Translation

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

August 7, 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: August 13, 2018
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, 2018 (from April 1, 2018 to June 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	%
Three months ended June 30, 2018	158,248	6.4	3,488	56.0	3,795	33.8	3,700	25.9
Three months ended June 30, 2017	148,768	5.1	2,235	(28.1)	2,836	(25.2)	2,938	16.8

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2018	60.57	–
Three months ended June 30, 2017	47.78	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	364,431	154,274	41.9
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	–				
Year ending March 31, 2019 (Forecast)		20.00	–	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
Six months ending September 30, 2018	320,000	5.0	6,700	127.9	6,900	104.8	5,300	94.1	86.75
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 three months ended June 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 June 30, 2018	63,499,227 shares	As of March 31, 2018	63,499,227 shares

Number of treasury shares at the end of the period

As of June 30, 2018	2,402,417 shares	As of March 31, 2018	2,402,417 shares

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

Three months ended June 30, 2018	61,096,810 shares	Three months ended June 30, 2017	61,496,922 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	32,508	27,816
Notes and accounts receivable - trade	173,401	176,543
Merchandise and finished goods	48,742	49,687
Work in process	623	822
Raw materials and supplies	3,826	4,264
Other	10,525	10,907
Allowance for doubtful accounts	(7,842)	(8,179)
Total current assets	261,785	261,863
Non-current assets		
Property, plant and equipment	12,507	12,550
Intangible assets	3,147	3,084
Investments and other assets		
Investment securities	69,185	81,166
Net defined benefit asset	3,136	3,162
Other	3,674	3,306
Allowance for doubtful accounts	(695)	(702)
Total investments and other assets	75,300	86,932
Total non-current assets	90,955	102,568
Total assets	352,741	364,431
Liabilities		
Current liabilities		
Notes and accounts payable - trade	107,853	107,588
Short-term loans payable	55,187	55,018
Income taxes payable	3,852	1,580
Provision for bonuses	1,187	748
Other	7,604	7,856
Total current liabilities	175,685	172,792
Non-current liabilities		
Long-term loans payable	16,806	15,847
Provision for directors' retirement benefits	36	28
Provision for loss on guarantees	209	172
Net defined benefit liability	1,403	1,420
Other	15,663	19,895
Total non-current liabilities	34,119	37,364
Total liabilities	209,805	210,157

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Net assets		
Shareholders' equity		
Capital stock	9,364	9,364
Capital surplus	7,708	7,708
Retained earnings	87,196	89,909
Treasury shares	(2,749)	(2,749)
Total shareholders' equity	101,519	104,233
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	37,252	45,673
Deferred gains or losses on hedges	20	38
Foreign currency translation adjustment	2,591	2,746
Remeasurements of defined benefit plans	19	36
Total accumulated other comprehensive income	39,883	48,495
Non-controlling interests	1,532	1,545
Total net assets	142,936	154,274
Total liabilities and net assets	352,741	364,431

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, 2017	Three months ended June 30, 2018
Net sales	148,768	158,248
Cost of sales	137,796	146,499
Gross profit	10,971	11,748
Selling, general and administrative expenses	8,736	8,259
Operating profit	2,235	3,488
Non-operating income		
Interest income	60	50
Dividend income	657	969
Foreign exchange gains	325	–
Share of profit of entities accounted for using equity method	84	–
Miscellaneous income	131	245
Total non-operating income	1,259	1,264
Non-operating expenses		
Interest expenses	393	462
Foreign exchange losses	–	191
Loss on valuation of derivatives	172	4
Share of loss of entities accounted for using equity method	–	6
Miscellaneous loss	92	292
Total non-operating expenses	658	957
Ordinary profit	2,836	3,795
Extraordinary income		
Gain on sales of investment securities	1,375	1,668
Total extraordinary income	1,375	1,668
Profit before income taxes	4,212	5,463
Income taxes - current	1,310	1,428
Income taxes - deferred	(153)	222
Total income taxes	1,157	1,650
Profit	3,054	3,812
Profit attributable to non-controlling interests	116	112
Profit attributable to owners of parent	2,938	3,700

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Profit	3,054	3,812
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,965)	8,445
Deferred gains or losses on hedges	18	43
Foreign currency translation adjustment	143	183
Remeasurements of defined benefit plans, net of tax	14	17
Share of other comprehensive income of entities accounted for using equity method	4	(10)
Total other comprehensive income	(4,783)	8,678
Comprehensive income	(1,728)	12,491
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,854)	12,317
Comprehensive income attributable to non-controlling interests	125	174