

**Translation**

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**Summary of Non-Consolidated Financial Results  
for the Year Ended March 31, 2019  
(Based on Japanese GAAP)**

May 15, 2019

Company name: DAIKEN MEDICAL CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 7775 URL <http://www.daiken-iki.co.jp>  
 Representative: President Keiichi Yamada  
 Inquiries: General Manager, Business Control Division Kenji Tamamaki TEL 06-6231-9917  
 Scheduled date of ordinary general meeting of shareholders: June 17, 2019  
 Scheduled date to file Securities Report: June 17, 2019  
 Scheduled date to commence dividend payments: June 3, 2019  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2019	8,406	(2.1)	1,249	(17.0)	1,245	(17.2)	851	(15.9)
Year ended March 31, 2018	8,585	2.2	1,505	(12.0)	1,504	(12.3)	1,012	(18.8)

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2019	29.05	–	13.7	11.3	14.9
Year ended March 31, 2018	33.79	33.76	14.5	13.6	17.5

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	10,970	5,767	52.6	200.77
As of March 31, 2018	11,137	6,694	60.1	222.80

(3) Non-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, 2019	880	(208)	(822)	2,217
Year ended March 31, 2018	1,255	(624)	(581)	2,368

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-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, 2018	–	9.00	–	16.00	25.00	750	74.0	10.7
Year ended March 31, 2019	–	10.00	–	10.00	20.00	580	68.8	9.4
Year ending March 31, 2020 (Forecast)	–	9.00	–	11.00	20.00		66.1	

3. Forecast of non-consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2019	4,150	(1.1)	580	(17.8)	600	(14.7)	400	(17.6)	13.92
Full year	8,500	1.1	1,280	2.4	1,300	4.3	870	2.2	30.28

4. Notes

(1) 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

(2) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2019	31,840,000 shares	As of March 31, 2018	31,840,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	3,111,559 shares	As of March 31, 2018	1,813,257 shares
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Average number of shares during the period

Year ended March 31, 2019	29,313,669 shares	Year ended March 31, 2018	29,951,697 shares
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**Non-consolidated financial statements**  
**Non-consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	2,368,211	2,217,605
Notes receivable - trade	1,235,843	1,168,236
Accounts receivable - trade	1,513,983	1,425,902
Finished goods	742,539	992,486
Work in process	77,225	101,724
Raw materials	410,395	405,653
Prepaid expenses	21,934	19,536
Other	27,632	14,987
Allowance for doubtful accounts	(184)	(86)
Total current assets	6,397,581	6,346,047
Non-current assets		
Property, plant and equipment		
Buildings, net	2,236,975	2,168,485
Structures, net	2,828	2,467
Machinery and equipment, net	97,415	95,454
Vehicles, net	424	293
Tools, furniture and fixtures, net	258,167	178,299
Land	1,703,670	1,703,670
Leased assets, net	14,227	24,987
Construction in progress	80,376	101,974
Total property, plant and equipment	4,394,085	4,275,633
Intangible assets		
Software	40,858	27,102
Telephone subscription right	5,103	5,103
Total intangible assets	45,961	32,205
Investments and other assets		
Investments in capital	10	10
Long-term prepaid expenses	2,049	4,751
Deferred tax assets	191,113	204,341
Guarantee deposits	95,952	97,583
Membership	17,500	17,500
Life insurance funds	8,797	8,797
Long-term accounts receivable - other	13,150	13,150
Allowance for doubtful accounts	(29,050)	(29,050)
Total investments and other assets	299,522	317,083
Total non-current assets	4,739,569	4,624,922
Total assets	11,137,150	10,970,969

(Thousands of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable - trade	558,375	526,359
Accounts payable - trade	371,126	310,450
Short-term loans payable	500,000	1,100,000
Current portion of long-term loans payable	547,752	803,998
Accounts payable - other	302,349	213,640
Lease obligations	3,586	6,346
Accrued expenses	452,643	446,381
Income taxes payable	181,886	146,665
Accrued consumption taxes	66,615	13,243
Deposits received	23,149	13,642
Notes payable - facilities	33,753	59,092
Asset retirement obligations	–	43,064
Other	10,206	22,684
<b>Total current liabilities</b>	<b>3,051,444</b>	<b>3,705,570</b>
<b>Non-current liabilities</b>		
Long-term loans payable	1,361,838	1,459,924
Lease obligations	11,897	20,733
Long-term guarantee deposited	14,026	14,046
Other	2,969	2,789
<b>Total non-current liabilities</b>	<b>1,390,731</b>	<b>1,497,493</b>
<b>Total liabilities</b>	<b>4,442,175</b>	<b>5,203,063</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	495,875	495,875
Capital surplus		
Legal capital surplus	400,875	400,875
<b>Total capital surpluses</b>	<b>400,875</b>	<b>400,875</b>
Retained earnings		
Legal retained earnings	23,750	23,750
Other retained earnings		
General reserve	690,000	690,000
Retained earnings brought forward	5,905,903	5,983,988
<b>Total retained earnings</b>	<b>6,619,653</b>	<b>6,697,738</b>
Treasury shares	(826,588)	(1,826,582)
<b>Total shareholders' equity</b>	<b>6,689,814</b>	<b>5,767,905</b>
Share acquisition rights	5,160	–
<b>Total net assets</b>	<b>6,694,974</b>	<b>5,767,905</b>
<b>Total liabilities and net assets</b>	<b>11,137,150</b>	<b>10,970,969</b>

## Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	8,585,276	8,406,607
Cost of sales		
Beginning finished goods	674,924	742,539
Cost of products manufactured	4,482,813	4,777,650
Cost of purchased goods	41,167	47,897
Cost of construction by the outside order	5,847	7,087
Total	5,204,752	5,575,175
Transfer to other account	103,017	113,993
Ending finished goods	742,539	992,486
Total cost of sales	4,359,195	4,468,694
Gross profit	4,226,081	3,937,913
Selling, general and administrative expenses	2,720,318	2,688,324
Operating profit	1,505,763	1,249,588
Non-operating income		
Interest income	129	21
Dividend income	112	–
Gain on forfeiture of unclaimed dividends	827	425
Foreign exchange gains	1,111	127
Compensation income	619	2,818
Subsidy income	200	400
Other	850	2,205
Total non-operating income	3,850	5,998
Non-operating expenses		
Interest expenses	4,363	4,764
Commission expenses	200	4,822
Other	623	4
Total non-operating expenses	5,187	9,591
Ordinary profit	1,504,426	1,245,995
Extraordinary income		
Reversal of allowance for doubtful accounts	2,450	–
Gain on sales of investment securities	2,551	–
Gain on reversal of share acquisition rights	–	5,160
Total extraordinary income	5,001	5,160
Extraordinary losses		
Loss on retirement of non-current assets	61,800	41,325
Head Office transfer related cost	–	56,157
Expenses related to 50th-anniversary commemorative events	85,145	–
Total extraordinary losses	146,946	97,482
Profit before income taxes	1,362,481	1,153,672
Income taxes - current	375,731	315,301
Income taxes - deferred	(25,394)	(13,228)
Total income taxes	350,336	302,072
Profit	1,012,144	851,600

## Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of current period	495,875	400,875	104,329	505,204	23,750	690,000	6,068,039	6,781,789
Changes of items during period								
Dividends of surplus							(809,750)	(809,750)
Profit							1,012,144	1,012,144
Purchase of treasury shares								
Disposal of treasury shares			(468,860)	(468,860)				
Transfer of loss on disposal of treasury shares			364,530	364,530			(364,530)	(364,530)
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	(104,329)	(104,329)	-	-	(162,135)	(162,135)
Balance at end of current period	495,875	400,875	-	400,875	23,750	690,000	5,905,903	6,619,653

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	(510,004)	7,272,864	1,520	1,520	5,160	7,279,544
Changes of items during period						
Dividends of surplus		(809,750)				(809,750)
Profit		1,012,144				1,012,144
Purchase of treasury shares	(789,000)	(789,000)				(789,000)
Disposal of treasury shares	472,416	3,556				3,556
Transfer of loss on disposal of treasury shares		-				-
Net changes of items other than shareholders' equity			(1,520)	(1,520)		(1,520)
Total changes of items during period	(316,584)	(583,049)	(1,520)	(1,520)	-	(584,569)
Balance at end of current period	(826,588)	6,689,814	-	-	5,160	6,694,974

Fiscal year ended March 31, 2019

(Thousands of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings		
					General reserve	Retained earnings brought forward	
Balance at beginning of current period	495,875	400,875	400,875	23,750	690,000	5,905,903	6,619,653
Changes of items during period							
Dividends of surplus						(773,515)	(773,515)
Profit						851,600	851,600
Purchase of treasury shares							
Net changes of items other than shareholders' equity							
Total changes of items during period	–	–	–	–	–	78,084	78,084
Balance at end of current period	495,875	400,875	400,875	23,750	690,000	5,983,988	6,697,738

	Shareholders' equity		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity		
Balance at beginning of current period	(826,588)	6,689,814	5,160	6,694,974
Changes of items during period				
Dividends of surplus		(773,515)		(773,515)
Profit		851,600		851,600
Purchase of treasury shares	(999,993)	(999,993)		(999,993)
Net changes of items other than shareholders' equity			(5,160)	(5,160)
Total changes of items during period	(999,993)	(921,908)	(5,160)	(927,068)
Balance at end of current period	(1,826,582)	5,767,905	–	5,767,905

## Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	1,362,481	1,153,672
Depreciation	250,979	302,875
Increase (decrease) in allowance for doubtful accounts	(2,604)	(97)
Interest and dividend income	(242)	(21)
Interest expenses	4,363	4,764
Decrease (increase) in notes and accounts receivable - trade	(23,583)	155,687
Decrease (increase) in inventories	(242,810)	(269,703)
Increase (decrease) in notes and accounts payable - trade	76,582	(92,691)
Loss (gain) on sales of investment securities	(2,551)	–
Head Office transfer related cost	–	56,157
Loss on retirement of non-current assets	61,800	41,325
Gain on reversal of share acquisition rights	–	(5,160)
Subsidy income	(200)	(400)
Increase (decrease) in accounts payable - other	29,707	(65,291)
Increase (decrease) in accrued expenses	58,390	(6,262)
Decrease/increase in consumption taxes receivable/payable	40,590	(53,372)
Other, net	36,531	(7,532)
Subtotal	1,649,434	1,213,948
Interest and dividend income received	168	24
Interest expenses paid	(4,308)	(4,825)
Income taxes paid	(390,390)	(345,806)
Proceeds from subsidy income	200	17,583
Net cash provided by (used in) operating activities	1,255,103	880,925
Cash flows from investing activities		
Purchase of property, plant and equipment	(615,045)	(198,597)
Proceeds from sales of investment securities	7,937	–
Purchase of intangible assets	(22,528)	(8,563)
Other, net	4,795	(1,631)
Net cash provided by (used in) investing activities	(624,840)	(208,792)
Cash flows from financing activities		
Proceeds from long-term loans payable	1,589,000	1,000,000
Repayments of long-term loans payable	(619,502)	(645,668)
Purchase of treasury shares	(789,000)	(999,993)
Cash dividends paid	(809,372)	(773,338)
Net increase (decrease) in short-term loans payable	50,000	600,000
Repayments of lease obligations	(6,277)	(3,739)
Proceeds from disposal of treasury shares	3,556	–
Net cash provided by (used in) financing activities	(581,596)	(822,739)
Net increase (decrease) in cash and cash equivalents	48,666	(150,606)
Cash and cash equivalents at beginning of period	2,319,545	2,368,211
Cash and cash equivalents at end of period	2,368,211	2,217,605