

Translation

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

November 6, 2018

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 13, 2018
 Scheduled date to commence dividend payments: December 3, 2018
 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, 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	322,474	5.8	7,105	141.7	7,154	112.3	6,247	128.8
Six months ended September 30, 2017	304,900	5.6	2,939	(48.2)	3,369	(47.5)	2,730	(41.6)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2018	102.26	–
Six months ended September 30, 2017	44.39	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	369,186	158,107	42.4
As of March 31, 2018	352,741	142,936	40.1

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	–	20.00	–	20.00	40.00
Year ending March 31, 2019	–	20.00			
Year ending March 31, 2019 (Forecast)			–	25.00	45.00

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	660,000	6.3	13,500	126.4	14,000	119.6	10,500	55.7	171.86

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	63,499,227 shares	As of March 31, 2018	63,499,227 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	2,402,433 shares	As of March 31, 2018	2,402,417 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	61,096,805 shares	Six months ended September 30, 2017	61,496,909 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	32,508	27,574
Notes and accounts receivable - trade	173,401	179,220
Merchandise and finished goods	48,742	51,521
Work in process	623	991
Raw materials and supplies	3,826	4,680
Other	10,525	10,350
Allowance for doubtful accounts	(7,842)	(8,264)
Total current assets	261,785	266,073
Non-current assets		
Property, plant and equipment	12,507	12,867
Intangible assets	3,147	3,090
Investments and other assets		
Investment securities	69,185	81,195
Net defined benefit asset	3,136	3,189
Other	3,674	3,471
Allowance for doubtful accounts	(695)	(701)
Total investments and other assets	75,300	87,154
Total non-current assets	90,955	103,112
Total assets	352,741	369,186
Liabilities		
Current liabilities		
Notes and accounts payable - trade	107,853	106,100
Short-term loans payable	55,187	57,141
Income taxes payable	3,852	2,193
Provision for bonuses	1,187	1,371
Other	7,604	7,838
Total current liabilities	175,685	174,645
Non-current liabilities		
Long-term loans payable	16,806	15,008
Provision for directors' retirement benefits	36	29
Provision for loss on guarantees	209	136
Provision for Management Board Incentive Plan Trust	–	12
Net defined benefit liability	1,403	1,528
Other	15,663	19,718
Total non-current liabilities	34,119	36,433
Total liabilities	209,805	211,079

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Net assets		
Shareholders' equity		
Capital stock	9,364	9,364
Capital surplus	7,708	7,752
Retained earnings	87,196	92,456
Treasury shares	(2,749)	(2,793)
Total shareholders' equity	101,519	106,780
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	37,252	45,727
Deferred gains or losses on hedges	20	(113)
Foreign currency translation adjustment	2,591	4,035
Remeasurements of defined benefit plans	19	54
Total accumulated other comprehensive income	39,883	49,704
Non-controlling interests	1,532	1,622
Total net assets	142,936	158,107
Total liabilities and net assets	352,741	369,186

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	304,900	322,474
Cost of sales	282,888	298,836
Gross profit	22,011	23,637
Selling, general and administrative expenses	19,072	16,531
Operating profit	2,939	7,105
Non-operating income		
Interest income	109	113
Dividend income	738	1,022
Foreign exchange gains	432	–
Share of profit of entities accounted for using equity method	152	65
Miscellaneous income	306	472
Total non-operating income	1,739	1,673
Non-operating expenses		
Interest expenses	823	957
Foreign exchange losses	–	308
Loss on valuation of derivatives	278	21
Miscellaneous loss	207	337
Total non-operating expenses	1,309	1,624
Ordinary profit	3,369	7,154
Extraordinary income		
Gain on sales of investment securities	2,791	1,748
Total extraordinary income	2,791	1,748
Extraordinary losses		
Loss on valuation of investment securities	310	–
Total extraordinary losses	310	–
Profit before income taxes	5,850	8,902
Income taxes - current	2,842	2,429
Income taxes - deferred	48	43
Total income taxes	2,890	2,472
Profit	2,960	6,430
Profit attributable to non-controlling interests	230	182
Profit attributable to owners of parent	2,730	6,247

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	2,960	6,430
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,087)	8,574
Deferred gains or losses on hedges	45	(108)
Foreign currency translation adjustment	687	1,504
Remeasurements of defined benefit plans, net of tax	29	34
Share of other comprehensive income of entities accounted for using equity method	111	(85)
Total other comprehensive income	(7,212)	9,920
Comprehensive income	(4,252)	16,350
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(4,496)	16,072
Comprehensive income attributable to non-controlling interests	244	277

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	5,850	8,902
Depreciation	1,141	1,179
Increase (decrease) in allowance for doubtful accounts	3,050	312
Interest and dividend income	(847)	(1,136)
Interest expenses	823	957
Share of loss (profit) of entities accounted for using equity method	(152)	(65)
Increase (decrease) in provision for loss on guarantees	(36)	(72)
Loss (gain) on sales of investment securities	(2,791)	(1,748)
Loss (gain) on valuation of investment securities	310	–
Decrease (increase) in notes and accounts receivable - trade	(12,335)	(1,754)
Decrease (increase) in inventories	(2,382)	(2,085)
Decrease (increase) in other current assets	(3,533)	54
Decrease (increase) in other non-current assets	476	456
Increase (decrease) in notes and accounts payable - trade	14,324	(4,223)
Increase (decrease) in other current liabilities	1,055	6
Other, net	(155)	385
Subtotal	4,798	1,169
Interest and dividend income received	997	1,218
Interest expenses paid	(819)	(960)
Income taxes paid	(3,395)	(4,047)
Net cash provided by (used in) operating activities	1,581	(2,620)
Cash flows from investing activities		
Payments into time deposits	(521)	(1,232)
Proceeds from withdrawal of time deposits	374	853
Purchase of property, plant and equipment	(806)	(804)
Proceeds from sales of property, plant and equipment	16	52
Purchase of intangible assets	(179)	(357)
Purchase of investment securities	(2,000)	(107)
Proceeds from sales of investment securities	2,962	1,885
Purchase of shares of subsidiaries	(88)	(49)
Net decrease (increase) in short-term loans receivable	(154)	269
Payments of long-term loans receivable	(128)	(48)
Collection of long-term loans receivable	110	67
Other, net	(27)	1
Net cash provided by (used in) investing activities	(443)	531

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,416	(765)
Proceeds from long-term loans payable	1,168	66
Repayments of long-term loans payable	(826)	(1,490)
Purchase of treasury shares	(0)	(164)
Proceeds from disposal of treasury shares	–	164
Cash dividends paid	(1,357)	(1,225)
Dividends paid to non-controlling interests	(235)	(188)
Other, net	(25)	(19)
Net cash provided by (used in) financing activities	140	(3,624)
Effect of exchange rate change on cash and cash equivalents	464	190
Net increase (decrease) in cash and cash equivalents	1,742	(5,522)
Cash and cash equivalents at beginning of period	22,935	29,235
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	185	122
Cash and cash equivalents at end of period	24,864	23,835