

Translation

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## Summary of Non-Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

May 15, 2018

Company name: DAIKEN MEDICAL CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 7775 URL <http://www.daiken-iki.co.jp>  
 Representative: President Mitsuru Yamada  
 Inquiries: General Manager, Business Control Division Kenji Tamamaki TEL 06-6231-9917  
 Scheduled date of ordinary general meeting of shareholders: June 22, 2018  
 Scheduled date to file Securities Report: June 22, 2018  
 Scheduled date to commence dividend payments: June 5, 2018  
 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, 2018 (from April 1, 2017 to March 31, 2018)

#### (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, 2018	8,585	2.2	1,505	(12.0)	1,504	(12.3)	1,012	(18.8)
Year ended March 31, 2017	8,399	1.7	1,711	0.9	1,714	0.6	1,246	8.0

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2018	33.79	33.76	14.5	13.6	17.5
Year ended March 31, 2017	41.55	41.50	18.1	16.2	20.4

#### (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, 2018	11,137	6,694	60.1	222.80
As of March 31, 2017	11,007	7,279	66.1	242.55

#### (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, 2018	1,255	(624)	(581)	2,368
Year ended March 31, 2017	1,350	(603)	(729)	2,319

### 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, 2017	–	7.00	–	18.00	25.00	749	60.2	10.9
Year ended March 31, 2018	–	9.00	–	16.00	25.00	750	74.0	10.7
Year ending March 31, 2019 (Forecast)	–	11.00	–	14.00	25.00		67.6	

3. Forecast of non-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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2018	4,400	3.9	750	(10.0)	750	(10.0)	520	1.6	17.32
Full year	9,000	4.8	1,600	6.3	1,600	6.4	1,110	9.7	36.97

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, 2018	31,840,000 shares	As of March 31, 2017	31,840,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	1,813,257 shares	As of March 31, 2017	1,849,257 shares
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Average number of shares during the period

Year ended March 31, 2018	29,951,697 shares	Year ended March 31, 2017	29,990,743 shares
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**Non-consolidated financial statements**  
**Non-consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	2,319,545	2,368,211
Notes receivable - trade	1,319,400	1,235,843
Accounts receivable - trade	1,406,596	1,513,983
Finished goods	674,924	742,539
Work in process	46,185	77,225
Raw materials	266,240	410,395
Prepaid expenses	43,241	21,934
Deferred tax assets	135,011	164,855
Other	79,034	27,632
Allowance for doubtful accounts	(91)	(184)
Total current assets	6,290,088	6,562,436
Non-current assets		
Property, plant and equipment		
Buildings, net	718,411	2,236,975
Structures, net	–	2,828
Machinery and equipment, net	88,773	97,415
Vehicles, net	–	424
Tools, furniture and fixtures, net	114,885	258,167
Land	1,703,670	1,703,670
Leased assets, net	13,919	14,227
Construction in progress	1,866,226	80,376
Total property, plant and equipment	4,505,887	4,394,085
Intangible assets		
Software	46,757	40,858
Software in progress	9,945	–
Telephone subscription right	5,103	5,103
Total intangible assets	61,805	45,961
Investments and other assets		
Investment securities	7,576	–
Investments in capital	11	10
Claims provable in bankruptcy, claims provable in rehabilitation and other	247	–
Long-term prepaid expenses	3,533	2,049
Deferred tax assets	30,037	26,257
Guarantee deposits	96,673	95,952
Membership	21,500	17,500
Life insurance funds	8,797	8,797
Long-term accounts receivable - other	13,150	13,150
Allowance for doubtful accounts	(31,748)	(29,050)
Total investments and other assets	149,778	134,667
Total non-current assets	4,717,472	4,574,714
Total assets	11,007,560	11,137,150

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable - trade	449,170	558,375
Accounts payable - trade	403,747	371,126
Short-term loans payable	450,000	500,000
Current portion of long-term loans payable	439,952	547,752
Accounts payable - other	717,839	302,349
Lease obligations	6,801	3,586
Accrued expenses	394,251	452,643
Income taxes payable	201,971	181,886
Accrued consumption taxes	26,025	66,615
Deposits received	24,677	23,149
Notes payable - facilities	25,415	33,753
Other	62,636	10,206
<b>Total current liabilities</b>	<b>3,202,489</b>	<b>3,051,444</b>
<b>Non-current liabilities</b>		
Long-term loans payable	500,140	1,361,838
Lease obligations	8,410	11,897
Long-term guarantee deposited	14,006	14,026
Other	2,969	2,969
<b>Total non-current liabilities</b>	<b>525,526</b>	<b>1,390,731</b>
<b>Total liabilities</b>	<b>3,728,016</b>	<b>4,442,175</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	495,875	495,875
<b>Capital surplus</b>		
Legal capital surplus	400,875	400,875
Other capital surplus	104,329	—
<b>Total capital surpluses</b>	<b>505,204</b>	<b>400,875</b>
<b>Retained earnings</b>		
Legal retained earnings	23,750	23,750
<b>Other retained earnings</b>		
General reserve	690,000	690,000
Retained earnings brought forward	6,068,039	5,905,903
<b>Total retained earnings</b>	<b>6,781,789</b>	<b>6,619,653</b>
Treasury shares	(510,004)	(826,588)
<b>Total shareholders' equity</b>	<b>7,272,864</b>	<b>6,689,814</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	1,520	—
<b>Total valuation and translation adjustments</b>	<b>1,520</b>	<b>—</b>
Share acquisition rights	5,160	5,160
<b>Total net assets</b>	<b>7,279,544</b>	<b>6,694,974</b>
<b>Total liabilities and net assets</b>	<b>11,007,560</b>	<b>11,137,150</b>

## Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	8,399,605	8,585,276
Cost of sales		
Beginning finished goods	553,000	674,924
Cost of products manufactured	4,168,152	4,482,813
Cost of purchased goods	39,135	41,167
Cost of construction by the outside order	9,614	5,847
Total	4,769,902	5,204,752
Transfer to other account	103,601	103,017
Ending finished goods	674,924	742,539
Total cost of sales	3,991,377	4,359,195
Gross profit	4,408,227	4,226,081
Selling, general and administrative expenses	2,696,974	2,720,318
Operating profit	1,711,253	1,505,763
Non-operating income		
Interest income	130	129
Dividend income	217	112
Gain on forfeiture of unclaimed dividends	1,112	827
Foreign exchange gains	531	1,111
Compensation income	997	619
Subsidy income	1,938	200
Insurance premiums refunded cancellation	780	–
Other	1,898	850
Total non-operating income	7,605	3,850
Non-operating expenses		
Interest expenses	3,942	4,363
Other	–	823
Total non-operating expenses	3,942	5,187
Ordinary profit	1,714,916	1,504,426
Extraordinary income		
Reversal of allowance for doubtful accounts	–	2,450
Gain on sales of investment securities	–	2,551
Gain on sales of golf memberships	1,650	–
Gain on reversal of share acquisition rights	840	–
Total extraordinary income	2,490	5,001
Extraordinary losses		
Loss on retirement of non-current assets	15,594	61,800
Loss on cancellation of leases	4,201	–
Expenses related to 50th-anniversary commemorative events	–	85,145
Total extraordinary losses	19,795	146,946
Profit before income taxes	1,697,610	1,362,481
Income taxes - current	431,072	375,731
Income taxes - deferred	20,536	(25,394)
Total income taxes	451,609	350,336
Profit	1,246,001	1,012,144

## Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus		General reserve	Other retained earnings brought forward	Total retained earnings
Balance at beginning of current period	495,875	400,875	104,329	505,204	23,750	690,000	5,301,889	6,015,639
Changes of items during period								
Dividends of surplus							(479,851)	(479,851)
Profit							1,246,001	1,246,001
Purchase of treasury shares								
Disposal of treasury shares								
Transfer of loss on disposal of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	-	-	-	-	766,149	766,149
Balance at end of current period	495,875	400,875	104,329	505,204	23,750	690,000	6,068,039	6,781,789

	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)	6,506,714	(80)	(80)	6,000	6,512,633
Changes of items during period						
Dividends of surplus		(479,851)				(479,851)
Profit		1,246,001				1,246,001
Purchase of treasury shares						
Disposal of treasury shares						
Transfer of loss on disposal of treasury shares						
Net changes of items other than shareholders' equity			1,601	1,601	(840)	761
Total changes of items during period	-	766,149	1,601	1,601	(840)	766,910
Balance at end of current period	(510,004)	7,272,864	1,520	1,520	5,160	7,279,544

Fiscal year ended March 31, 2018

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					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

## Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	1,697,610	1,362,481
Depreciation	175,912	250,979
Increase (decrease) in allowance for doubtful accounts	(748)	(2,604)
Interest and dividend income	(347)	(242)
Interest expenses	3,942	4,363
Decrease (increase) in notes and accounts receivable - trade	59,428	(23,583)
Decrease (increase) in inventories	(103,905)	(242,810)
Increase (decrease) in notes and accounts payable - trade	(10,259)	76,582
Loss (gain) on sales of investment securities	–	(2,551)
Loss on retirement of non-current assets	15,594	61,800
Loss (gain) on sales of golf club memberships	(1,650)	–
Surrender value of insurance	(780)	–
Subsidy income	(1,938)	(200)
Increase (decrease) in accounts payable - other	(11,709)	29,707
Increase (decrease) in accrued expenses	9,679	58,390
Decrease/increase in consumption taxes receivable/payable	26,862	40,590
Other, net	47,891	36,531
Subtotal	1,905,582	1,649,434
Interest and dividend income received	276	168
Interest expenses paid	(3,824)	(4,308)
Income taxes paid	(553,619)	(390,390)
Proceeds from subsidy income	1,938	200
Net cash provided by (used in) operating activities	1,350,353	1,255,103
Cash flows from investing activities		
Purchase of property, plant and equipment	(595,448)	(615,045)
Proceeds from sales of investment securities	–	7,937
Purchase of intangible assets	(16,663)	(22,528)
Proceeds from sales of golf club memberships	5,650	–
Proceeds from cancellation of insurance funds	1,377	–
Other, net	1,103	4,795
Net cash provided by (used in) investing activities	(603,982)	(624,840)
Cash flows from financing activities		
Proceeds from long-term loans payable	–	1,589,000
Repayments of long-term loans payable	(289,952)	(619,502)
Purchase of treasury shares	–	(789,000)
Cash dividends paid	(480,359)	(809,372)
Net increase (decrease) in short-term loans payable	50,000	50,000
Repayments of lease obligations	(8,950)	(6,277)
Proceeds from disposal of treasury shares	–	3,556
Net cash provided by (used in) financing activities	(729,261)	(581,596)
Net increase (decrease) in cash and cash equivalents	17,109	48,666
Cash and cash equivalents at beginning of period	2,302,435	2,319,545
Cash and cash equivalents at end of period	2,319,545	2,368,211