

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2014 (Based on Japanese GAAP)

November 6, 2014

Company name: Inabata & Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 8098 URL <http://www.inabata.co.jp>
 Representative: Director, President Katsutaro Inabata
 Inquiries: Director, Executive Officer Kenichi Yokota TEL 03-3639-6421
 Scheduled date to file Quarterly Securities Report: November 13, 2014
 Scheduled date to commence dividend payments: December 1, 2014
 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, 2014 (from April 1, 2014 to September 30, 2014)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2014	277,707	0.1	5,124	(10.3)	6,907	5.1	5,086	11.5
Six months ended September 30, 2013	277,370	-	5,712	-	6,573	-	4,562	-

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended September 30, 2014	80.60		-	
Six months ended September 30, 2013	72.10		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2014	303,504		116,666		38.2	
As of March 31, 2014	305,037		115,881		37.7	

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2014	-	11.00	-	19.00	30.00
Year ending March 31, 2015	-	15.00	-	-	-
Year ending March 31, 2015 (Forecast)	-	-	-	15.00	30.00

3. Forecast of consolidated financial results for the year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	570,000	1.6	10,500	(4.0)	12,500	0.4	8,200	(5.4)	130.36

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2014
(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: Yes
- 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, 2014	63,499,227 shares	As of March 31, 2014	65,159,227 shares
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Number of treasury shares at the end of the period

As of September 30, 2014	826,278 shares	As of March 31, 2014	1,886,225 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, 2014	63,101,543 shares	Six months ended September 30, 2013	63,271,639 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
Assets		
Current assets		
Cash and deposits	23,262	19,692
Notes and accounts receivable - trade	144,006	147,263
Merchandise and finished goods	38,125	39,771
Work in process	332	355
Raw materials and supplies	3,310	3,553
Other	6,823	10,269
Allowance for doubtful accounts	(1,202)	(1,137)
Total current assets	214,659	219,767
Non-current assets		
Property, plant and equipment	11,656	12,129
Intangible assets	3,690	3,476
Investments and other assets		
Investment securities	69,785	62,540
Net defined benefit asset	2,023	2,218
Other	4,694	4,856
Allowance for doubtful accounts	(1,471)	(1,485)
Total investments and other assets	75,031	68,131
Total non-current assets	90,378	83,736
Total assets	305,037	303,504
Liabilities		
Current liabilities		
Notes and accounts payable - trade	84,008	87,234
Short-term loans payable	63,134	56,596
Income taxes payable	1,890	1,588
Provision for bonuses	1,171	1,266
Provision for loss on business liquidation	40	–
Other	4,831	5,427
Total current liabilities	155,076	152,112
Non-current liabilities		
Long-term loans payable	13,448	16,444
Provision for directors' retirement benefits	28	31
Provision for loss on business liquidation	42	–
Provision for loss on guarantees	18	18
Net defined benefit liability	1,277	1,286
Other	19,263	16,943
Total non-current liabilities	34,080	34,725
Total liabilities	189,156	186,838

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
Net assets		
Shareholders' equity		
Capital stock	9,364	9,364
Capital surplus	7,708	7,708
Retained earnings	64,272	67,037
Treasury shares	(932)	(475)
Total shareholders' equity	80,413	83,634
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	33,862	29,259
Deferred gains or losses on hedges	(20)	(77)
Foreign currency translation adjustment	1,609	3,888
Remeasurements of defined benefit plans	(854)	(798)
Total accumulated other comprehensive income	34,596	32,271
Minority interests	871	759
Total net assets	115,881	116,666
Total liabilities and net assets	305,037	303,504

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, 2013	Six months ended September 30, 2014
Net sales	277,370	277,707
Cost of sales	258,425	258,854
Gross profit	18,945	18,853
Selling, general and administrative expenses	13,232	13,729
Operating income	5,712	5,124
Non-operating income		
Interest income	146	136
Dividend income	459	1,325
Foreign exchange gains	149	26
Share of profit of entities accounted for using equity method	274	257
Miscellaneous income	350	598
Total non-operating income	1,379	2,343
Non-operating expenses		
Interest expenses	458	450
Miscellaneous loss	60	110
Total non-operating expenses	519	560
Ordinary income	6,573	6,907
Extraordinary income		
Gain on sales of investment securities	–	247
Gain on reversal of loss on valuation of stocks of subsidiaries and affiliates	133	–
Insurance income	110	–
Total extraordinary income	243	247
Income before income taxes and minority interests	6,817	7,155
Income taxes - current	1,839	2,060
Income taxes - deferred	324	(57)
Total income taxes	2,164	2,003
Income before minority interests	4,652	5,151
Minority interests in income	90	65
Net income	4,562	5,086

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Income before minority interests	4,652	5,151
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,716)	(4,680)
Deferred gains or losses on hedges	(7)	(57)
Foreign currency translation adjustment	878	2,302
Remeasurements of defined benefit plans, net of tax	–	56
Share of other comprehensive income of entities accounted for using equity method	293	75
Total other comprehensive income	(2,552)	(2,304)
Comprehensive income	2,100	2,847
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,997	2,761
Comprehensive income attributable to minority interests	103	85

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	6,817	7,155
Depreciation	1,071	1,049
Increase (decrease) in allowance for doubtful accounts	(65)	(108)
Interest and dividend income	(606)	(1,461)
Interest expenses	458	450
Share of (profit) loss of entities accounted for using equity method	(274)	(257)
Increase (decrease) in provision for loss on business liquidation	8	(83)
Loss (gain) on sales of non-current assets	(12)	–
Loss (gain) on sales of investment securities	–	(247)
Insurance income	(110)	–
Gain on reversal of loss on valuation of stocks of subsidiaries and affiliates	(133)	–
Decrease (increase) in notes and accounts receivable - trade	(4,755)	1,352
Decrease (increase) in inventories	(3,564)	(65)
Decrease (increase) in other current assets	(741)	(2,784)
Decrease (increase) in other non-current assets	21	(184)
Increase (decrease) in notes and accounts payable - trade	(1,187)	525
Increase (decrease) in other current liabilities	(996)	327
Other, net	18	125
Subtotal	(4,049)	5,791
Interest and dividend income received	629	1,658
Interest expenses paid	(472)	(440)
Proceeds from insurance income	110	–
Income taxes paid	(1,694)	(2,402)
Net cash provided by (used in) operating activities	(5,476)	4,607
Cash flows from investing activities		
Payments into time deposits	(2,002)	(582)
Proceeds from withdrawal of time deposits	141	561
Purchase of property, plant and equipment	(1,738)	(929)
Proceeds from sales of property, plant and equipment	57	43
Purchase of intangible assets	(220)	(80)
Purchase of investment securities	(11)	(30)
Proceeds from sales of investment securities	3	607
Purchase of shares of subsidiaries	(296)	(342)
Proceeds from liquidation of subsidiaries	613	–
Net decrease (increase) in short-term loans receivable	(29)	(38)
Payments of long-term loans receivable	(2)	(9)
Collection of long-term loans receivable	309	107
Other, net	2	(31)
Net cash provided by (used in) investing activities	(3,173)	(724)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,225	(7,498)
Proceeds from long-term loans payable	2,000	4,015
Repayments of long-term loans payable	(45)	(2,976)
Purchase of treasury shares	(0)	(604)
Cash dividends paid	(825)	(1,206)
Cash dividends paid to minority shareholders	(66)	(196)
Other, net	(56)	(54)
Net cash provided by (used in) financing activities	3,231	(8,521)
Effect of exchange rate change on cash and cash equivalents	390	518
Net increase (decrease) in cash and cash equivalents	(5,028)	(4,120)
Cash and cash equivalents at beginning of period	18,985	18,402
Increase in cash and cash equivalents from newly consolidated subsidiary	–	210
Increase (decrease) in cash and cash equivalents resulting from change in fiscal year-end of certain subsidiaries	1,143	–
Cash and cash equivalents at end of period	15,100	14,492