1)
Proceeds from withdrawal of time deposits	222	—
Purchase of property, plant and equipment	(4,188)	(4,636)
Proceeds from sales of property, plant and equipment	3	2
Purchase of investment securities	(15)	(16)
Other, net	(102)	(92)
Net cash provided by (used in) investing activities	(4,082)	(4,743)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(479)	78
Proceeds from long-term loans payable	186	121
Repayments of long-term loans payable	(660)	(810)
Dividends paid to non-controlling interests	(113)	(938)
Cash dividends paid	(651)	(651)
Amortization by purchase of convertible bond with stock acquisition rights	—	(10,000)
Other, net	(69)	(71)
Net cash provided by (used in) financing activities	(1,788)	(12,271)
Effect of exchange rate change on cash and cash equivalents	9	(31)
Net increase (decrease) in cash and cash equivalents	1,418	(12,409)
Cash and cash equivalents at beginning of period	20,198	24,611
Cash and cash equivalents at end of period	21,616	12,201