Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2017 (Based on Japanese GAAP)

September 13, 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: September 13, 2017
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: No
Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2017 (from April 1, 2017 to June 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	%
Three months ended June 30, 2017	148,768	5.1	2,235	(28.1)	2,836	(25.2)	2,938	16.8
Three months ended June 30, 2016	141,482	(3.8)	3,109	(6.6)	3,789	(18.3)	2,515	(25.2)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2017	47.78	–
Three months ended June 30, 2016	40.51	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2017	341,336	144,408	41.9
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	–				
Year ending March 31, 2018 (Forecast)		20.00	–	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
Six months ending September 30, 2017	300,000	3.9	5,000	(12.0)	5,500	(14.3)	5,000	6.9	81.30
Full year	620,000	5.7	11,500	(8.8)	12,000	(12.2)	10,000	3.2	162.61

4. Notes

(1) Changes in significant subsidiaries during the three months ended June 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 June 30, 2017	63,499,227 shares	As of March 31, 2017	63,499,227 shares

Number of treasury shares at the end of the period

As of June 30, 2017	2,002,305 shares	As of March 31, 2017	2,002,305 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2017	61,496,922 shares	Three months ended June 30, 2016	62,096,959 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	27,365	22,864
Notes and accounts receivable - trade	157,375	159,268
Merchandise and finished goods	43,293	47,296
Work in process	579	865
Raw materials and supplies	3,020	3,907
Other	8,078	13,598
Allowance for doubtful accounts	(1,271)	(2,242)
Total current assets	238,441	245,559
Non-current assets		
Property, plant and equipment	11,381	13,030
Intangible assets	3,473	3,389
Investments and other assets		
Investment securities	81,106	74,042
Net defined benefit asset	2,721	2,745
Other	4,014	3,555
Allowance for doubtful accounts	(991)	(986)
Total investments and other assets	86,850	79,357
Total non-current assets	101,705	95,777
Total assets	340,147	341,336
Liabilities		
Current liabilities		
Notes and accounts payable - trade	87,777	88,938
Short-term loans payable	51,800	57,724
Income taxes payable	3,251	1,575
Provision for bonuses	1,123	694
Other	6,564	8,222
Total current liabilities	150,517	157,156
Non-current liabilities		
Long-term loans payable	19,275	19,451
Provision for directors' retirement benefits	33	34
Allowance for investment loss	114	–
Provision for loss on guarantees	318	318
Net defined benefit liability	1,191	1,212
Other	21,065	18,755
Total non-current liabilities	41,999	39,772
Total liabilities	192,517	196,928

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Net assets		
Shareholders' equity		
Capital stock	9,364	9,364
Capital surplus	7,708	7,708
Retained earnings	83,205	84,731
Treasury shares	(2,069)	(2,069)
Total shareholders' equity	98,209	99,734
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45,641	40,666
Deferred gains or losses on hedges	(18)	0
Foreign currency translation adjustment	2,701	2,986
Remeasurements of defined benefit plans	(275)	(261)
Total accumulated other comprehensive income	48,048	43,392
Non-controlling interests	1,371	1,281
Total net assets	147,629	144,408
Total liabilities and net assets	340,147	341,336

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	141,482	148,768
Cost of sales	131,067	137,796
Gross profit	10,415	10,971
Selling, general and administrative expenses	7,305	8,736
Operating profit	3,109	2,235
Non-operating income		
Interest income	61	60
Dividend income	723	657
Foreign exchange gains	–	325
Share of profit of entities accounted for using equity method	134	84
Miscellaneous income	389	131
Total non-operating income	1,309	1,259
Non-operating expenses		
Interest expenses	292	393
Foreign exchange losses	193	–
Loss on valuation of derivatives	–	172
Miscellaneous loss	143	92
Total non-operating expenses	628	658
Ordinary profit	3,789	2,836
Extraordinary income		
Gain on sales of investment securities	–	1,375
Total extraordinary income	–	1,375
Profit before income taxes	3,789	4,212
Income taxes - current	951	1,310
Income taxes - deferred	206	(153)
Total income taxes	1,157	1,157
Profit	2,632	3,054
Profit attributable to non-controlling interests	116	116
Profit attributable to owners of parent	2,515	2,938

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit	2,632	3,054
Other comprehensive income		
Valuation difference on available-for-sale securities	6,723	(4,965)
Deferred gains or losses on hedges	(97)	18
Foreign currency translation adjustment	(3,862)	143
Remeasurements of defined benefit plans, net of tax	12	14
Share of other comprehensive income of entities accounted for using equity method	(52)	4
Total other comprehensive income	2,723	(4,783)
Comprehensive income	5,355	(1,728)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,276	(1,854)
Comprehensive income attributable to non-controlling interests	78	125